SAMPLE PAPER
ACCOUNTANCY
Class – XII

One mark questions

1) What are partners collectively called?

2) What can be the maximum number of partners in a firm?

3) Why are ”Reserves and surplus” distributed at the time of reconstitution of the firm?

4) State the ratio in which the old partner share the amount of cash brought in by the new partner as premium for goodwill.

5) At what rate interest is payable on the amount remaining unpaid to the executor of deceased partner?

6) On dissolution of a firm, out of the proceeds received from the sale of assets who will be paid last of all ?

7) Goodwill is ______________.

a) tangible asset b) Intangible asset c) fictitious asset d) b & c both

8) The profit on revaluation of assets and liabilities is distributed amongst all partners in their :

a) sacrificing ratio b) old profit-sharing ratio

c) new profit-sharing ratio d) none of the above

Three marks questions

9) A and B are partners sharing Profit or loss in the ratio of 3:2 having capital balances of Rs 50,000 and Rs 40,000 on 1.4.2010.A introduced Rs10,000 on 1st July 2010 as his additional capital whereas B introduced only Rs 1,000. If the interest on capital is allowed to partners@10%p.a. Calculate the interest on capital if the financial year closes on 31st March.

10) A and B were partners in a firm sharing profits in 4:3 ratio. On 1st January,2013 they admitted C as a new partner. On the date of C’s admission the balance sheet of A and B showed a general reserve of Rs70,000 and a debit balance of Rs7,000 in the ‘profit and loss account’. Pass the necessary journal entries for the treatment of these items on C’s admission.

11) A,B ,C and C are partners sharing profits in the ratio of 3:2:1:4.A retires and his share acquired by Band C in the ratio of 3:2.Calculate new ratio and gaining ratio.

12) X and Y are partners sharing profits and losses equally. They decided to dissolve their firm. Give journal entries for settlements of creditors through assets in the following alternative cases:

(i) A, a creditor(already transferred to Realisation Account) for Rs25,000 accepted furniture (already transferred to Realisation Account) at Rs 36,000, in full settlement of his claim.

(ii) D, a creditor of Rs 20,000(unrecorded) agreed to accept computer (unrecorded) at Rs 15,000 plus Rs 2,000 in full settlement of his claim.

13) X,Y and Z are partners sharing profits in the ratio of 2:2:1 respectively. Z wants that he should be given equal share in profits with X and Y and he further wants that change in the profit sharing ratio should come into effect retrospectively for the last three years. X and Y have no objection to this. The profit for last three years were Rs 52,000,Rs 44,200 and Rs 51,610.

Show the adjustment of profit for the last three years by means of a journal entry.

14) X, Y and Z are partners sharing profits and losses in the ratio of 5:3:2. They admit A into partnership and give him 1/5th share of profits. Find out the new profit sharing ratio?

Four marks questions

15. A, B and C were partners sharing profits in the ratio of 3 : 2 : 1. B retired and the new profit-sharing ratio between A and C was 2 : 1. On B's retirement, the goodwill of the firm was valued at ₹90,000. Pass necessary journal entry for the treatment of goodwill on B's retirement.

16. Hari, Om and Naveen were partners in a firm sharing profits in the ratio of 7 : 2 : 1. On 28 February, 2012. Hari died and the new profit-sharing ratio of Om and Naveen was equal. On Hari's death, the goodwill of the firm was valued at ₹2,40,000. Calculate the gaining ratio and pass necessary journal entry on Hari's death for the treatment of goodwill

17. A, B, C and D are partners sharing profits in the ratio of 3 : 3 : 2 : 2 respectively. D retires and A, B and C decide to share the future profits in the ratio of 3 : 2 : 1. Goodwill of the firm is valued at ₹6,00,000. Goodwill already appears in the books at ₹4,50,000. The profits for the first year after D's retirement amount to ₹12,00,000. Give the necessary Journal entries to record Goodwill and to distribute the profits. Show your calculations clearly.

18. Ram, Laxman and Bharat are partners sharing profits in the ratio of 3 : 2 : 1. Goodwill is appearing in the books at a value of ₹1,80,000. Laxman retires and at the time of his retirement, goodwill is valued at ₹2,52,000. Ram and Bharat decided to share future profits in the ratio of 2 : 1. The profits for the first year after Laxman's retirement amount to ₹1,20,000. Give the necessary Journal Entries to record goodwill and to distribute the profits. Show your calculations clearly.

19. X, Y and Z were partners in a firm sharing profits in the ratio of 3 : 2 : 1. Z retired and the new profit-sharing ratio between X and Y was 1 : 2. On Z's retirement the goodwill of the firm was valued at ₹ 30,000. Pass necessary journal entry for the treatment of goodwill on Z's retirement without opening goodwill account.

20. A, B and C were partners in a firm sharing profits in the ratio of 6 : 5 : 4. Their capitals were A : ₹1,00,000, B : ₹80,000 and C : ₹60,000 respectively. On 1st April 2009 'C' retired from the firm and the new profit sharing ratio between A and B was decided as 11 : 4. On C's retirement the goodwill of the firm was valued at ₹90,000. Showing your calculations clearly, pass necessary journal entry for the treatment of goodwill on C's retirement.

Six marks questions

21 Journalise the following transactions in connection with the dissolution of the partnership firm of A and B.

(*i*) Realisation expenses paid ₹1,200.

(*ii*) Realisation expenses paid by A ₹1,200.

(*iii*) A was asked to look into the dissolution of firm for which he was allowed a commission of ₹1,000.

(*iv*) Realisation expenses are to be borne by A for which he will be paid ₹1,000. The actual expenses incurred by A were ₹1,200.

(*v*) A is to get ₹1,000 for dissolution work. But the actual expenses ₹1,200 were paid from the firm.

(*vi*) The expenses of realisation were ₹2,000 of which ₹1,500 were paid by the firm and the balance by A.

22 Ramesh and Rakesh are partners. What journal entries would you pass in the following cases on dissolution of the firm:

(*i*) Expenses on realisation ₹1,500 paid by the firm but borne by Rakesh.

(*ii*) Expenses on realisation ₹1,600 paid by Ramesh and borne by Rakesh.

(*iii*) Realisation expenses amounted to ₹1,700.

(*iv*) Realisation expenses amounted to ₹1,800 and the partner has to bear realisation expenses.

23 Z and Y are two partners sharing profits in the ratio of 2 : 1. Give the journal entries at the time of dissolution in the following case:

(i) Deferred revenue advertising expenditure appeared at ₹30,000.

(ii) Profit & Loss A/c was appearing on the assets side of balance sheet at ₹60,000.

(iii) An unrecorded investment of ₹6,000.

(iv) Bank loan ₹42,000 is paid.

(iv) Dr. Realisation A/c, Cr. Bank A/c by ₹42,000]

24 R, S and T are partners in the ratio of 4 : 3 : 2. The firm is dissolved. On dissolution, make journal entries relating to the following:

(i) ₹1,500 realised from the sale of unrecorded typewriter.

(ii) Creditors shown in Balance Sheet ₹18,000 were paid.

(iii) T paid realisation expenses on behalf of the firm ₹1,200.

(iv) Realisation account revealed a profit of ₹1,35,000.

(v) Firm's investments were taken over by partners at ₹13,000 in the ratio of 2 : 2 : 1.

Eight marks questions

25 X and Y were partners sharing profits in the ratio of 2 : 1. Their Balance Sheet as on 31st March, 2011 was as follows:

Balance Sheet of X and Y as on 31.3.2011

Liabilities		(₹)	Assets	(₹)
Provision for bad debts		250	Cash	18,250
Sundry Creditors		59,000	Debtors	15,000
Capital A/cs :			Stock	32,000
X	27,000		Land and Building	30,000
Y	18,000	45,000	Profit and Loss Account	9,000
		1,04,250		1,04,250

Z was admitted to the partnership with effect from 1st April, 2011 on the following terms:

(a) He will bring ₹15,000 as his capital for one-fourth share and pay ₹6,000 for goodwill, half of which was to be withdrawn by X and Y.

(b) There is likely to be a claim against the firm for damages, a provision of ₹1,500 was to be made for the same.

(c) A bill for ₹1,300 for electric charges has been omitted, now it is to be provided for.

(d) A provision of 5% on Debtors was to be created for doubtful debts.

(e) Included in Sundry Creditors was an item of ₹1,200 which was not to be paid and therefore had to be written back.

After making the above adjustments, the capital accounts of X and Y were to be adjusted on the basis of Z's capital. Actual cash was to be brought in or to be paid off as the case may be. Prepare Revaluation Account, Capital Accounts of the partners and the Balance Sheet of the new firm.

26 The balance sheet of Madan and Mohan who share profits and losses in the ratio of 3:2, on 31st March, 2010 was as follows.

Balance Sheet

as at 31st March, 2010

Liabilities		(₹)	Assets		(₹)
Creditors		28,000	Cash at Bank		10,000
Workmen's Compensation Fund		12,000	Debtor	65,000	
General Reserve		20,000	(-) Reserve for Doubtful Debts	(5,000)	60,000
Capital A/cs			Stock		30,000
Madan	60,000		Investments		50,000
Mohan	40,000	1,00,000	Patents		10,000
		1,60,000			1,60,000

They decide to admit Gopal on 1st April, 2010 for 1/4th share on the following terms

(i) Gopal shall bring ₹25,000 as his share of premium for goodwill.

(ii) That unaccounted accrued income of ₹ 500 be provided for.

(iii) The market value of investments was ₹45,000.

(iv) A debtor whose dues of ₹1,000 were written off as bad debt paid ₹800 in full settlement.

(v) A claim of ₹2,000 on account of workmen compensation to be provided for.

(vi) Patents are undervalued by ₹5,000.

(vii) Gopal to bring in capital equal to 1/4th of the total capital of a new firm after all adjustments.

Prepare the Revaluation Account, Capital Account of the partners and the Balance Sheet of the new firm

27 A and B are partners in a firm sharing profits in the ratio of 3:2. Their Balance Sheet as at 31st December, 2010 stood as under:

Liabilities		(₹)	Assets		(₹)
Capital Accounts:			Machinery		33,000
A	35,000		Furniture		15,000
B	30,000	65,000	Investments		20,000
General Reserve		10,000	Stock		23,000
Bank Loan		9,000	Debtors	19,000	
Creditors		36,000	*Less:* Provision for B.D.	2,000	17,000
			Cash		12,000
		1,20,000			1,20,000

On that date, they admitted C into partnership for 1/4th share in the profit on the following terms:

C brings capital proportionate to his share. He brings ₹7,000 in cash as his share of goodwill. Debtors are all good. Depreciate stock by 5% and furniture by 10%. An outstanding bill for repairs ₹1,000 will be brought in books. Half of the investments were to be taken over by A and B in their profit-sharing ratio at book value. Bank loan is paid off. Partners agreed to share future profits in the ratio of 3:3:2.

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet after admission of C into the partnership.

28 Deepika and Rajshree are partners in a firm sharing profits and losses in the ratio of 3 : 2. On 31st March, 2011, their Balance Sheet was as under:

Liabilities		(₹)	Assets		(₹)
Sundry Creditors		16,000	Cash in Hand		1,200
Public Deposits		61,000	Cash at Bank		2,800
Bank Overdraft		6,000	Stock		32,000
Outstanding Liabilities		2,000	Prepaid Insurance		1,000
Capital A/cs:		88,000	Sundry Debtors	28,800	
Deepika	48,000		*Less:* Reserve for doubtful debts		
Rajshree	40,000			800	28,000
			Plant and Machinery		48,000
			Land and Building		50,000
			Furniture		10,000
		1,73,000			1,73,000

On the above date, the partners decided to admit Anshu as a partner on the following terms:

(a) The new profit-sharing ratio of Deepika, Rajshree and Anshu will be 5 : 3 : 2, respectively.

(b) Anshu shall bring ₹ 32,000 as his capital.

(c) Anshu is unable to bring in any cash for his share of goodwill. Partners, therefore, decide to calculate goodwill on the basis of Anshu's share in the profits and the capital contribution made by him to the firm.

(d) Plant and Machinery is to be valued at ₹60,000, Stock at ₹40,000 and the Reserve for Doubtful Debts is to be maintained at ₹4,000. Value of Land and Building has appreciated by 20%. Furniture has depreciated by 10%.

(e) There is an additional liability of ₹8,000 being outstanding salary payable to employees of the firm. This liability is not included in the outstanding liabilities, stated in the above Balance Sheet. Partners decide to show this liability in the books of accounts of the reconstituted new firm.

Prepare the Revaluation Account, Partners' Capital Accounts and the Balance Sheet of Deepika, Rajshree and Anshu.

29 The following is the Balance Sheet of A and B, who had been sharing profits in proportion of three fourths and one-fourth, on 31st December, 2012:

Liabilities		(₹)	Assets	(₹)
Creditors		37,500	Cash at Bank	22,500
General Reserve		4,000	Bills Receivable	3,000
Capital Accounts:			Debtors	16,000
A	30,000		Stock	20,000
B	16,000	46,000	Office Furniture	1,000
			Land and Buildings	25,000
		87,500		87,500

They agreed to take C into partnership on 1st January, 2013 on the following terms:

(*a*) That C pays ₹ 14,000 as his capital for a fifth share in the future profits.

(*b*) That a goodwill account be valued in the books of the firm at ₹ 20,000.

(*c*) That stock and furniture be reduced by 10% and 5% provision for doubtful debts be created on debtors.

(*d*) That the value of land and building be appreciated by 20%.

(*e*) That the Capital Accounts of the partners be re-adjusted on the basis of their profit-sharing arrangement and any excess or deficiency be transferred to their Current Accounts.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm.

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