



INDIAN SCHOOL SOHAR
UNIT TEST I (2023-24)
ACCOUNTANCY (055) SET-1

CLASS: XII

Date: 23/05/2023

MAX. MARKS: 20

TIME: 40 MINUTES

General Instructions:

- This question paper contains 9 questions. All questions are compulsory.
- There is no overall choice. However, an internal choice has been provided for three marks and four marks questions.

1. A firm earned average profits of ₹ 60,000 during the last three years. The normal rate of return on similar business is 12%. The value of net assets of the business is ₹ 4, 00,000. Its goodwill by capitalization of average profits method will be: 1
- (a) ₹ 1,00,000 (b) ₹ 2,00,000
(c) ₹ 4, 00,000 (d) ₹ 50,000
2. Ramesh, Suresh and Mahesh are partners sharing profits in the ratio of 3:3:2. As per the partnership agreement, Mahesh is to get a minimum amount of ₹ 80,000 as his share of profits every year and any deficiency on his account is to be personally borne by Ramesh. The net profits for the year ended 31st March, 2023 amounted to ₹ 3,12,000. What will be the amount of deficiency to be borne by Ramesh? 1
- (a) ₹ 1,000 (b) ₹ 4,000
(c) ₹ 8,000 (d) ₹ 2,000
3. Read the following statements: Assertion and Reason. Choose one of the correct alternatives given below. 1
- Assertion (A): Rent paid to partners is not to be shown in the Profit & Loss Appropriation A/c.
Reason (R): Rent paid to the partner is treated as the charge against profit and not the appropriation of the profits.
- Alternative:
- (a) Both A and R true and R is the correct explanation of A.
(b) Both A and R are true but R is not the correct explanation of A.
(c) A is true and R is false.
(d) A is false and R is true.
4. Mohan, Mayank and Madan are partners. Their partnership deed provides for interest on drawings @ 8% p.a.. Mayank withdraws fixed amount in the middle of every month and his interest on drawings amounted to ₹ 24,000 at the end of the year. What was the amount of his monthly drawings? 1
- (a) ₹ 4,00,000 (b) ₹ 25,000
(c) ₹ 6,00,000 (d) ₹ 50,000
5. Sharma and Verma are partners in the ratio of 3:2. Before profit distribution, Sharma is entitled to 5% commission of the net profit (after charging such commission). Before charging commission, firm's profit was ₹ 84,000. Verma's share of profit will be: 1
- (a) ₹ 48,000 (b) ₹ 32,000
(c) ₹ 56,000 (d) ₹ 32,800

6. Abha, Bharat and Chander entered into partnership business on 1st April 2022 with capital of ₹ 3,00,000, ₹ 2,00,000 and ₹1,00,000 respectively. In addition to capital Chander has advanced a loan of ₹ 1,00,000. Since they were good friends, they were not having any explicit agreement of partnership. Bharat has worked hard to establish the business and Abha was looking after the office work. 1+1

At the end of the year, they earned a profit of ₹ 1,80,000. Abha and Bharat wanted remuneration of their work for five thousand per month and Chander wants interest on advance @ 10% per annum. Since Abha has given maximum capital so he wants interest on capital @ 12%. You are required to help them.

- (i) What will be the interest on capital given to Abha?
(a) ₹ 36,000 (b) ₹ 46,000
(c) ₹ 24,000 (d) No interest on capital will be given.

- (ii) What is amount of profits distributed to Abha, Bharat and Chander respectively?
(a) ₹ 50,000; ₹ 30,000; ₹ 20,000 (b) ₹ 80,000; ₹ 50,000; ₹ 20,000
(c) ₹ 58,000; ₹ 58,000; ₹ 58,000 (d) ₹ 60,000; ₹ 60,000; ₹ 60,000

7. Lav and Kush are partners sharing profits equally. They admit Shubh into partnership for equal share. Goodwill will be agreed to be valued at three years' purchase of average profit of last four years. Profits for the last four years were: 3

Year Ended	Normal Profit/(Loss) (₹)
31 st March 2020	70,000
31 st March 2021	1,00,000
31 st March 2022	55,000 (Loss)
31 st March 2023	1,35,000

The books of account of the firm were perused and following was noticed:

- (i) Firm had profit on sale of building (abnormal gain) of ₹ 20,000 during the year ended 31st March 2020.
(ii) Firm incurred loss on sale of computers (abnormal loss) of ₹ 30,000 during the year ended 31st March 2021.
(iii) Repairs to car of ₹ 50,000 were wrongly debited to Vehicle Account on 1st June, 2022. Depreciation was charged @ 10% p.a. on Straight Line Method.

Calculate the value of Goodwill.

Or

Arun and Arora were partners in a firm sharing profits in the ratio of 5:3. Their fixed capitals on 01/04/2022 were Arun ₹ 60,000 and Arora ₹ 80,000. They agreed to allow interest on capital @ 12% p.a. and to charge interest on drawings @ 15% p.a. The profits of the firm for the year ended 31st March, 2023 before all the adjustments was ₹ 12,600. The drawings made by Arun were ₹ 2,000 and by Arora ₹ 4,000 during the year.

Prepare Profit and Loss Appropriation Account of Arun and Arora. Show your calculations clearly. The interest on capital will be allowed even if the firm incurs loss.

8. Kashyap, Bhardwaj and Vishwamitra are partners in a firm sharing profits and losses in the ratio of 3:3:2. On 1st April 2022 their capital balances stood at ₹ 90,000, ₹ 80,000 and ₹ 70,000 respectively. The partnership deed provides interest on capital at 12% p.a. during the year 2022-23 the Net Profit of the firm was ₹ 1,20,000 distributed equally among the partners without providing interest on capital. You are required to pass an adjustment journal entry to rectify the errors. Show your working clearly. 4

Or

A, B and C were partners in a firm. On 1st April 2021, the balances in their capital account stood at ₹ 8,00,000; ₹ 6,00,000 and ₹ 4,00,000 respectively. As per the provisions of partnership deed, partners were entitled to interest on capital @ 5% p.a., salary to B at ₹ 3,000 per month and a commission of ₹ 12,000 to C.

A's share of profit excluding interest on capital was guaranteed at ₹ 25,000. B's share of profits including interest on capital but excluding salary was guaranteed at ₹ 55,000 p.a. Any deficiency arising on that account will be borne by C. The profits of the firm for the year ending 31st March 2023 amounted to ₹ 2,16,000.

Prepare Profit & Loss Appropriation A/c for the year ending 31st March, 2023.

9. Sudha, Naresh and Geeta were partners in a firm sharing profits in the ratio of 5:3:2. Their fixed capitals were ₹ 6,00,000, ₹ 4,00,000 and ₹ 2,00,000 respectively. Besides her capital, Geeta had given a loan of ₹ 75,000 to the firm. This partnership deeds provided for the following: 6

(i) Interest on capital @ 9% p.a.

(ii) Interest on partner's drawings @ 12% p.a.

(iii) Salary to Sudha ₹ 30,000 per month and to Naresh ₹ 40,000 per quarter.

(iv) Interest on Geeta's loan @ 9% p.a.

During the year Sudha withdrew ₹ 50,000 at the end of each quarter. Naresh withdrew ₹ 50,000 in the beginning of each half year Geeta withdrew ₹ 70,000 at the end of each half year.

The profit of the firm for the year ended 31/03/2023 before allowing interest on Geeta's loan was ₹ 7,06,750.

Prepare Profit and Loss Appropriation Account.



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General Instructions:

- This question paper contains 9 questions. All questions are compulsory.
- There is no overall choice. However, an internal choice has been provided for three marks and four marks questions.

1. M/s Software Tech India has assets of ₹ 5,00,000 whereas Liabilities are: Partners' Capital: ₹ 3,50,000, General Reserve: ₹ 60,000 and Sundry Creditors: ₹ 90,000. If Normal Rate of Return is 10% and Goodwill if the firm is valued at ₹ 90,000 at 2 years' purchase of super profit, the average profit of the firm will be: 1

(a) ₹ 46,000	(b) ₹ 86,000
(c) ₹ 1, 63,000	(d) ₹ 23,000

2. Read the following statements: Assertion and Reason. Choose the correct alternative. 1
 Assertion (A): Only capital account is maintained for each partner under fluctuating capital account method.
 Reason (R): Interest on capital, salary, commission and profit transferred to the credit partners' capital account and interest on drawings and share of losses are transferred to the debit.
 Alternatives:

(e) Both A and R true and R is the correct explanation of A.	(f) Both A and R are true but R is not the correct explanation of A.
(g) A is true and R is false.	(h) A is false and R is true.

3. Rehana, Shakina and Jasmine are partners sharing profits in the ratio of 1:2:3. As per the partnership agreement, Shakina is to get a minimum amount of ₹ 50,000 profit. Any deficiency if arises, will be borne by Rehana and Jasmine equally. During the year, they earned a profit of 6,00,000. How much money has to be given to her by Rehana and Jasmine? 1

(a) ₹ 2,000 by Rehana and Jasmine each	(b) ₹ 2,500 by Rehana and Jasmine each
(c) ₹ 3,000 by Rehana and Jasmine each	(d) Nil

4. Arun and Varun are partners. Varun draws a fixed amount at the end of every month. Interest on drawings is charged @ 6%p.a. At the end of the year interest on Varun's drawings amount to ₹ 1,980. Monthly drawings of Varun were: 1

(a) ₹ 50,000	(b) ₹ 8,000
(c) ₹ 6,000	(d) ₹ 16,000

5. Suhani and Veena are partners in the ratio of 2:3. Before profit distribution, Suhani is entitled to 5% commission of the net profit (after charging such commission). Before charging commission, firm's profit was ₹ 84,000. Veena's share of profit will be: 1

(a) 45,000	(b) ₹ 33,600
(c) ₹ 32,000	(d) ₹ 48,000

The books of account of the firm were perused and following was noticed:

- (iv) Firm had profit on sale of building (abnormal gain of ₹ 10,000 during the year ended 31st March 2020.
- (v) Firm incurred loss on sale of computers (abnormal loss) of ₹ 20,000 during the year ended 31st March 2021.
- (vi) Repairs to car of ₹ 50,000 were wrongly debited to Vehicle Account on 1st June, 2022. Depreciation was charged @ 10% p.a. on Straight Line Method.

Calculate the value of Goodwill.

8. Aryan, Naresh and Aman were partners in a firm sharing profits in the ratio of 5:3:2. Their fixed capitals were ₹ 6,00,000, ₹ 4,00,000 and ₹ 2,00,000 respectively. Besides her capital, Aman had given a loan of ₹ 75,000 to the firm. These partnership deed provided for the following: 4

- (i) Interest on capital @ 9% p.a.
- (ii) Interest on partner's drawings @ 12% p.a.
- (iii) Salary to Aryan ₹ 30,000 per month and to Naresh ₹ 40,000 per quarter.
- (iv) Interest on Aman's loan @ 9% p.a.

During the year Aryan withdrew ₹ 50,000 at the end of each quarter. Naresh withdrew ₹ 50,000 in the beginning of each half year Aman withdrew ₹ 70,000 at the end of each half year.

The profit of the firm for the year ended 31/03/2023 before allowing interest on Aman's loan was ₹ 7,06,750.

Prepare Profit and Loss Appropriation Account.

Or

Kashi, Bhavani and Vishwas are partners in a firm sharing profits and losses in the ratio of 3:3:2. On 1st April 2022 their capital balances stood at ₹ 90,000, ₹ 80,000 and ₹ 70,000 respectively. The partnership deed provides interest on capital at 12% p.a. during the year 2022-23. The Net Profit of the firm was ₹ 1,20,000 distributed equally among the partners without providing interest on capital. You are required to pass an adjustment journal entry to rectify the errors.

Show your working clearly.

9. Karan and Kiran were partners in a firm sharing profits in the ratio of 5:3. Their fixed capitals on 01/04/2022 were Karan ₹ 60,000 and Kiran ₹ 80,000. They agreed to allow interest on capital @ 12% p.a. and to charge interest on drawings @ 15% p.a. the profits of the firm for the year ended 31st March, 2023 before all the adjustments was ₹ 12,600. The drawings made by Karan were ₹ 2,000 and by Kiran ₹ 4,000 during the year. 6

Prepare Profit and Loss Appropriation Account of Karan and Kiran. Show your calculations clearly. The interest on capital will be allowed even if the firm incurs loss.
