



INDIAN SCHOOL AL WADI AL KABIR
DEPARTMENT OF COMMERCE
ASSESSMENT 1 -XII 2025-26
ACCOUNTANCY (055)

Date: 16/09/2025

Time: 3 hours

Marks: 80

GENERAL INSTRUCTION:

1. This question paper contains 34 questions. All questions are compulsory.
2. Questions 1 to 20 carry 1 mark each.
3. Questions 21 to 26 carry 3 marks each.
4. Questions from 27 to 29 carries 4 marks each
5. Questions from 30 to 34 carries 6 marks each
7. There is no overall choice. However, an internal choice has been provided 2 questions of six marks.

1	Arsha and Binita were partners in a business. They have not issued any specific instructions as to the maintenance of their capital accounts. Where should interest on drawings appear in the books of accounts? a. On the debit side of the partners' capital account b. On the debit side of the partners' current account c. On the credit side of the partners' capital account d. On the credit side of the partners' current account	1
2	Assertion (A): Each partner carrying on the business of the firm is the principal as well as the agent for all the other partners of the firm. Reason (R): There exists a relationship of mutual agency between all the partners. Choose the correct option from the following: a. Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A). b. Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation Assertion (A). c. Assertion (A) is correct but Reason (R) is incorrect d. Assertion (A) is incorrect but Reason (R) is correct	1

3	On 1st July, 2024, Amit, Akash, and Anil became partners with capitals of ₹4,00,000 each. Interest on drawings was to be charged at 8% per annum. During the year ended 31st March 2025, Akash withdrew ₹1,20,000. Calculate the amount of interest on drawings to be charged from Akash. a. 7,200 b. 3600 c. 4800 d. 9600	1
4	On 1st April, 2024, A, B and C entered into partnership sharing Profits & Losses in the ratio 5:3:2. C was guaranteed that his share of profits will not be less than ₹ 60,000 p.a. Deficiency if any will be borne by A and B equally. For the year ended March 31, 2025, firm incurred loss of ₹ 1,25,000. Deficiency will be borne by A and B will be: a. 25,000 and 25,000 b. 30,000 and 30,000 c. 42,500 and 42,500 d. 85,000 and 85,000	1
5	A, B and C are partners sharing profits and losses in the ratio of 2:3:4. They have decided to share future profits and losses in the ratio of 4:3:2. They also decided to record the effect of the following without affecting their book values. General reserve ₹ 45,000. What is the correct adjustment in partners' capital accounts? a. A's capital is debited with ₹ 45,000 and C's capital is credited with 45,000 b. A's capital is debited with ₹ 10,000 and C's capital is credited with 10,000 c. B's capital is debited with ₹ 45,000 and C's capital is credited with 45,000 d. B's capital is debited with ₹ 10,000 and C's capital is credited with 10,000	1
6	On the reconstitution of a firm the value of Land increased from ₹7,00,000 to ₹8,00,000 and the patent reduced to ₹4,00,000 from ₹4,20,000. Gain or loss on revaluation will be: (A) Gain ₹80,000 (B) Loss ₹80,000 (C) Gain ₹1,00,000 (D) Loss ₹20,000	1
7	If at the time of admission, the revaluation A/c shows a loss, it should be (a) Credited to old partners' capital A/cs in old ratio. (b) Credited to old partners' capital A/cs in sacrificing ratio. (c) Debited to old partners' capital A/cs in old ratio. (d) Debited to old partners' capital A/cs in sacrificing ratio	1

8	Ravi and Balveer were partners sharing profits and losses in the ratio of 7:3. Ravi sacrificed $\frac{2}{10}$ th from his share and Balveer sacrificed $\frac{1}{10}$ th from his share in favour of Priya, a new partner. The new profit-sharing ratio will be; a. 7:3:3 b. 2:1:1 c. 5:3:2 d. 5:2:3	1
9	A, B & C are partners in a firm. D is admitted as a new partner. Which of the following amount will D have to contribute to get right to share assets of the firm? a. Premium for goodwill b. Capital c. Loan to the firm d. Reserves	1
10	Neha, Sameena and Harjeet are partners in business. Their profit sharing ratio is 3:2:1. Neha decided to retire Sameena and Harjeet take up Neha's share in a 3:1 ratio. What is the new profit-sharing ratio? a. 17:7 b. 3:2 c. 9:6 d. 1:2	1
11	Anu, Binu and Chinnu were partners sharing profits in the ratio of 1:2:3. Chinnu retires and his capital after adjusting for reserves and profit on revaluation stands at ₹ 1,20,000. Anu and Binu agreed to pay him ₹ 1,50,000 in full settlement of his claim. Chinnu's share in goodwill will be a. ₹ 15,000. b. ₹ 30,000. c. ₹ 60,000 d. ₹ 90,000	1
12	If amount due to a retiring partner or legal representatives of a deceased partner is not paid in full, what are the options available to them to get it recovered? a. Interest @6% p.a on the balance amount b. Share in subsequent profit of the firm in proportion to their balance amount c. Both a and b d. None of these	1
13	Ajay, Bhawna and Shreya were partners sharing profits in the ratio 2:2:1. On July 1, 2017 Shreya died. The books of accounts are closed on March 31 every year. Shreya's share of profits till the date of her death was calculated as ₹ 5,000. Which account will be used to give the share in profit to Shreya. a. Profit & Loss Account b. Profit & Loss Appropriation Account	1

	c. Profit & Loss Suspense A/c d. None of the above.	
14	This is type of goodwill arises when business creates its own goodwill over a period of time due to various factors such as good location, efficient management etc. This won't be recorded in the books as goodwill. Identify the type of goodwill. a. Goodwill premium. b. Purchased goodwill c. Self-generated goodwill. d. None of the above.	1
15	A firm's average profits are ₹ 1,80,000. Capital invested in the business is ₹ 5,00,000 and the normal rate of return is 20%. Goodwill of the firm on the basis of capitalization of super profit will be; a. 5,00,000 b. 4,00,000 c. 1,00,000 d. 80,000	1
16	From the following, which statement is true for the treatment of Bank overdraft on dissolution. a. It is first transferred to the credit of realisation account and then paid off b. It is an internal liability. c. It is first transferred to the debit of realisation account and then paid off. d. It shall be divided among partners.	1
17	What is the treatment of Advertisement suspense account appearing at ₹ 24,000 on dissolution of a firm of Munir and Munna? a. Transfer to realisation account b. Credit to Munir and Munna's Capital as ₹ 14,000 and ₹ 12,000 c. Debit to Munir and Munna's capital as ₹ 12,000 and 12,000 d. None of the above	1
18	Ganesh, a partner in a firm, took over part of stock at ₹ 4,000 (being 20% less than the book value) on dissolution of their firm. Stock appeared at a book value of ₹25,000 in the books. The balance stock was handed over to the creditors in full settlement. What was the balance in stock handed over to creditors? a. 5,000 b. 21,000 c. 20,000 d. 25,000	1
19	Identify any one purpose for which securities premium cannot be utilised a. To write off preliminary expenses of the Company. b. To issue fully paid up bonus shares to the existing shareholders.	1

	c. To buy back of its own shares. d. To buy fixed assets for the company.	
20	Larine Ltd purchased Furniture worth ₹ 65,000 from Kath Ltd. ₹ 5,000 was paid by a bank draft and Kath Ltd received an acceptance for ₹ 12,000. For the balance amount due, equity shares of ₹ 10 were issued at a premium of ₹ 2. How many shares are issued by the purchasing company? a. 4,800 b. 6,000 c. 4,000 d. 6,500	1
21	On retirement of a partner Keshav, his Capital account showed a balance of ₹30,000. This amount due will be considered as a loan and will be paid in 2 equal annual instalments along with an interest of 10%p.a. Keshav retired on 1st April 2021 and the books of the firm be closed on 31st March every year. Prepare Keshav's Loan account until the loan is paid in full.	3
22	Calculate goodwill of a firm on the basis of capitalization of the average profits of the last four years. The profits for the last four years were; 2021-28,000 2022- 22,000 2023- 46,900(including interest on investment ₹ 16,900) 2024- 53,000(including loss by fire ₹ 7,000) The value of total assets of the firm was ₹ 4,20,000 and external liabilities were ₹ 1,40,000. The normal rate of return was 10%.	3
23	Ankur and Vikram were partners sharing Profits & Losses in the ratio 3:2. They decided to share future Profits & Losses equally. On the date of reconstitution there was Workmen compensation Reserve of ₹ 4,50,000 and goodwill of the firm was valued at ₹ 1,00,000. On the date of change there was a liability of workmen for ₹ 50,000. Pass necessary journal entries on the date of change in profit sharing ratio.	3
24	A, B and C were partners in a firm sharing profits and losses in the ratio of 3:2:1. Their books are closed on 31st March every year. B died on 30th September 2024 and his executor is entitled to his share of profit up to the date of death on the basis of sales. Sales for the year ended 31st march 2024 was ₹ 3,00,000 and profit for the same year was ₹ 30,000. Sales from 01/04/2024 to 30/09/2024 was ₹ 1,00,000.	3

	Pass journal entry for B's share in profit. Show your working clearly.	
25	P and Q were partners in a firm. Pass Journal entries for the following transactions on dissolution of the firm after various assets and external liabilities have been transferred to realization. 1. Unrecorded creditor of ₹ 10,000 was paid by partner P at a discount of 20%. 2. A liability towards a creditor for ₹ 32,000 was settled by giving furniture worth ₹ 35,000 in full settlement. 3. P's Loan was appearing on the liabilities side of the balance sheet at ₹ 50,000. He accepted unrecorded asset of ₹ 40,000 at ₹ 35,000 and the balance was paid by cheque.	3
26	A and B were partners sharing profits and losses in the ratio 2:1. They admitted C into the firm and the new ratio agreed among them was 3:2:1. C brought his share in capital proportionate to his share of profits in the firm. A's capital and B's Capital stood at ₹60,000 and ₹35,000 respectively after all the adjustments of revaluation profits, accumulated profits and treatment of goodwill. Calculate the amount of capital brought in by C on his admission and pass journal entry for the same.	3
27	Amit, Rahul and Sohan are partners in a firm. Their capital accounts on 1st April, 2024 stood at ₹3,00,000, ₹2,00,000, and ₹1,00,000 respectively. During the year, each partner withdrew ₹40,000. As per the partnership deed: (a) Interest on capital is to be allowed @ 6% p.a. (b) Interest on drawings is to be charged @ 5% p.a. The net profit of ₹1,20,000 for the year ended 31st March 2025 was divided equally among the partners without considering the above terms. You are required to pass a single adjustment journal entry to rectify this error. Show all workings clearly.	4
28	Priti Ltd. purchased assets worth ₹5,40,000 and took over liabilities of ₹1,20,000 of Payal Ltd. for a purchase consideration of ₹5,28,000. Priti Ltd. paid half the amount by cheque and the balance was settled by issuing equity shares ₹100 each at a premium of 10%. Pass necessary journal entries for the above transactions in the books of Priti Ltd.	4
29	A, B, C and D were partners in a firm sharing profit/loss equally. E was admitted for 1/3rd share in the profit which he acquired equally from C and D. On E's admission the goodwill of the firm was valued at ₹3,00,000. Goodwill appeared in the books at ₹ 1,00,000. E could not bring his share of premium for goodwill in cash. Calculate the new profit-sharing ratio on E's admission and pass necessary journal entries.	4
30	Moli, Bhola and Raj were partners in a firm sharing profits and losses in the ratio of 3:3:4. Their partnership deed provided for the following:	6

	a. Interest on capital @ 5% p.a. b. Interest on drawing @ 12% p.a. c. Interest on partners loan @ 6% p.a. d. Moli was allowed an annual salary of ₹ 4,000 e. Bhola was allowed a commission of 10% of net profit as shown by Profit and Loss Account. Their fixed capitals were : Moli : ₹ 5,00,000; Bhola : ₹ 8,00,000 and Raj : ₹ 4,00,000. On 1st April, 2024 Bhola extended a loan of ₹1,00,000 to the firm. The net profit of the firm for the year ended 31st March. 2025 before interest on Bhola's loan was ₹3,06,000. Prepare Profit and Loss Appropriation Account of Moli, Bhola and Raj for the year ended 31st March, 2025 assuming that Bhola withdrew ₹5,000 at the end of each month. Moli withdrew ₹10,000 at the end of each quarter and Raj withdrew ₹40,000 at the end of each half year.																																	
31	Keith, Bina and Veena were partners in a firm sharing profits and losses equally. Their Balance Sheet as on 31st March 2024 was as follows. Balance Sheet of Keith, Bina and Veena as on 31st March 2024 <table><tr><th>LIABILITIES</th><th>AMOUNT</th><th>ASSETS</th><th>AMOUNT</th></tr><tr><td>Capitals</td><td></td><td>Plant and Machinery</td><td>2,40,000</td></tr><tr><td>Keith - 1,50,000</td><td></td><td>Debtors</td><td>35,000</td></tr><tr><td>Bina - 1,00,000</td><td></td><td>Stock</td><td>60,000</td></tr><tr><td>Veena - 75,000</td><td>3,25,000</td><td>Cash at bank</td><td>50,000</td></tr><tr><td>General Reserve</td><td>30,000</td><td></td><td></td></tr><tr><td>Creditors</td><td>30,000</td><td></td><td></td></tr><tr><td></td><td><u>3,85,000</u></td><td></td><td><u>3,85,000</u></td></tr></table> Veena died on 30th June 2024. According to the partnership deed the Executors of the deceased partner were entitled to: a. Balance in Capital account b. Salary till the date of death @₹ 25,000 per annum. c. Share of goodwill calculated on the basis of twice the average profits of past three years. d. Share of profit from the closure of the last accounting year till the date of death on the basis of average of three completed years profits before death. e. Profits for the last three years were ₹ 1,20,000, ₹90,000 and ₹1,50,000 respectively. f. Veena withdrew ₹15,000 on 1st June 2024 for paying her daughter's school fees. Prepare Veena's Capital account to be rendered to her executors.	LIABILITIES	AMOUNT	ASSETS	AMOUNT	Capitals		Plant and Machinery	2,40,000	Keith - 1,50,000		Debtors	35,000	Bina - 1,00,000		Stock	60,000	Veena - 75,000	3,25,000	Cash at bank	50,000	General Reserve	30,000			Creditors	30,000				<u>3,85,000</u>		<u>3,85,000</u>	6
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32

The Balance sheet of Amritha, Babitha and Charu who were sharing profits and losses in the ratio of 5:3:2 as on 31st march 2024 is as follows.

6

LIABILITIES	AMOUNT	ASSETS	AMOUNT
Creditors	50,000	Bank	40,000
Employee Provident Fund	10,000	Stock	80,000
Profit & Loss A/c	85,000	Debtors	1,00,000
		Fixed Assets	60,000
Capitals			
Amritha- 40,000			
Babitha - 62,000			
Charu – 33,000	1,35,000		
	<u>2,80,000</u>		<u>2,80,000</u>

Amritha retired on 31st March 2024 & the terms on retirement were as follows:

- (a) Goodwill of the firm was to be valued on retirement at ₹ 80,000.
 - (b) Fixed assets to be depreciated by ₹2,500.
 - (c) A provision for doubtful debts on debtors was to be provided for ₹ 5,000.
 - (d) Creditors of ₹ 2,500 are no longer payable.
 - (e) Amount due to Amritha was transferred to her loan account.
- Prepare Revaluation account and Partners' Capital Account

OR

Bhumi and Dharni were partners sharing profits and losses in the ratio of 5:3.

Balance Sheet of Bhumi and Dharni as at 1st April 2024

LIABILITIES	AMOUNT	ASSETS	AMOUNT
Capitals		Machinery	3,80,000
Bhumi - 3,20,000		Furniture	50,000
Dharni - 3,40,000	6,60,000	Debtors	2,30,000
		Stock	1,50,000
General Reserve	80,000	Cash	50,000
Bank Loan	60,000		
Creditors	60,000		
	<u>8,60,000</u>		<u>8,60,000</u>

Janani was admitted in the firm with 1/3 share in profits on the following terms.

- a. Janani will bring ₹ 3,00,000 as her capital

	b. Janani will bring her share of goodwill premium in cash. Goodwill of the firm was valued on the basis of two years' purchase of average profits of the last three years. Average profits for the last three years were ₹ 60,000. c. Machinery was revalued at ₹ 4,60,000. d. The capitals of Bhumi and Dharni were adjusted on the basis of Janani's capital by opening current accounts. Prepare Revaluation account and Partners' Capital accounts.																																																	
33.	Arun, Babi and Charlie shared profits in the ratio 2:2:1. They dissolved the firm. The position of the firm was as follows. <table><tr><th>LIABILITIES</th><th>AMOUNT</th><th>ASSETS</th><th>AMOUNT</th></tr><tr><td>Bank Overdraft</td><td>20,000</td><td>Cash in hand</td><td>23,000</td></tr><tr><td>Creditors</td><td>65,000</td><td>Debtors</td><td>52,000</td></tr><tr><td>Employee Provident Fund</td><td>12,000</td><td>Stock</td><td>36,000</td></tr><tr><td>General reserve</td><td>10,000</td><td>Investments</td><td>15,000</td></tr><tr><td>Commission received in advance</td><td>4,000</td><td>Plant</td><td>91,000</td></tr><tr><td>Capitals</td><td></td><td>Profit & loss A/c</td><td>54,000</td></tr><tr><td>Arun- 90,000</td><td></td><td>Patents</td><td>10,000</td></tr><tr><td>Babi - 60,000</td><td></td><td></td><td></td></tr><tr><td>Charlie – <u>20,000</u></td><td></td><td></td><td></td></tr><tr><td></td><td>1,70,000</td><td></td><td></td></tr><tr><td></td><td><u>2,81,000</u></td><td></td><td><u>2,81,000</u></td></tr></table> <u>Additional Information</u> 1. The assets realized as follows: Debtors 30,000; Stock 26,000; Investments 5,000 & Plant at 42,000. 2. Expenses of realization paid by Arun amounted to ₹4,000. 3. Commission received in advance is returned to the customers after deducting ₹ 1,000 for work done. 4. Firm had to pay ₹ 7,000 for outstanding salaries, not provided for earlier. 5. 26,000 had to be paid for Provident Fund. Prepare Realisation Account.	LIABILITIES	AMOUNT	ASSETS	AMOUNT	Bank Overdraft	20,000	Cash in hand	23,000	Creditors	65,000	Debtors	52,000	Employee Provident Fund	12,000	Stock	36,000	General reserve	10,000	Investments	15,000	Commission received in advance	4,000	Plant	91,000	Capitals		Profit & loss A/c	54,000	Arun- 90,000		Patents	10,000	Babi - 60,000				Charlie – <u>20,000</u>					1,70,000				<u>2,81,000</u>		<u>2,81,000</u>	6
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34.	Sai Ltd. invited applications for issuing 60,000 shares of ₹10 each. The amount was payable as follows: On application ₹4 per share On allotment ₹2 per share On first ₹2 per share Balance on second and final call.	6																																																

	Applications were received for 55,000 shares. Rajat, the holder of 300 shares, did not pay allotment money, which he paid later with the first call. Usha, holding 200 shares paid both the calls with allotment. The final call was not made. Pass necessary journal entries for the above transactions. OR Z limited offered to the public for subscription 30,000 shares of ₹ 10 each at a premium of 20% payable as follows: On Application-₹ 3 per share On Allotment –₹ 5 per share (including ₹1 premium) On First & final Call – ₹ 4 per share (including ₹ 1 premium) All money due were received except the following. - A shareholder did not pay any money other than the application money on his 100 shares. - Another shareholder paid the first and final call money along with allotment money on a holding of 200 shares. Pass necessary journal entries to record the issue of shares.	
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