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Pratap Public School, Karnal

Mid-Term Examination (2023)

Class - XII

Subject - Accountancy

Time : 3 Hours

M.M : 80

Name Roll No. Section

General Instructions :

- All questions are compulsory and marks for each question are mentioned against it.
- Workings notes are not required until indispensable and asked especially in question.
- Formats and narrations are essential.

1 to 20 (each questions 1 marks each)

1. Vinod and Satish are partners sharing profits in the ratio of 7: 3. Simran was admitted for 20% share in profits which she took 75 % from Vinod and remaining from Satish.

Sacrificing Ratio of Vinod and Satish _____

- (a) 2 : 1 (b) 3 : 1
(c) 3 : 2 (d) 2 : 3 (1)

2. **Assertion (A):** Business of a partnership firm can be carried on by all or any of the Partners acting for all.

Reason (R): Partners are agents as well as the principals.

- (a) Only (A) is Correct but (R) is wrong
(b) Both (A) and (R) are correct but (R) is not the correct explanation of (A)
(c) Both (A) and (R) are incorrect
(d) Both (A) and (R) are correct and (R) is the correct explanation of (A). (1)

3. Vinod Ltd. invited applications for issuing 1,00,000 Equity Shares @10 each at a premium of 60%. The amount per share was payable as follows:

On Applications Rs.5 (including Premium Rs.3)

On Allotment Rs.7 along with Premium Rs.2

On First & Final Call Balance amount

How much total amount is to be called on first and final call?

- (a) Rs.4 per share (b) Rs.3 per share
(c) Rs.5 per share (d) Rs.2 per share.

OR

When issuing _____ Debentures, A charge on the assets of the company is registered with the Registrar" of Companies.

- (a) Secured Debentures (b) Unsecured Debentures
(c) Both Secured and Unsecured Debentures (d) None of these. (1)

4. Vinod. David and Satish are sharing profits and losses in the ratio of 5: 3: 2. They decide to share future profits and losses in the ratio of 2: 3: 5 with effect from 1st April 2022. They also decided to record the effect of following without charging their book values.

Profit and Loss Account (Cr.)80,000

Advertisement Suspense Ale (Dr.)50,000 which of the following is the correct treatment of the above?

7. Vinod Ltd. invited applications for 50,000 Equity Shares of Rs.10 each at a premium of 20%. Full amount was payable on Application.

Applications were received for 65,000 shares, out of which, 5,000 applications were rejected and pro rata allotment was made to the remaining applicants. How much amount was refunded by Vinod Ltd?

- (a) Rs. 60,000 (b) Rs. 50,000
(c) Rs. 1,80,000 (d) Rs.1,50,000 (1)

8. X, Y and Z sharing profits in the ratio of 2: 2 : 1. On 1st April, 2022 X retired from the firm. His capital balance was Rs.2, 00, 000 on that date. General Reserve appears in the Balance Sheet Rs.60, 000. Revaluation Gain was Rs.77, 000. Goodwill of the firm calculated Rs.3, 00,000.

He was paid Rs.1,24,800 in cash and balance was transferred to his loan account.

Amount transferred to X's Loan Account -----

- (a) Rs.3,00,000 (b) Rs.2,80,000
(c) Rs.2,60,000 (d) Rs.2,50 ,000 (1)

OR

Vinod , Mohan and Sohan are sharing profits in the ratio of 3 : 2 : 1. Their drawings during the year were Rs.60, 000; Rs.30, 000 and Rs.10, 000. Interest on drawings to be charged @8% p.a.

Firm made a net Loss of Rs.5, 800 during the year as per the Profit & Loss Account. How much Profit/loss is to be provided to Mohan?"

- (a) Loss Rs.1, 933 (b) Loss Rs.900
(c) Profit Rs.1, 400 (d) Loss Rs. 600 (1)

9. Read the following hypothetical situation and answer Question No. 9 and 10. Vinod and Satish were partners sharing profits and losses in the ratio of 7: 3. Vinod withdrew Rs. _____ in the beginning of each month.

Satish withdrew Rs. _____ during the year.

Interest on drawings charged @8% p.a.

Profit and Loss Appropriation Account 31.3.2022

Particulars	Amount	Particulars	Amount
To Interest on capital		By Profit and Loss A/c	1,00,000
Vinod	60,000	By Interest on Drawings:	
Satish	40,000	Vinod	2,080
Distribution of Profits		Satish	1,040
Provident Fund			3,120
To Vinod's Capital	2,184		
To Satish's Capital	936		
	1,03,120		1,03,120

Drawings made by Vinod during the year Rs _____ (1)

- (a) Rs.48,000 (b) Rs.26,000
(c) Rs.30,000 (d) Rs.35,000

10. Drawings made by Satish during the year Rs. _____ (1)

- (a) Rs. 26,000 (b) Rs. 13,000
(c) Rs. 24,000 (d) Rs. 20,000

11. Choose the correct sequence of the following events in context of partnership deed:

- (i) Capital Contributed by each partner
(ii) Submission of partnership deed for registration to the 'Registrar of firms'
(iii) Profit/Loss sharing ratio
(iv) Name and address of the partners and firm

Find correct sequence:

- (a) (iv), (iii), (i), (ii) (b) (i), (iv), (iii), (ii)
(c) (iv), (i), (iii), (ii) (d) (iv), (ii), (i), (iii) (1)

12. If 1000 shares of Rs.10 each premium 30% on which only application money Rs.3 per share was received were forfeited for non-payment of allotment of Rs.6 (including premium) and First & Final Call of balance amount.

These shares were reissued @ Rs.8 per share fully paid up. How much amount is to be transferred to the capital reserve?

- (a) Rs.6,000 (b) Rs.3,000
(c) Rs.4,000 (d) Rs. 1,000 (1)

13. Which of the following statement is not correct?

- (a) Section 53 of the Companies Act 2013 does not allow issue of shares at discount
(b) Section 52 (2) of the Companies Act 2013 restricts the use of amount received as Securities Premium
(c) Section 54 allows a company to issue its shares at discount when they are issued as Sweat Equity Shares
(d) Balance Sheet of a company is prepared as per the Schedule-II of the companies Act 2013. (1)

14. X and Y were partners. They admit Z and new profit sharing ratio was decided 9: 6: 5. Capitals of X and Y were adjusted in new profit sharing ratio, on the basis of capital brought in by Z.

If new capital of X and Y Rs.5, 40,000 and Rs.3, 60,000, find out the amount brought in by Z as his capital?

- (a) Rs.3,00,000 (b) Rs.3,50,000
(c) Rs.4,00,000 (d) Rs.4,50,000 (1)

15. Vinod and Manoj are partners. Interest on Vinod's drawings was calculated Rs.264 at the rate of 8% p.a. Vinod withdrew an amount for his personal use at the end of each month.

His monthly drawings were _____

- (a) Rs.500 (b) Rs.600
(c) Rs.800 (d) Rs. 1,000 (1)

16. At the time of Dissolution of a partnership firm, creditors given in the Balance Sheet Rs.1,70,000. They accepted Stock valued Rs.2,20,000 and paid cash to the firm Rs.50,000. Entry for the above settlement : (1)

(a) Realisation A/C	Dr.	50,000	
To Cash Alc			50,000
(b) Cash A/C	Dr.	50,000	
Creditors Alc	Dr.	1,70,000	
To Stock			2,20,000
(c) Cash A/c	Dr.	50,000	
To Realisation Alc			50,000
(d) Cash Alc	Dr.	50,000	
Creditors A/c	Dr.	1,70,000	
To Realisation Alc			2,20,000

Read the following hypothetical situation, Answer Question No. 17 and 18.

X and Y are partners, their opening capitals on 1st April 2021 are : X Rs. 2,40,000 and Y Rs. _____ . On 1st October 2021, it was decided that the total capital of the firm will be Rs.5,00,000 to be contributed equally by both of them. As per the partnership deed, interest on capital is allowed to the partners @6% p.a. Interest on capital was provided to X Rs. _____ and Y Rs. 15,600.

17. How much interest on capital is to be provided to X?

- (a) Rs. 14,700 (b) Rs.15,000
(c) Rs. 22,200 (d) Rs.12,500 (1)

18. Opening Capital of Y _____ .

- (a) Rs. 2,50,000 (b) Rs. 2,60,000
(c) Rs. 2,70,000 (d) Rs. 2,80,000 (1)

19. Vinod Ltd. offered 50,000 Equity Shares of Rs.10 each, of these 48,000 shares were subscribed. The amount was payable as Rs. 3 on Application, Rs.4 on Allotment along with premium of Rs.2 and Balance on First & Final Call. Yashika one Shareholder did not pay allotment on 2,000 shares and her shares were forfeited immediately after the allotment.

Navya another Shareholder holding 1,500 Shares did not pay the First & Final Call. How much amount ' received on First & Final Call by Vinod Ltd.?

- (a) 1,33,500 (b) 1,39,500
(c) 1,45,500 (d) 2,22,500 (1)

20. What will be the correct sequence of events?

- (i) Issued Capital (ii) Nominal Capital
(iii) Subscribed but not fully paid up (iv) Subscribed and Fully Paid up

Choose the correct option:

- (a) (i), (iv), (iii), (ii) (b) (ii), (i), (iii), (iv)
(c) (ii), (i), (iv), (iii) (d) (ii), (iii), (iv), (i) (1)

21. Vinod Ltd. purchased the following assets of Satish Ltd.

Particulars	Book Value	Agreed Value
Land and Building	5,50,000	10% more than the Book value
Machinery	3,75,000	20% Less than the Book value
Furniture	1,60,000	40% more than the Book value
Trademarks	1,42,000	50% Less than the Book value

The purchase consideration was Rs.11,70,000. Payment was made by drawing a promissory note in favour of Satish Ltd., for Rs.70,000 and a Bank draft of Rs. 1,60,000 and balance by issuing 9% Debentures of Rs.100 each at a discount of 6%. You are required to pass necessary journal entries in the books of Vinod Ltd.

OR

Benjee Ltd. purchased a running business from Airtel Ltd. for a sum of Rs.15,00,000. The payment of Rs.12,00,000 was made by issue of fully paid Equity Shares of Rs.10 each and balance by a bank draft. The assets and liabilities consisted of the following:

Plant Rs.3,50,000, Stock Rs.4,50,000, Land and Building Rs.6,00,000 and Sundry Creditors Rs. 1,00,000. (3)

22. X, Y and Z are partner sharing profits in the ratio of 5 : 3 : 2. Y died after 3 months from the date of last Balance Sheet (31.3.2022). As per the agreement deceased partner's share is to be calculated on the basis of Average Profit for the last 5 years plus 25%. The profits of last 5 years were :

31st March 2018	Rs.9,000
31st March 2019	Rs. 11,000
31st March 2020	(Rs.10,000 Loss)
31st March 2021	Rs.12,000
31st March 2022	Rs.18,000

Calculate Y's share and give entry for the same. (3)

23. Vinod and George were partners sharing profits in the ratio of 5 : 3. Their fixed capitals on 31st March 2021 were: Vinod Rs. 3,00,000 and George Rs.4,00,000. As per the partnership deed interest on capital is allowed @12% p.a. profit at the end of the year 31st March 2022 before providing interest on capital was Rs. 63,000. Give necessary journal entries for the above showing your working clearly.

OR

X, Y and Z sharing profits in the ratio of 2 : 2 : 1. Their partnership deed provided the following:

- (i) X' guaranteed that he will earn an annual fee of Rs. 1, 60,000 for the firm.
- (ii)Z was guaranteed a profit of Rs.70,000 and any deficiency arising will be borne by X and Y in the ratio of 3 : 2.

During the year X earned fee of Rs. 1, 40,000 and profit of the firm was Rs. 80,000 before providing above. Prepare Profit and Loss Appropriation Account. (3)

24. VK Ltd. purchased the following Assets of Norway Ltd:

Particulars	Book Value	Agreed Value
Land	3,00,000	38,00,000
Machinery	19,00,000	15,00,000

25. The purchase consideration was Rs. 50, 00,000. Payment was made by accepting a bill of exchange in favor of Norway Ltd., of Rs. 2,00,000 and remaining by issue of 10% Debentures of Rs. 100 each at a premium of 20%.
Give necessary journal entries for the above.

OR

VK Ltd. purchased a running business from Koyal Ltd. for a sum of Rs.10, 00,000. An amount of Rs. 1,20,000 was paid through a cheque and Balance by issuing Equity Shares of Rs.10 each.

The assets and Liabilities consisted the following:

(3)

Particulars	Book Value	Agreed Value
Land&Building	5,70,000	6,50,000
Machinery	2,80,000	2,50,000
Stock	2,20,000	2,20,000
Creditors	80,000	80,000

25. X, Y and Z are partners with fixed capitals, sharing profits in the ratio of 3: 2: 1 respectively. From 1st April 2015 they decided to share profits in the ratio of 2:3: 1. The partnership deed provides that in the event of any change in profit sharing ratio, the good will should be valued at 3 years purchase of the average of five years profits. Profits and losses of last five years were:

1st Year Rs. 30,000; 2nd Year Rs.75, 000; 3rd year Rs. 85,000; 4th Year Rs. 95,000 and 5th Year Rs. 35,000 (loss). Give adjustment entry to record this change. (3)

26. On 1st April, 2012, Kanya Ltd. Was formed with an authorized capital of Rs. 40,00,000 divided into 4,00,000 equity shares of Rs. 10 each. The company issued prospectus inviting applications for 3,80,000 equity shares. The company received applications for 3, 60,000 equity shares. During the first year, Rs. 8 per share were called. Deepti holding 3,000 shares and Divya holding 6,000 shares did not pay first call of Rs. 2 per share. Divya's shares were forfeited after the first call and later on 5,000 of the forfeited shares were re-issued at Rs. 6 per share, Rs. 8 called up.

(a) 'Share Capital' in the Balance Sheet of the company as per revised Schedule III of the Companies Act, 2013.

(b) Also prepare 'Notes to Accounts'.

(4)

27. Sanju and Suman were partners in a firm sharing profits in the ratio of 2: 3. On 31.3.2022 their Balance Sheet was as follows:

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Capital: Sanju 2,00,000	5,00,000	Land and Building	3,00,000
Suman 3,00,000	1,05,000	Stock	1,00,000
Creditors	1,00,000	Debtors	1,50,000
General Reserve		Bank	1,55,000
	7,05,000		7,05,000

The firm was dissolved on 1.4.2022 and the assets and liabilities were settled as follows:

(i) Sanju agreed to take over Land and Building at Rs.3, 50,000 by paying cash."

(ii) Stock was sold for Rs.90, 000.

(iii) Creditors accepted debtors in full settlement of the firm.

Pass necessary journal entries for dissolution of the firm ignoring entries related to 'transfer of assets and liabilities in Realization Account. (6)

28. Vinod Limited invited applications for 10,000 Equity Shares of Rs.10 each at a premium of 80% payable as follows: (6)

On Application..... Rs.8 (including premium Rs.4) On Allotment..... Rs.3 along with premium of Rs.2 On First Call Rs.3 (including premium Rs.1) On Second & Final Call Balance along with remaining premium

Applications were received for 30,000 shares and allotment was made as follows:

Group (a)..... Applicants of 10,000 shares..... Nil
 Group (b)..... Applicants of 8,000 shares ...Only 20% of the applied shares
 Group (c)..... Applicants of 7,000 sharesOnly 60% of the applied shares
 Group (d)..... Applicants of 5,000 shares..... Remaining shares.

Excess application money was utilized on allotment and first call only. Mr. David from group (d) who applied for 250 shares did not pay the second & Final Call and his shares were forfeited immediately. Out of the forfeited shares only 1/3rd were issued at a discount of 20% from the maximum discount available in forfeiture account on these shares. Give journal entries.

OR

(a) M Ltd forfeited Mr. M's shares who has applied for 600 shares and was allotted 400 shares failed to pay allotment money of Rs. 4 per share including premium of Rs. 2 on which he had paid application money of Rs. 2 only. Pass necessary journal entries for forfeiture of shares by opening call in arrear, call in advance account.

(b) Fukrey Ltd forfeited 50 shares of Rs. 10 each, for non-payment of final call money of Rs. 3 per share. Out of these 20 shares were reissued to Ram at Rs. 8 per share. Record the journal entries for forfeiture and reissue of shares assuming that the company maintains call in arrear, call in advance account. (6)

29. Following is the Balance Sheet of AK and BK as at 31st March, 2014: (6)

Liabilities	Amount	Assets	Amount
Creditors	13,000	Bank	15,000
Employees Provident Fund	8,000	Debtors	21,000
Workmen Compensation Fund	15,000	Less: Provision	10,000
Contingency Reserve	20,000	1,000	60,000
Capitals:	30,000	Stock	10,000
AK		Plant & Machinery	5,000
BK		Goodwill	12,000
		P/L A/C	8,000
		Preliminary Expenses	
		Advertisement Expenses	
	1,41,000		1,41,000

CK was admitted as a partner for 1/4 shares in the profits of the firm. It was decided that:

- Bad Debts amounted to Rs. 1,500 will be written off.
- Stock worth Rs. 8,000 was taken over by AK & BK at Book value in their profit sharing ratio. The remaining stock was valued at Rs. 2,500.
- Plant & Machinery and goodwill were valued at Rs. 32,000 and Rs. 20,000 respectively.
- CK brought her share of goodwill incash.

(e) CK will bring proportionate capital and the capital of AK and BK will be adjusted in their profit-sharing ratio by bringing in or paying off cash as the case may be.
Prepare Revaluation Account, Partner's Capital Accounts and Balance Sheet.

OR

Following is the Balance Sheet of KK, SK and VK as on 31st March 2015, who have agreed to share profits and losses in proportion of their capitals:

Liabilities	Amount	Assets	Amount
Capitals:		Land & Building	4,00,000
KK 4,00,000		Machinery	6,00,000
SK 6,00,000		Closing Stock	2,00,000
VK 4,00,000	14,00,000	Debtors	2,20,000
Employees Provident Fund	70,000	Less: Provision	2,00,000
Workmen Compensation Fund	30,000	20,000	2,00,000
Sundry Creditors	1,00,000	Cash at Bank	
	16,00,000		16,00,000

On March 31st 2015, KK desired to retire from the firm and the remaining partners decided to carry on the business. It was agreed to revalue the assets and re-assess the liabilities on that date, on the following basis:

- Expenses of Rs.10,000 are due. Land and Building be appreciated by 30%.
- Machinery be depreciated by 20%. Office equipment Rs.8,000 were found unrecorded.
- There were Bad Debts of Rs.34,000 which were to be adjusted against the provision given in the balance sheet for the same. KK took over 10% of the stock at 25% discount.
- The claim on account of workmen compensation fund was estimated at Rs.16,000.
- Goodwill of the firm was valued at Rs.2,80,000 and KK's share of goodwill was adjusted against the capital accounts of the continuing partners SK and VK who have decided to share future profits in the ratio of 4:3 respectively.

Capital of a new firm in total will be the same as before the retirement of KK and will be in the new profit sharing ratio of the continuing partners. Amount due to KK be settled by paying Rs. 1,00,000 in cash and balance by transferring to her loan A/C which be paid later on.

Prepare Revaluation A/c, Partner's Capital A/c and Balance Sheet of new firm.

30. A, B and C were partners in a firm sharing profits in proportion of their capitals. On 31st March 2022, their Balance Sheet was as follows:

Liabilities	Amount	Assets	Amount
Capitals:		Building	1,40,000
A 40,000		Machinery	60,000
B 60,000		Stock	8,000
C 1,00,000	2,00,000	Debtors	12,000
Creditors	16,000	Cash at Bank	8,000
General Reserve	12,000		
	2,28,000		2,28,000

B died on 30th June 2022. Under the partnership agreement the executors of a deceased partner were entitled to:

- (i) Amount standing to the credit of deceased Partner's Capital Account
- (ii) Interest on Capital @ 12% p.a.
- (iii) Share of goodwill, the goodwill of the firm on B's death was valued at Rs. 2,40,000.
- (iv) Share of profit from the closing of last financial year to the date of death on the basis of last year's profit. The profit of the last accounting year was Rs. 15,000.

Prepare B's Capital Account to be rendered to his executors. (6)

31. 10% and redeemable at a premium of 5% after 5 years. The whole amount was payable on application. Allotment was made as follows:

Category 1	Applied 5,000.....	Allotted 4,000
Category 2	Applied 4,000.....	Allotted 3,000
Category 3	Applied 2,000.....	Allotted 1,000
Category 4	Applied 1,000.....	Nil

Interest on Debentures is payable half-yearly on 30th September and 31st March. You are required to answer the following questions:

- (i) How much amount of discount to be debited?
- (ii) How much premium on redemption is to be credited?
- (iii) How much amount is refunded by the company?
- (iv) How much interest is paid on 30th September 2020 and 31st March 2021?
- (v) Give entry for writing off, interest, discount and loss on issue of Debentures. (6)

32. Pass journal entries for the Forfeiture and Re-issue in the following cases :

- (a) X Ltd. forfeited 200 shares of Ravi of Rs 10 each Rs 8 called up, on which he had paid application and allotment money of Rs 3 per share. Out of these, 100 shares were re-issued as fully paid up for Rs 8 per share.
- (b) Y Ltd. forfeited 300 shares of Rs 10 each, Rs 7 called up, for non payment of First Call of Rs 2 per share. Out of these, 100 shares were immediately re-issued at Rs 6 per share.
- (c) Z Ltd. forfeited 600 shares of Rs 10 each, on which first call of Rs 3 per share was not received; the second and final call of Rs 2 per share has not yet been called. Out of these, 200 shares were re-issued as Rs 8 paid-up for Rs 7 per share. (6)

33. Pass Journal entries for following transactions on the dissolution of a firm of partners A and B, after various assets (other than cash) and outside liabilities have been transferred to Realisation Account?

- (i) "A" took 50% of the stock at a discount of 20%. Remaining stock was sold at a profit of 30% on cost. (Book value of stock given in the Balance Sheet before dissolution was Rs 4,00,000).
- (ii) Debtors Rs 2,64,000. Provision for Doubtful Debts: Rs 24,000, Rs 48,000 of the book debts proved bad.
- (iii) Building (Book value Rs 5,00,000) sold for Rs 8,00,000 through a broker who charged 2% commission.
- (iv) Machinery (Book value Rs 6,00,000) was given to a creditor at a discount of 20%.
- (v) Investments (Book value Rs 40,000) realised at 150%. (5)
