MID-TERM EXAMINATION

Question Paper 2024-25

NCERT BASED SYLLABUS

FOR CBSE AND STATE BOARD
FOLLOWING NCERT

Mid Term Exam Question Paper 2024-25

SET-A

DATE: 25.09.2024 | **MIDTERM EXAMINATION 2024** | **Time: 3 HRS.**
CLASS: XII | **SUBJECT – ACCOUNTANCY (055)** | **Max. Marks: 80**

GENERAL INSTRUCTIONS:

1. This question paper contains 34 questions. All questions are compulsory.
2. This question paper is divided into two parts, Parts A and B.
3. Questions Nos. 1 to 16 and 27 to 30 carry 1 mark each.
4. Question Nos. 17 to 20, 31 and 32 carries 3 marks each.
5. Question Nos. 21, 22 and 33 carries 4 marks each.
6. Question Nos. 23 to 26 and 34 carry 6 marks each.
7. There is no overall choice. However, an internal choice has been provided in 7 questions of one mark, 2 questions of three marks, 1 question of four marks and 2 questions of six marks.

Part – A
(Accounting for Partnership Firms)

1. There are two statements Assertion (A) and Reason (R):
   Assertion (A): The maximum number of partners in a partnership firm are 50.
   Reason (R): The maximum number of partners are prescribed by the Partnership Act, 1932.
   Choose the correct option from the following:
   (A) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A).
   (B) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A). (1)
   (C) Assertion (A) is correct, but Reason (R) is incorrect.
   (D) Assertion (A) is incorrect, but Reason (R) is correct.
2. (i) E, F, G and H are partners in a firm. They want to expand their business for which additional capital and more managerial experts are required. For this, they want to admit more partners in their firm. How many additional partners can be admitted by them?
   (A) 50 (B) 46 (C) 100 (D) 90 (1)

   (OR)

   (ii) Which of the following items is shown in the Capital Accounts of partners when capitals are maintained by fixed capital method:
   (A) Interest on Capitals (B) Drawings made
   (C) Capital Withdrawn (D) Share of Profit or Loss (1)
3. (i) Under which method of valuation of goodwill, normal rate of return is not considered?
   (A) Average Profit Method (B) Super Profit Method
   (C) Capitalisation of Average Profit Method (D) Capitalisation of Super Profit Method (1)

   (OR)

   (ii) Super Profit is equal to _____ less_____.
   (A) Normal Profit, Actual Profit (B) Actual Profit, Normal Profit
   (C) Average Profit, Net Assets (D) Total Assets, Outside Liabilities (1)

Read the following hypothetical situation and answer questions No. 4 and 5 on the basis of the given information:

Govind and Hari are partners in a firm sharing profits and losses in the ratio of 3:1. Their capitals were ₹ 1,60,000 and ₹ 1,00,000 respectively. As per partnership deed, they were entitled to interest on capital @ 10% p.a. The firm earned a profit of ₹ 13,000 for the year ended 31st March 2024.

4. Govind's interest on capital will be:
   (A) ₹ 5,000 (B) ₹ 8,000 (C) ₹ 16,000 (D) ₹ 10,000 (1)
5. Hari's share of Profit or Loss will be:
   (A) Nil (B) ₹ 9,750 Loss (C) ₹ 3,250 Loss (D) ₹ 9,750 Profit (1)
6. (i) If the existing profit-sharing ratio among X, Y and Z of 3:2:1 is changed to 1:2:3, then whose share will be unaffected?
   (A) X (B) Y (C) Z (D) X and Y (1)

   (OR)

   (ii) If the existing profit-sharing ratio among X, Y and Z of 5:4:1 is changed to 3:2:1, what will be the effect on Y's share?
   (A) 2/60 Sacrifice (B) 2/60 Gain (C) 2/30 Gain (D) 2/30 Sacrifice (1)

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7. In case of change in profit-sharing ratio, when revised values are not to be recorded in the books, then steps to be followed are:
   (i) Pass a single adjustment entry.
   (ii) To find share of sacrifice/gain by partners.
   (iii) Calculation of the net effect of revaluation.
   (iv) Calculation of proportional amount of net effect of revaluation.
   Alternative Codes:
   (A) (ii), (iii), (iv), (i) (B) (iv), (iii), (ii), (i) (C) (iii), (iv), (i), (ii) (D) (iii), (ii), (iv), (i) (1)

8. (i) X and Z were partners in a firm with capitals of ₹ 45,000 each. They admitted Y as a new partner for 1/3rd share in the profits of the firm. Y brought ₹ 60,000 as his capital. Based on Y's share in the profits of the firm and his capital contribution, the goodwill of the firm will be:
   (A) ₹ 1,80,000 (B) ₹ 1,50,000 (C) ₹ 30,000 (D) ₹ 90,000 (1)

   (OR)

   (ii) C, D and E were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. They admitted F as a new partner for 1/4 share in the profits which was sacrificed by C, D and E in the ratio of 2:1:2. C's new share in the profits will be:
   (A) 2/5 (B) 3/5 (C) 3/10 (D) 4/20 (1)

9. (i) A, B and C are partners sharing profits in the ratio of 3:2:1. A retires from the firm. B takes 1/6th share and C takes 2/6th share from A. The new profit-sharing ratio will be:
   (A) 5:3 (B) 6:10 (C) 9:7 (D) 1:1 (1)

   (OR)

   (ii) P, Q and R were partners sharing profits and losses in the ratio of 5:4:3. Q retired on 1st April 2024. P and R purchased his share of profit by giving him ₹ 1,20,000. ₹ 80,000 was paid by P and ₹ 40,000 by R. Gaining Ratio is:
   (A) 1:2 (B) 5:3 (C) 2:1 (D) 1:1 (1)

10. P, Q and R were partners in a firm. On 31st March 2024, R died. R's share was taken over by P. P's new share in the profits of the firm will be:
    (A) 2/3 (B) 1/3 (C) ½ (D) 3/4 (1)

11. On the death of a partner, his share in the profits of the firm till the date of his death is transferred to the:
    (A) Debit of Profit and Loss Account (B) Credit of Profit and Loss Account
    (C) Credit of his Capital Account (D) Debit of his Capital Account (1)

12. Read the following statements carefully and choose the correct alternative from the given codes:
    Statement 1: Payment to the executor of the deceased partner is always made through Deceased Partner's Capital Account.
    Statement 2: Share of Profit of the deceased partner is always adjusted through Profit and Loss Suspense Account.
    Alternative Codes:
    (A) Both the Statements are true. (B) Both the Statements are false.
    (C) Statement 1 is true and Statement 2 is false. (D) Statement 2 is true and Statement 1 is false. (1)

13. In which of the following cases is the business of a firm not dissolved by court?
    (A) When a partner becomes insane.
    (B) With the consent of all the partners.
    (C) When a partner becomes permanently incapable of performing his duties as a partner.
    (D) When a partner is guilty of misconduct which is likely to adversely affect the business of the firm. (1)

14. Pawan, Kavita and Gaurav were partners in a firm. The firm was dissolved. Creditors took over furniture of book value of ₹ 60,000 at 10% less than the book value in part settlement of their amount of ₹ 60,000. The balance amount was paid to them through cheque. The amount paid through cheque will be:
    (A) ₹ 6,000 (B) ₹ 5,000 (C) ₹ 54,000 (D) Nil (1)

15. There are two statements Assertion (A) and Reason (R):
    Assertion (A) : Court does not intervene in case of dissolution of partnership.
    Reason (R) : Dissolution of partnership takes place by mutual agreement among partners.
    Choose the correct option from the following:
    (A) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A).
    (B) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
    (C) Assertion (A) is correct, but Reason (R) is incorrect.
    (D) Assertion (A) is incorrect, but Reason (R) is correct. (1)

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16. Which of the following will be transferred to Realisation Account at the time of dissolution of firm?
(i) Provision for Doubtful Debts (ii) Loan by Partner
(iii) General Reserve (iv) Goodwill
(A) (i), (ii) and (iv) (B) (i), (iii) and (iv) (C) (i) and (iv) (D) (ii) and (iii) (1)

17. A, B and C are partners in a firm sharing profits and losses in the ratio of 5:3:2. From 1st April 2024, they decided to share future profits and losses in the ratio of 2:5:3. Their Balance Sheet showed a debit balance of ₹ 4,000 in Profit and Loss Account and a balance of ₹ 30,000 in Workmen Compensation Reserve Account. It was agreed that:
(a) The goodwill of the firm be valued at ₹ 76,000.
(b) A claim on account of Workmen Compensation to be accepted at ₹ 20,000.
Pass necessary journal entries for the above. (3)

18. S and T were partners in a firm sharing profits and losses in the ratio of 3:2. They admitted U as a new partner in the firm. On U's admission, there existed a Provision for Bad and Doubtful Debts of ₹ 7,000. It was decided to write off ₹ 3,000 as bad debts. The remaining debtors were considered as good hence Provision for Doubtful Debts is not required. Pass necessary journal entries for the above transactions on admission of U. (3)

(OR)

Vijay and Sanjay are partners in a firm sharing profits and losses in the ratio of 3:2. They admitted Ajay into partnership with 1/4th share in the profits. Ajay brings in ₹ 30,000 for capital and the requisite amount of premium in cash. The goodwill of the firm is valued at ₹ 20,000. The new profit-sharing ratio will be 2:1:1. Pass necessary journal entries. (3)

19. Riyan, Surya and Tilak were in partnership sharing profits and losses equally. Riyan retired from the firm. After all necessary adjustments, his capital account showed a net credit balance of ₹ 3,00,000 as on 1st April 2021. The balance due to Riyan is to be paid in three equal installments annually together with interest @ 5% p.a. Prepare Riyan's Loan Account until he is paid the entire amount due to him. The firm closes its books on 31st March of every year. (3)

20. X, Y and Z are partners sharing profits and losses in the ratio of 4:3:2. Y died on 31st July, 2023. Accounts are closed on 31st March every year. Sales for the year 2022-23 amounted to ₹ 12,00,000. Sales of ₹ 4,50,000 amounted between the period from 1st April, 2023 to 31st July, 2023. The profit for the year 2022-23 amounted to ₹ 1,44,000. Calculate the profit share of Y in the current year till his death and pass necessary journal entry. (3)

21. A partnership firm earned net profits during the past three years as follows:

Year ended on	Amount (₹)
31st March 2024	4,60,000
31st March 2023	4,00,000
31st March 2022	3,40,000

Capital investment in the firm throughout the above-mentioned period has been ₹ 8,00,000. Having regard to the risk involved, 15% is considered to be a fair return on the capital. The remuneration of the partners during this period is estimated to be ₹ 2,00,000 per annum. Calculate the value of goodwill on the basis of two years' purchase of average super profit earned during the above mentioned three years. (4)

22. (i) A, B and C are partners sharing profits in the ratio of 2:2:1. Firm closes its accounts on 31st March every year. B died on 30th September, 2023. There was a balance of ₹ 96,000 in B's Capital Account in the beginning of the year. In the event of death of any partner, the partnership deed provides for the following:
(a) Interest on capital will be calculated at the rate of 12% p.a.
(b) The executor of deceased partner shall be paid ₹ 15,000 for his share of goodwill.
(c) His share of Reserve Fund which is ₹ 10,000, shall be paid to his executor.
(d) His share of profit till the date of death will be calculated on the basis of sales. It is also specified that the sales during the year 2022-23 were ₹ 8,00,000. The sales from 1st April, 2023 to 30th September 2023 were ₹ 1,50,000. The profit of the firm for the year ending 31st March 2023 was ₹ 1,00,000. (4)
Prepare B's Capital Account to be presented to his executor.

(OR)

(ii) A, B and C carried on business in partnership, sharing profits and losses in the ratio of 4:3:1. The firm closes its books on 31st March every year. As per the terms of the Partnership Deed, on the death of any partner, the Goodwill of the firm will be calculated on the basis of 3 times the average profits of last four years. On 1st July 2024, A died. The profits for last four years were: 2020-21 ₹ 90,000; 2021-22 ₹ 1,00,000; 2022-23 ₹ 1,30,000; and 2023-24 ₹ 80,000. A's share of profit up to the date of death was to be calculated on the basis of previous year's profit.

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(a) Calculate goodwill of the firm and A's share of goodwill.
(b) Calculate As's share in the profits of the firm till the date of his death.
(c) Pass necessary Journal Entries for the treatment of goodwill and for A's share of profit at the time of his death. (4)

23. (i) Gopal, Shankar and Tarun are partners in a firm sharing profits and losses in the ratio of 3:2:1. They had capitals of ₹ 3,00,000 (Cr.), ₹ 2,00,000 (Cr.) and ₹ 40,000 (Dr.) respectively as on 1st April 2023. Their Partnership Deed provides for the following:
(a) Interest on capital is to be allowed @ 5% p.a. to the partners with credit capital balance.
(b) Interest on drawings is to be charged @ 6% p.a. Each withdrew ₹ 500 in the middle of each month and Tarun withdrew an additional amount of ₹ 4,000 on 30th June 2023.
(c) Gopal is entitled to annual salary of ₹ 25,720 together with a commission of 10% on Net Profit after charging his own commission.
(d) Shankar is entitled to a salary of ₹ 7,500 per quarter.
(e) Tarun is entitled to a rent of ₹ 1,000 per month for the use of his premises by the firm.
Net Profit for the year 2023-24 before making any of the above adjustments amounted to ₹ 2,32,000. Prepare Profit and Loss Appropriation Account. (6)

(OR)

(ii) P, Q and R were partners with fixed capitals of ₹ 40,000; ₹ 32,000 and ₹ 24,000. After distributing the profit of ₹ 48,000 for the year ended 31st March 2024 in their agreed ratio of 3:1:1, it was observed that:
(a) Interest on capital was provided at 10% p.a. instead of 8% p.a.
(b) Salary of ₹ 12,000 was credited to P instead of Q.
You are required to pass a single adjustment entry in the beginning of the next year to rectify the above errors. (6)

24. The following is the Balance Sheet of A and B, who had been sharing profits in the ratio of 3:1, on 31st March 2024:

Liabilities		Amount	Assets	Amount
		₹		₹
Creditors		37,500	Cash	22,500
General Reserve		4,000	Bills Receivable	3,000
Capital Accounts:			Debtors	16,000
A	30,000		Stock	21,000
B	16,000	46,000	Land	25,000
		87,500		87,500

They agree to take C into partnership on 1st April 2024 on the following terms:
(a) That C pays ₹ 10,000 as his capital for 1/5th share in the future profits.
(b) That goodwill of the firm is valued at ₹ 20,000.
(c) That stock will be reduced by ₹ 2,100.
(d) 5% provision for doubtful debts will be created on debtors.
(e) Land is revalued at ₹ 30,000.
(f) Capital accounts of the partners will be readjusted on the basis of their profit-sharing ratio and any excess or deficiency shall be transferred to their current accounts.
Prepare Revaluation Account and Partners' Capital Accounts on C's admission. (6)

25. M, N and G were partners in a firm sharing profits and losses in the ratio of 5:3:2. On 31st March 2024, their Balance Sheet was as under:

Liabilities		Amount	Assets		Amount
		₹			₹
Sundry Creditors		55,000	Cash		40,000
General Reserve		30,000	Sundry Debtors	45,000	
Capital Accounts:			Less: Provision	(5,000)	40,000
M	1,50,000		Stock		50,000
N	1,25,000		Machinery		1,50,000
G	75,000	3,50,000	Patents		30,000
			Building		1,00,000
			Profit and Loss Account		25,000
		4,35,000			4,35,000

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M retired on the above date and it was agreed that:

(a) Debtors of ₹ 2,000 will be written off as bad debts and a provision of 5% on debtors for bad and doubtful debts will be maintained.
(b) Patents will be completely written off and stock, machinery & building will be depreciated by 5%.
(c) An unrecorded creditor of ₹ 10,000 will be taken into account.
(d) N and G will share the future profits in the ratio of 2:3.
(e) Goodwill of the firm on M's retirement was valued at ₹ 3,00,000.

Pass necessary journal entries for the above transactions on retirement of M. (6)

26. Anmol and Raghav were partners in a firm sharing profits and losses in the ratio of 3:2. On 31st March 2024 their Balance Sheet was as follows:

Liabilities		Amount	Assets		Amount
		₹			₹
Creditors		90,000	Cash at Bank		20,000
Mrs. Anmol's Loan		30,000	Stock		24,000
Raghav's Loan		30,000	Investments		30,000
Investment Fluctuation Reserve		45,000	Debtors	20,000	
Capital Accounts:			Less: B/D Provision	(2,000)	18,000
Anmol	1,00,000		Plant		1,00,000
Raghav	97,000	1,97,000	Advertisement Suspense A/c		2,00,000
		3,92,000			3,92,000

The firm was dissolved on 31st March 2024 on the following terms:

(i) Debtors realised ₹ 17,000 and plant realised 10% more than the book value.
(ii) Anmol promised to pay Mrs. Anmol's Loan and took away stock at ₹ 20,000.
(iii) Raghav took away half of the investments at a discount of 10%. Remaining investments realised ₹ 4,500.
(iv) Creditors were paid off at a discount of 10%.
(v) Expenses of realisation amounted to ₹ 7,000.

Prepare Realisation Account on dissolution of the firm. (6)

Part – B
(Analysis of Financial Statements)

27. (i) Which of the following items is not shown under the heading 'Non-Current Liabilities' in the Balance Sheet of a company?

(A) 12% Debentures (B) Bonds
(C) Money Received against Share Warrants (D) Deferred Tax Liabilities (1)

(OR)

(ii) A company has an Operating Cycle of 8 months. It has Account Receivables amounting to ₹ 2,00,000 out of which ₹ 1,20,000 have a maturity period of 11 months. How would this information be presented in the Balance Sheet of the company?

(A) ₹ 80,000 as Current Assets and ₹ 1,20,000 as Non-Current Assets.
(B) ₹ 1,20,000 as Current Assets and ₹ 80,000 as Non-Current Assets.
(C) ₹ 2,00,000 as Non-Current Assets.
(D) ₹ 2,00,000 as Current Assets. (1)

28. (i) Ratios that are calculated for measuring the efficiency of operations of business based on effective utilisation of resources are known as:

(A) Liquidity Ratios (B) Turnover Ratios
(C) Solvency Ratios (D) Profitability Ratios (1)

(OR)

(ii) Which of the following are known as Efficiency Ratios?

(A) Liquidity Ratios (B) Solvency Ratios
(C) Activity Ratios (D) Profitability Ratios (1)

29. Which of the following is not a Solvency Ratio?

(A) Interest Coverage Ratio (B) Return on Investment
(C) Debt to Capital Employed Ratio (D) Total Assets to Debt Ratio (1)

30. Which of the following transactions will decrease the Debt-Equity Ratio of a company?

(A) Purchase of a Fixed Asset by taking long-term loan.
(B) Sale of Fixed Asset (Book Value ₹ 40,000) at a loss of ₹ 5,000.
(C) Issue of New Equity Shares.
(D) Redemption of Debentures for Cash. (1)

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31. Under which major head and sub-head will the following items be presented in the Balance Sheet of a company as per Schedule III, Part I of the Companies Act, 2013?
    (i) Advance Received from Customers;
    (ii) Stores and Spares; and
    (iii) Securities Premium. (3)

32. (a) Explain briefly the importance of financial analysis for (i) Financial Manager, and (ii) Top Management. (3)

(OR)

(b) Explain briefly (i) Vertical Analysis, and (ii) Horizontal Analysis. (3)

33. X Ltd. has a Current ratio of 3·5 : 1 and Quick ratio of 2 : 1. If excess of Current Assets over Quick Assets is represented by inventories of ₹ 16,000 and prepaid expenses of ₹ 8,000, calculate Current Liabilities, Current Assets and Quick Assets of X Ltd. (4)

34. (a) The following are the Balance Sheets of Jay Ltd. as at 31st March 2024 and 2023. Prepare a Common Size Balance Sheet:

Particulars	Note No.	31.3.2024	31.3.2023
		₹	₹
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		25,00,000	20,00,000
(b) Reserves and Surplus		8,00,000	6,00,000
2. Current Liabilities			
Trade Payables		7,00,000	4,00,000
Total		40,00,000	30,00,000
II. ASSETS			
1. Non-Current Assets			
Property, Plant and Equipment and Intangible Assets			
(i) Property, Plant and Equipment		16,00,000	12,00,000
(ii) Intangible Assets		2,00,000	3,00,000
2. Current Assets			
(a) Inventories		8,00,000	3,00,000
(b) Trade Receivables		12,00,000	10,00,000
(c) Cash and Cash Equivalents		2,00,000	2,00,000
Total		40,00,000	30,00,000

(6)

(OR)

(a) Prepare a Comparative Statement of Profit and Loss of Kay Ltd. with the help of the following information extracted from their Statement of Profit and Loss:

Particulars	31.3.2024	31.3.2023
	₹	₹
Revenue from Operations	12,00,000	10,00,000
Employee Benefit Expenses (% of Total Revenue)	40%	30%
Other Income (% of Revenue from Operations)	25%	25%
Income Tax Rate	40%	40%

(6)

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