INDIAN SCHOOL AL WADI AL KABIR

DEPARTMENT OF COMMERCE

TERM 1- SAMPLE PAPER

CLASS XII **SUB: ACCOUNTANCY**

MAX. MARKS:40 **TIME: 90 MINUTES**

GENERAL INSTRUCTIONS:
Read the following instructions very carefully and strictly follow them:

1. This question paper comprises two PARTS – I and II. There are 55 questions in the question paper.

2. Part - I -is compulsory for all candidates.

3. Part - II Analysis of Financial Statement. You have to attempt only one of the given options.

4. There is an internal choice provided in each Section.

A. Part-I, *contains three Sections -A, B and C.*

Section A has questions from 1 to 18 and Section B has questions from 19 to 36, you have to attempt any 15 questions each in both the sections.

Part I, Section C has questions from 37 to 41. You have to attempt any four questions.

B. Part II, *contains two Sections – A and B.*

Section A has questions from 42 to 48, you have to attempt any five questions and Section B has questions from 49 to 55, you have to attempt any six questions.

5. All questions carry equal marks. There is no negative marking.

Q. No.	**PART- I** **SECTION – A** **Instructions: From Question Number 1-18 attempt any 15 questions**
1.	X, Y and Z are partners sharing profits and losses equally. Their capital balances on March, 31, 2012 are ₹80,000, ₹60,000 and ₹40,000 respectively. Their personal assets are worth as follows: X — ₹20,000, Y — ₹15,000 and Z — ₹10,000. The extent of their liability in the firm would be: (A) X — ₹80,000: Y — ₹60,000: and Z — ₹40,000 (B) X — ₹20,000: Y — ₹15,000: and Z — ₹10,000 (C) X — ₹1,00,000: Y — ₹75,000: and Z — ₹50,000 (D) Equal
2.	In the absence of Partnership Deed, the interest is allowed on partner's capital: (A) @ 5% p.a. (B) @ 6% p.a. (C) @ 12% p.a. (D) No interest is allowed
3.	A and B are partners in a partnership firm without any agreement. A devotes more time for the firm as compared to B. A will get the following commission in addition to profit in the firm's profit: (A) 6% of profit (B) 4% of profit (C) 5% of profit (D) None of the these
4.	A, B and C were Partners with capitals of ₹50,000; ₹40,000 and ₹30,000 respectively carrying on business in partnership. The firm's reported profit for the year was ₹80,000. As per provision of the Indian Partnership Act, 1932, find out the share of each partner in the above amount after considering that no interest has been provided on an advance by A of ₹20,000 in addition to his capital contribution. (A) ₹26,267 for Partner B and C and ₹27,466 for Partner A. (B) ₹26,667 each partner. (C) ₹33,333 for A ₹26,667 for B and ₹20,000 for C. (D) ₹30,000 each partner.
5.	A and B are partners. According to Profit and Loss Account, the net profit for the year is ₹2,00,000. The total interest on partner's drawings is ₹1,000. As salary is ₹40,000 per year and B's salary is ₹3,000 per month. The net profit as per Profit and Loss Appropriation Account will be: (A) ₹1,23,000 (B) ₹1,25,000 (C) ₹1,56,000 (D) ₹1,58,000
6.	In a partnership firm, partner A is entitled a monthly salary of ₹7,500. At the end of the year, firm earned a profit of ₹75,000 after charging A's salary. If the manager is entitled a

	commission of 10% on the net profit after charging his commission, Manager's commission will be: (A) ₹7,500 (B) ₹16,500 (C) ₹8,250 (D) ₹15,000
7.	Bipasha is a partner in a firm. She withdrew ₹6,000 at the end of each quarter during the year ended 31st March, 2019. Interest on her drawings @ 10% p.a. will be: (A) ₹900 (B) ₹600 (C) ₹1,500 (D) ₹1,200
8.	A and B sharing profits in the ratio of 7:3 have fixed capitals of ₹2,00,000 and ₹1,00,000 respectively. After closing the accounts for the year ending 31st March 2019 it was discovered that interest on capitals was provided @ 12% instead of 10% p.a. In the adjusting entry: (A) A will be debited by ₹4,000 and B will be debited by ₹2,000; (B) A will be credited by ₹4,000 and B will be credited by ₹2,000; (C) A will be debited by ₹200 and B will be credited by ₹200; (D) A will be credited by ₹200 and B will be debited by ₹200;
9.	P, Q, and R are partners in 3:2:1. R is guaranteed that his share of profit will not be less than ₹70,000. Any deficiency will be borne by P and Q in the ratio of 2:1. Firm's profit was ₹2,40,000. Share of P will be: (A) ₹1,00,000 (B) ₹1,10,000 (C) ₹1,20,000 (D) ₹1,02,000
10.	A and B are partners sharing profits and losses in the ratio of 7:5. They agree to admit C, their manager, into partnership who is to get 1/6th share in the profits. He acquires this share as 1/24th from A and 1/8th from B, the new profit -sharing ratio will be: (A) 13: 7: 4 (B) 7: 13: 4 (C) 7: 5: 6 (D) 5:7: 6
11.	A, B and C were partners sharing profits and losses in the ratio of 7:3:2. From 1st January, 2019 they decided to share profits and losses in the ratio of 8:4:3. Goodwill is ₹1,20,000. In Adjustment entry for the treatment of goodwill due to change in the profit - sharing ratio (A) Cr. A by ₹6,000; Dr. B by ₹2,000; Dr. C by ₹4,000 (B) Dr. A by ₹6,000; Cr. B by ₹2,000; Cr. C by ₹4000 (C) Cr. A by ₹6,000; Dr. B by ₹4,000; Dr. C by ₹2,000 (D) Dr. A by ₹6,000; Cr. B by ₹4,000; Cr. C by ₹2,000
12.	Partners A, B and C share the profits of a business in the ratio of 3:2:1 respectively. They admit D who brings in ₹60,000 for his share of goodwill. A, B, C and D decide to share the profits respectively in the ratio of 5:3:2:2. Credit will be given to:

	(A) A ₹6,000; B ₹6,000 (B) A ₹30,000; B ₹18,000; C ₹12,000 (C) A ₹30,000; B ₹20,000; C ₹10,000 (D) A ₹30,000; B ₹30,000
13.	In case of admission of a partner, the entry for unrecorded investments will be: (A) Debit Partners Capital A/cs and Credit Investments A/c (B) Debit Revaluation A/c and Credit Investment A/c (C) Debit Investment A/c and Credit Revaluation A/c (D) None of the above
14.	X, Y and Z are partners sharing profits and losses in the ratio 5 : 3 : 2. They decide to share the future profits in the ratio 3 : 2 : 1. Workmen compensation reserve appearing in the balance sheet on the date if no information is available for the same will be : (A) Distributed to the partners in old profit sharing ratio (B) Distributed to the partners in new profit sharing ratio (C) Distributed to the partners in capital ratio (D) Carried forward to new balance sheet without any adjustment
15.	When a new partner does not bring his share of goodwill in cash, the amount is debited to: (A) Cash A/c (B) Premium A/c (C) Current A/c of the new partner (D) Capital A/cs of the old partners
16.	Aran and Varan are partners sharing profits in the ratio of 4:3. Their Balance Sheet showed a balance of ₹56,000 in the General Reserve Account and a debit balance of ₹14,000 in Profit and Loss Account. They now decided to share the future profits equally. Instead of closing the General Reserve Account and Profit and Loss Account, it is decided to pass an adjustment entry for the same. In adjustment entry: (A) Dr. Aran by ₹3,000; Cr. Varan by ₹3,000 (B) Dr. Aran by ₹5,000; Cr. Varan by ₹5,000 (C) Cr. Aran by ₹5,000; Dr. Varan by ₹5,000 (D) Cr. Aran by ₹3,000; Dr. Varan by ₹3,000
17.	A and B were partners in a firm sharing profit or loss in the ratio of 3:1. With effect from Jan. 1, 2019 they agreed to share profit or loss in the ratio of 2:1. Due to change in profit-loss sharing ratio, B’s gain or sacrifice will be: (A) Gain 1/12 (B) Sacrifice 1/12 (C) Gain 1/3 (D) Sacrifice 1/3
18.	A and B share profits in the ratio of 3:2. They agreed to admit C on the condition that A will sacrifice 3/25th of his share of profit in favour of C and B will sacrifice 1/25th of his profits in favour of C. The new profit-sharing ratio will be: (A) 12: 9:4 (B) 3: 2: 4

	(C) 66: 48:11 (D) 48:66:11
	Section – B **Instructions: From Question Number 19-36 attempt any 15 questions**
19.	Assertion: Rent payable to partner is credited to partners' capital account Reason: Rent is payable to partner for letting the firm use his personal property for business (A) Assertion is wrong but reason is correct (B) Both assertion and reason are wrong (C) Assertion is correct but reason is wrong (D) Both assertion and reason are correct
20.	A and B are partners of a partnership firm sharing profits in the ratio of 3:2 respectively. C was admitted for 1/5th share of profit. Machinery would be appreciated by 10% (book value ₹80,000) and building would be depreciated by 20% (₹2,00,000). Unrecorded debtors of ₹1,250 would be brought into books now and a creditor amounting to ₹2,750 died and need not pay anything on this account. What will be profit/loss on revaluation? (A) Loss ₹28.000 (B) Loss ₹40,000 (C) Profits ₹28,000 (D) Profits ₹40,000
21.	When Goodwill is not purchased goodwill account can: (A) Never be raised in the books (B) Be raised in the books (C) Be partially raised in the books (D) Be raised as per the agreement of the partners
22.	The average capital employed of a firm is ₹4,00,000 and the normal rate of return is 15%. The average profit of the firm is ₹80,000 per annum. If the remuneration of the partners is estimated to be ₹10,000 per annum, then on the basis of two years purchase of super-profit, the value of the Goodwill will be: (A) ₹10,000 (B) ₹20,000 (C) ₹60,000 (D) ₹80,000
23.	Assertion (A): The interest on drawings is recorded in the debit side of the current account when fixed capital method is followed. Reason (R): The capital of the partners is fixed, and all the transactions are recorded in the current account. (A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A) (B) Both Assertion (A) and Reason (R) are true, and Reason (R) is not the correct explanation of Assertion (A) (C) Assertion (A) is true, but Reason (R) is false (D) Assertion (A) is false, but Reason (R) is true

24.	A firm earns ₹1,10,000. The normal rate of return is 10%. The assets of the firm amounted to ₹11,00,000 and liabilities to ₹1,00,000. Value of goodwill by capitalisation of Average Actual Profits will be: (A) ₹2,00,000 (B) ₹10,000 (C) ₹5,000 (D) ₹1,00,000
25.	Which of the following statement is true? (A) a minor cannot be admitted as a partner (B) a minor can be admitted as a partner, only into the benefits of the partnership (C) a minor can be admitted as a partner but his rights and liabilities are same of adult partner (D) none of the above
26.	A, Y and Z are partners in 5:4:1. Z is guaranteed that his share of profit will not be less than ₹80,000. Any deficiency will be borne by A and Y in 3:2. Firm's profit was ₹5,60,000. How much deficiency will be borne by Y: (A) ₹2,14,400 (B) ₹14,400 (C) ₹2,09,600 (D) ₹9,600
27.	A and B ware partners in a firm. Their Balance Sheet showed Furniture at ₹2,00,000; Stock at ₹1,40,000; Debtors at ₹1,62,000 and Creditors at ₹60,000. C was admitted and new profit-sharing ratio was agreed at 2:3:5. Stock was revalued at ₹1,00,000, Creditors of ₹15,000 are not likely to be claimed, Debtors for ₹2,000 have become irrecoverable and Provision for doubtful debts to be provided @ 10%. A's share in loss on revaluation amounted to ₹30,000. Revalued value of Furniture will be: (A) ₹2,17,000 (B) ₹1,03,000 (C) ₹3,03,000 (D) ₹1,83,000
28.	A, B and C are partners, their partnership deed provides for interest on drawings at 8% per annum. B withdrew a fixed amount in the middle of every month and his interest on drawings amounted to ₹4,800 at the end of the year. What was the amount of his monthly drawings? (A) ₹10,000. (B) ₹5,000. (C) ₹1,20,000. (D) ₹48,000.
29.	P, Q and R were partners in the ratio of 5:3:2. On 31st March 2021, their books reflected a net profit of ₹2,10,000. As per the terms of the partnership deed they were entitled for interest on capital which amounted to ₹80,000, ₹60,000 and ₹40,000 respectively. Besides this a salary of ₹60,000 each was payable to P and Q. Calculate the ratio in which the profits would be appropriated. (A) 1:1:1 (B) 5:3:2 (C) 7:6:2 (D) 4:3:2

30.	Assertion (A): Goodwill of the firm is affected by the reputation of the firm. Reason (R): The goodwill of the firm is dependent on the management capacity of the firm. (A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A) (B) Both Assertion (A) and Reason (R) are true, and Reason (R) is not the correct explanation of Assertion (A) (C) Assertion (A) is true, but Reason (R) is false (D) Assertion (A) is false, but Reason (R) is true
31.	A and B were partners in a firm sharing profit or loss equally. With effect from 1st April 2019 they agreed to share profits in the ratio of 4:3. Due to change in profit sharing ratio, A's gain or sacrifice will be: (A) Gain 1/4 (B) Sacrifice 1/4 (C) Gain 4/7 (D) Sacrifice 3/7
32.	The excess amount which the firm can get on selling its assets over and above the saleable value of its assets is called: (A) Surplus (B) Super profits (C) Reserve (D) Goodwill
33.	A, B and C are partners sharing profits in the ratio of 4:3:2 decided to share profits equally. Goodwill of the firm is valued at ₹10,800. In adjusting entry for goodwill : (A) A's Capital A/c Cr. by ₹4,800; B's Capital A/c Cr. by ₹3,600; C's Capital A/c Cr. by ₹2,400. (B) A's Capital A/c Cr. by ₹3,600; B's Capital A/c Cr. by ₹3,600; C's Capital A/c Cr. by ₹3,600. (C) A's Capital A/c Dr. by ₹1,200; C's Capital A/c Cr. by ₹1,200; (D) A's Capital A/c Cr. by ₹1,200; C's Capital A/c Dr. by ₹1,200
34.	A, B and C are partner sharing profits in the ratio of 1:2:3. On 1-4-2020 they decided to share the profits equally. On the date there was a credit balance of ₹1,20,000 in their Profit and Loss Account and a balance of ₹1,80,000 in General Reserve Account. Instead of closing the General Reserve Account and Profit and Loss Account, it is decided to record an adjustment entry for the same. In the necessary adjustment entry to give effect to the above arrangement: (A) Dr. A by ₹50,000; Cr. B by ₹50,000 (B) Cr. A by ₹50,000; Dr. B by ₹50,000 (C) Dr. A by ₹50,000; Cr. C by ₹50,000 (D) Cr. A by ₹50,000; Dr. C by ₹50,000
35.	A and B are partners in partnership firm without any agreement. A has given a loan of ₹50,000 to the firm. At the end of year loss was incurred in the business. Following interest may be paid to A by the firm: (A) @5% Per Annum (B) @ 6% Per Annum (C) @ 6% Per Month (D) As there is a loss in the business, interest can't be paid

36.	Ram and Shyam are partners in the ratio of 3:2. Before profit distribution, Ram is entitled to 5% commission of the net profit (after charging such commission). Before charging commission, firm's profit was ₹42,000. Shyam's share in profit will be: (A) ₹16,000 (B) ₹24,000 (C) ₹26,000 (D) ₹16,400
	Section – C **Instructions: From Question Numbers 37-41 attempt any 4 questions**
37.	**Case based question: (Questions 37 to 39 are based on the given paragraph)** Sterling enterprises is a partnership business with Ryan, Williams and Sania as partners engaged in production and sales of electrical items and equipment. Their capital contributions were Rs.50,00,000, Rs.50,00,000 and Rs.80,00,000 respectively with the profit -sharing ratio of 5:5:8. As they are now looking forward to expanding their business, it was decided that they would bring in sufficient cash to double their respective capitals. This was duly followed by Ryan and Williams but due to unavoidable reasons Sania could not do so and ultimately it was agreed that to bridge the shortfall in the required capital a new partner should be admitted who would bring in the amount that Sania could not bring and that the new partner would get share of profits equal to half of Sania's share which would be sacrificed by Sania only. Consequent to this agreement Ejaz was admitted and he brought in the required capital and Rs.30,00,000 as premium for goodwill. Based on the above information you are required to answer the following questions. What will be the new profit-sharing ratio of Ryan, Williams, Sania and Ejaz? (A) 1:1:1:1 (B) 5:5:8:8 (C) 5:5:4:4 (D) None of the above
38.	What is the value of the goodwill of the firm? (A) Rs.1,35,00,000 (B) Rs.30,00,000 (C) Rs.1,50,00,000 (D) Cannot be determined from the given data.
39.	What will be correct journal entry for distribution of Premium for Goodwill brought in by Ejaz? (A) Ejaz Capital A/c ……………...Dr. 30,00,000 To Sania's Capital A/c 30,00,000 (B) Premium for Goodwill A/c……Dr. 30,00,000 To Sania's Capital A/c 30,00,000 (C) Premium for Goodwill A/c……Dr 30,00,000 To Reyan's Capital A/c 8,33,333 To William's Capital A/c 8,33,333 To Ejaz's Capital A/c 13,33,333 (D) Premium for Goodwill A/c……Dr 30,00,000 To Reyan's Capital A/c 10,00,000 To William's Capital A/c 10,00,000 To Ejaz's Capital A/c 10,00,000

40.	**Read the following hypothetical text and answer the given questions: (Q. Nos: 40&41)** Amit and Mahesh were partners in a fast-food corner sharing profits and losses in ratio 3:2. They sold fast food items across the counter and did home delivery too. Their initial fixed capital contribution was ₹1,20,000 and ₹80,000 respectively. At the end of first year their profit was ₹ 1,20,000 before allowing the remuneration of ₹.3,000 per quarter to Amit and ₹.2,000 per half year to Mahesh. Such a promising performance for first year was encouraging, therefore, they decided to expand the area of operations. For this purpose, they needed a delivery van, a few Scotties and an additional person to support. Six months into the accounting year they decided to admit Sundaram as a new partner and offered him 20% as a share of profits along with monthly remuneration of ₹ 2,500. Sundaram was asked to introduce ₹1,30,000 for capital and ₹.70,000 for premium for goodwill. Besides this Sundaram was required to provide Rs.1,00,000 as loan for two years. Sundaram readily accepted the offer. The terms of the offer were duly executed and he was admitted as a partner. Upon the admission of Sundaram the sacrifice for providing his share of profits would be done: (A) By Amit only. (B) By Mahesh only. (C) by Amit and Mahesh equally. (D) by Amit and Mahesh in the ratio of 3:2.
41.	Remuneration will be transferred to ________________ of Amit and Mahesh at the end of the accounting period. (A) Capital account. (B) Loan account. (C) Current account. (D) None of the above.
	Part – II **Section – A** **Instructions: From question number 42 to 48, attempt any 5 questions.**
42.	The following groups of ratios primarily measure risk: (A) Solvency, Activity, and Profitability (B) Liquidity, Efficiency, and Solvency (C) Liquidity, Activity, and Profitability (D) Liquidity, Solvency, and Profitability
43.	Which ratio indicates the proportion of assets financed out of shareholders' funds? (A) Debt equity ratio. (B) Fixed assets turnover ratio. (C) Proprietary ratio. (D) Total assets to debt ratio.
44.	A firm's current ratio is 3.5: 2. Its current liabilities are 80,000. Its working capital will be: (A) ₹1,20,000 (B) ₹1,60,000 (C) ₹60,000 (D) ₹2,80,000

45.	Equity Share Capital ₹20,00,000; Reserve 5,00,000; Debentures ₹10,00,000; Current Liabilities ₹8,00,000. Debt-equity ratio will be: (A) 0.4:1 (B) 0.32:1 (C) 0.72:1 (D) 0.5:1
46.	Which one of the following is not a limitation of Financial Statement Analysis? (A) Ignores the Qualitative Elements (B) Not free from personal bias (C) Intra-firm Comparison (D) Ignores the price level changes
47.	Which analysis is considered as static? (A) Horizontal Analysis (B) Vertical Analysis (C) Internal Analysis (D) External Analysis
48.	**Assertion:** Ratio analysis is one of the tools employed to know the financial health of a concern. **Reason:** Ratio analysis is not the only technique available to take investment decision. (A) Both Assertion and Reason is correct and Reason is the correct explanation of Assertion. (B) Both Assertion and Reason is correct and Reason is not the correct explanation of Assertion. (C) Assertion is correct but Reason is incorrect (D) Assertion is incorrect but Reason is correct
	Section – B **Instructions: From question number 49 to 55, attempt any 6 questions.**
49.	Identify the item which is not a part of Shareholder's Funds: (A) Share Application money pending allotment (B) Reserves and Surplus (C) Share Capital (D) Money received against share warrants
50.	Calls in advance appear in a Company's Balance Sheet under …………… (A) Share Capital (B) Current Liability (C) Long-term Borrowings (D) Reserve & Surplus
51.	Which of the following items is shown under the head 'Non-Current Assets' while preparing the Balance Sheet of a company? (A) Underwriting Commission (B) Current Investment (C) Inventory (D) Patents

52.	Match the items given in Column I with the headings/subheadings (Balance sheet) as defined in Schedule III of Companies Act 2013. **Column I** / **Column II** I Stores and Spares / (a) Intangible fixed assets II Goodwill / (b)Other current assets III Taxes paid in advance / (c) Long term Borrowings IV Loan from Bank / (d) Inventories V Building / (e) Tangible Fixed assets Choose the correct option: (A) (I)-(a), (II)-(b), (III)- (d), (IV)- (c), (V)-(e) (B) (I)-(d), (II)- (a), (III)-(b), (IV)- (c), (V)-(e) (C) (I)-(d), (II)- (a), (III)-(b), (IV)-(e), (V)-(c) (D) (I)- (e), (II)- (d), (III)- (a), (IV)-(b), (V)-(b)
53.	Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R): Assertion (A): A high operating ratio indicates a favourable position. Reasoning (R): A high operating ratio leaves a high margin to meet non-operating expenses. In the context of the above two statements, which of the following is correct? (A) (A) and (R) both are correct and (R) correctly explains (A). (B) Both (A) and (R) are correct but (R) does not explain (A). (C) Both (A) and (R) are incorrect. (D) (A) is correct but (R) is incorrect.
54.	The Proprietary Ratio of X ltd is 0.8:1. The Company issued equity shares to the vendors for the purchase of machinery worth Rs. 4,00,000. The ratio will _______ due to this transaction (A) Increase (B) Decrease (C) Not Change (D) None of these
55.	It is an objective of ________ Ratio to measure proportion of fixed assets financed by the Shareholder's Funds (A) Debt to Equity Ratio (B) Interest Coverage Ratio (C) Proprietary Ratio (D) Total Assets to Debt Ratio