Brain International School

Vikas Puri, New Delhi

REVISION SHEET

SUBJECT: ACCOUNTANCY **CLASS-XII** **TERM 1**

CHAPTER 1- FUNDAMENTALS OF PARTNERSHIP

1. Interest on Capital of a partner is a
   a) Gain (Profit) to the firm
   b) Loss to the firm
   c) Neither loss nor gain to the firm
   d) Loss to the partner
2. A, B and C are partners sharing profits in the ratio of 2 : 3 : 1. A's share of profit is₹ 9,000. Capital account is to be prepared on fixed method.
   B's share of profit Rs ________ is to be shown in the ________ account
   a) 13,500 / Debit side of Partners current account
   b) 9,000 / Debit side of Partners current account
   c) 13,500 / Credit side of Partners current account
   d) 9,000 / Credit side of Partners current account
3. Calculate interest on drawings of Yogesh10% p.a. for the year ended 31st March, 2023, in each of the following alternative cases:
   Case 1. If he withdrew ₹ 7,500 in the beginning of each quarter.
   Case 2. If he withdrew ₹ 7,500 at the end of each quarter.
   Case 3. If he withdrew ₹ 7,500 during the middle of each quarter
4. Sunflower and Pink Rose started partnership business on April 01, 2019 with capitals of₹ 2,50,000 ₹ 1,50,000, respectively. On October 01, 2019, they decided that their capitals should be₹ 2,00,000 each. The necessary adjustments in the capitals are made by introducing or withdrawing cash. Interest on capital is to be allowed @ 10% p.a. Calculate interest on capital as on March 31, 2020.
5. A and B are partners sharing profits in the ratio of 3 : 2. On 1st April, 2022 their capitals were ₹ 5,00,000 and ₹ 3,00,000 respectively. A was in need of funds and hence took a loan of ₹ 1,00,000 from the firm on 1 st July, 2022, agreed rate of interest being 12% p.a.
   Profit for the year ended 31 st March, 2023 amounted to ₹ 1,50,000 before charging interest on loan to A.
   Pass Journal Entries for interest and prepare Partner's Capital Accounts.
6. Ram and Ravi entered into partnership on 1st April, 2022 without any Partnership Deed. They introduced capitals of ₹ 5,00,000 and ₹ 3,00,000 respectively. On 1 st November, 2022, Ram gave loan to the firm of ₹ 2,00,000 without an agreement as to interest. Ravi took loan of ₹ 1,00,000 on 1 st November, 2022.

Profit for the year ended 31 st March, 2023 before interest on loans was ₹ 4,30,000. The partners could not agree on the rate of interest on loan to be allowed or charged and the basis of division of profit. Pass a Journal entry for distribution of the profit between the partners and prepare Capital Accounts of both the partners and Loan Account of Ram.

7. Aakriti and Bindu entered into partnership for making garment on April 01, 2019 without any Partnership agreement. They introduced Capitals of₹ 5,00,000 and ₹ 3,00,000 respectively on October 01, 2019. Aakriti Advanced. ₹ 20,000 by way of loan to the firm without any agreement as to interest. Profit and Loss account for the year ended March 31 2020showed profit of ₹ 43,000. Partners could not agree upon the question of interest and the basis of division of profit. You are required to divide the profits between them by preparing Profit and Loss Appropriation Account. Also give reasons in Support of your answer.
8. Amitabh and Babul are partners sharing profits in the ratio of 3:2, with capitals of₹ 50,000 and ₹ 30,000 respectively. Interest on capital is agreed @ 6% p.a. Babul is to be allowed an annual salary of ₹ 2,500. Manager is to be allowed commission ₹ 5,000. Amitabh has also given a Loan on April 01, 2019 of ₹ 50,000 to the firm without any agreement. During the year 2019 - 20, the profits earned is ₹ 22,250.

   Prepare Profit and Loss Appropriation account showing the distribution of profit and the partners' capital accounts for the year ending March 31, 2020.

CHAPTER 2 & 3: NATURE AND VALUATION OF GOODWILL; CHANGE IN PROFIT SHARING RATIO AMONG THE EXISTING PARTNERS

1. Why are reserves and accumulated profits credited to the partner's capital accounts in case of change in profit sharing ratio amongst the existing partners?
2. Sanjeev, Ranjan and Somesh are partners sharing profits and losses in a specified ratio. With effect from 1st April, 2023, they decided to share profits in the ratio of 9 : 5 : 6. To arrive at the new ratio, Somesh acquires $\frac{1}{10}$ th share equally from Sanjeev and Ranjan. Calculate the old profit - sharing ratio.
3. Mention the occasions on which reconstitution of partnership firm can take place.
4. A, B and C were partners sharing profits in the ratio of 5 : 4 : 3. They decided to change their profit - sharing ratio to 2 : 2 : 1 w.e.f. 1st April, 2023. On that date, there was a balance of ₹ 3,00,000 in General Reserve and a debit balance of ₹ 4,80,000 in the Profit & Loss Account. Pass necessary Journal entries for the above on account of change in the profit - sharing ratio.
5. Radhika, Bani and Chitra were partners in a firm sharing profits and losses in the ratio of 2 : 3 : 1. With effect from 1st April, 2023, they decided to share future profits and losses in the ratio of 3 : 2 :1. On that date their Balance Sheet showed a debit balance of ₹ 24,000 in Profit and Loss Account and a balance of ₹ 1,44,000 in General Reserve.

   It was also agreed that:

a) The goodwill of the firm be valued at₹ 1,80,000.

b) The Land (having book value of₹ 3,00,000) will be valued at ₹ 4,80,000.

Pass the necessary Journal entries for the above changes.

6. A, B, C and D are partners in firm sharing profits and losses in the ratio of 2 : 2 : 1 : 1. They decided to share profits in the future in the ratio of 4 : 3 : 2 : 1. For this purpose goodwill of the firm was valued at₹ 1,80,000. There was also a reserve of ₹ 60,000 in the books of the firm. Find out the sacrifice and gaining ratio and pass necessary journal entry assuming that partners do not want to distribute the reserve.
7. A, B and C are partners sharing profits and losses in the ratio of 5 : 4 : 1. It was decided that with effect from 1^{st} April, 2023the profit sharing ratio will be 9 : 6 : 5. Goodwill is to be valued at 2 year's purchase of average of 3 year's profits. The profits for 2020 - 21, 2021 - 22and 2022 - 23were ₹ 48,000, ₹ 42,000 and ₹ 60,000 respectively. Pass the necessary journal entry for the treatment of goodwill.
8. Rakesh and Mukesh are partners in a firm sharing profit in the ratio of 3 : 2. Their Balance Sheet as at 31^{st} March, 2023 was as follows:

Liabilities	₹	Assets	₹
Rakesh's Capital A/c	54,000	Cash	18,000
Mukesh's Capital A/c	36,000	Machinery	36,000
Creditors	36,000	Building	72,000
	1,26,000		1,26,000

Goodwill of the firm is valued at₹ 36,000 and the building at ₹ 90,000 on 31^{st} March, 2023. The partners decide to share profits equally with effect from 1^{st} April, 2023. Pass the necessary accounting entries without affecting the existing figure of building.

9. A, B and C sharing profits and losses in the ratio of 4 : 3 : 2, decided to share the future profits and losses in the ratio of 2 : 3 : 4 with effect from 1^{st} April, 2023. An extract of their Balance Sheet as at 31^{st} March, 2023is :

Liabilities	(₹)	Assets	(₹)
Workmen's Compensation Reserve	90,000		

Show the accounting treatment under the following alternative cases :

Case 1. If there is no other information.

Case 2. If there is no claim.

Case 3 . If a claim on account of workmen's compensation is estimated at ₹ 45,000.

Case 4. If a claim on account of workmen's compensation is estimated at ₹ 99,000.

Case 5 . If a claim on account of workmen's compensation is estimated at ₹ 90,000.

CHAPTER 4- ADMISSION OF A PARTNER

1. P and Q are partners sharing profits and losses in the ratio of 4 : 3. They admit R as a partner for a $\frac{1}{7}$ th share in profits which he acquires equally from P and Q. Calculate the new profit sharing ratio of the partners.

2. At the time of admission of a partner Sumit, assets and liabilities of Raju and Nikhilwere revalued as follows:

a) A Provision for Doubtful Debts @10% was made on Sundry Debtors (Sundry Debtors₹ 50,000).

b) Creditors were written back by₹ 5,000.

c) Building was appreciated by 20% (Book value of Building₹ 2,00,000).

d) Unrecorded Investments were valued at₹ 15,000.

e) A Provision of₹ 2,000 was made for an Outstanding Bill for repairs.

f) Unrecorded Liability towards suppliers was₹ 3,000.

Pass necessary Journal entries.

3. Amar and Akbar are equal partners in a firm. They admitted Anthony as a new partner and the new profit sharing ratio is 4 : 3 : 2. Anthony could not bring this share of goodwill₹ 45,000 in cash. It is decided to do adjustments for goodwill without opening a goodwill account. Pass the necessary journal entry for the treatment of goodwill?

4. Given below is the Balance Sheet of A and B, who are carrying on partnership business as on March 31, 2023. A and B share profits and losses in the ratio of 2 : 1.

Liabilities		(₹)	Assets	(₹)
Bills Payable		10,000	Cash in hand	10,000
Sundry creditors		58,000	Cast at bank	40,000
Outstanding expenses		2,000	Sundry debtors	60,000
Capitals			Stock	40,000
A	1,80,000		Plant	1,00,000
B	1,50,000	3,30,000	Building	1,50,000
		4,00,000		**4,00,000**

C is admitted as a partner on 1st April, 2023on the following terms:

a) C will bring in₹ 1,00,000 as his capital and ₹ 60,000 as his share of goodwill for $\frac{1}{4}$ share in profits.

b) Plant is to be appreciated to₹ 1,20,000 and the value of buildings is to be appreciated by 10%.

c) Stock is found overvalued by₹ 4,000.

d) A provision for doubtful debts is to be created at 5% of sundry debtors.

e) Creditors were unrecorded to the extend of ₹ 1,000.

Prepare the revaluation Account andpartners' capital accounts, and show the Balance Sheet after the admission of C.

5. When a new partner is admitted in a partnership firm, then all past accumulated profits or losses and reserves are distributed among all the old partners in their old profit sharing ratio. This is because these profits and losses are attributable to the hard work and labours of the old partners and consequently, the old partners are liable to bear past losses or profits, if any. The new partner is not entitled for a share in these profits as he/she did not contribute anything for the past performance of the business.Give adjustment entries in the books of accounts.

6. L, M and N are partners sharing profits in the ratio of 3 : 2 : 1. They admit O into partnership. O brings in cash₹ 4,50,000 as capital and ₹ 1,50,000 as goodwill for $\frac{1}{5}$ th share of profits. Pass journal entries and find out new profit - sharing ratios when:

a) Goodwill is retained in the firm;

b) Goodwill is withdrawn by old partners.

7. X and Y are partners in a firm sharing profits in the ratio of 5 : 3.On March 1, 2017 they admitted Z as a new Partner. The new profit sharing ratio will be 4 : 3 : 2. Z brought in₹ 1,00,000 in cash as his share of capital but could not bring any amount for goodwill in cash. The firm's goodwill on Z's admission was valued at ₹ 1,80,000. X and Y decided that Z can bring his share of premium for goodwill later or it can be adjusted against his share of profits. At the time of Z's admission goodwill existed in the books of the firm at ₹ 2,40,000. You are required to pass necessary journal entries in the books of the firm on Z's admission.

8. P and Q are partners with capital of Rs 1,60,000 and Rs 1,20,000 respectively. They admit R as a partner on 1st January, 2012 for 1/4th share in the profits of the firm. R bring in Rs 1,60,000 as his share of capital. Give the journal entries of R's admission.

CHAPTER 5 & 6- RETIREMENT OF A PARTNER; DEATH OF A PARTNER

1. Rohan, Sachin and Raju were partners in a firm sharing profits in the ratio of 7 : 5 : 3. Sachin retired on 1^{st} July, 2023. In terms of the Partnership Deed, financial statements were prepared as on date of retirement and profit was determined as ₹ 3,60,000.

a) Pass the Journal entries for distribution of profit for the period.

b) Pass the Journal entries if loss of₹ 3,60,000 was incurred.

2. L, M, N and O are partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1 : 1. M and O decided to retire from the firm. The goodwill of the firm was valued at₹ 3,60,000. L and N decided to share future profits equally. Find out Gaining Ratio and Pass necessary journal entry for the treatment of goodwill.

3. X, Y and Z are partners in a firm sharing profits in the ratio of 3 : 2 : 1. On April 1^{st} 2023, Yretires from the firm, Xand Z agree that the capital of the new firm shall be fixed at ₹ 2,10,000 in the profit sharing ratio. The Capital Accounts of Xand Z after all adjustments on the date of retirement showed balances of ₹ 1,45,000 and ₹ 63,000 respectively. State the amount of actual cash to be brought in or to be paid to the partners.

4. A, B, and C are partners sharing profits and losses in the ratio of 2: 3: 1. B retires and sells his share of profit to A and C for Rs. 8,100, being purchased by A for Rs 3,600 and by C for Rs. 4,500, The profit for the year after B's retirement was Rs. 10,500. You are required to give necessary journal entries to record the sale of B's share to A and C and distribution of profit among partners.

5. You are given the Balance Sheet of A, B and C who are partners sharing profits in the ratio of 2 : 2 : 1 as at March 31, 2023.

Liabilities		₹	Assets	₹
Creditors		40,000	Goodwill	30,000
Reserve Fund		25,000	Fixed Assets	60,000
Capitals:			Stock	10,000
A	30,000		Sundry Debtors	20,000
B	25,000		Cash at Bank	15,000
C	15,000	70,000		
		1,35,000		1,35,000

B died on June 15, 2023. According to the Deed, his legal representatives are entitled to:

a) Balance in Capital Account;

b) Share of goodwill valued on the basis of thrice the average of the past 4 year's profits;

c) Share in profits up to the date of death on the basis of average profits for the past 4 years;

d) Interest on capital account @ 12% p.a.

e) Profits for the years ending on March 31 of 2020, 2021, 2022, 2023respectively were ₹ 15,000, ₹ 17,000, ₹ 19,000 and ₹ 13,000.

f) B 's legal representatives were to be paid the amount due. A and C continued as partners by taking over B's share equally. Work out the amount payable to B's legal representatives.

6. Vimal, Kamal and Nirmal were partners sharing profit & losses in the ratio of 3 : 2 : 1. Vimal died on 30^{th} September, 2020. The partnership deed provides that the share of profit of the deceased partner till the date of his death was to be calculated on the basis of the average profits of the last three years. The profit for the last three years were: 2017 - 18 ₹ 70,000; 2018 - 19 ₹ 80,000; 2019 - 20 ₹ (60,000). Calculate Vimal's share of profit till the date of his death and pass necessary journal entry for the same.

7. Following is the Balance Sheet of X, Y and Z as at 31^{st} March, 2023. They shared profits in the ratio of 3 : 3 : 2.

Liabilities		₹	Assets		₹
Sundry Creditors		2,50,000	Cash at Bank		50,000
General Reserve		80,000	Bills Receivable		60,000
Partner's Loan A/cs:			Debtors	80,000	
X		50,000	Less: Provision for Bad Debts	(4,000)	76,000
Y		40,000	Stock		1,24,000
Capital A/cs:			Fixed Assets		3,00,000
X	1,00,000		Advertisement Suspense A/cs		16,000
Y	60,000		Profit & Loss A/c		4,000
Z	50,000	2,10,000			
		6,30,000			**6,30,000**

On 1st April, 2023 Y decided to retire from the firm on the following terms:

a) Stock to be depreciated by₹ 12,000.

b) Advertisement Suspense Account to be written off.

c) Provision for Bad and Doubtful Debts to be increased to₹ 6,000.

d) Fixed Assets be appreciated by 10%.

e) Goodwill of the firm be valued at₹ 80,000 and the amount due to the retiring partner be adjusted in X's and Z's Capital Accounts.

Prepare the Revaluation Account, Partner's Capital Accounts and the Balance Sheet to give effect to the above.

CHAPTER 7- DISSOLUTION OF A PARTNERSHIP FIRM

1. Ram and Shyam were partners in a firm sharing profits in the ratio of 2 : 3 respectively. They become old and no one was there to look after their business. Therefore, they decided to dissolve the business and donate the amount available to an NGO who are providing service for growing trees in urban areas to control pollution. On 31st January, 2014, their balance sheet was as follows:

Liabilities		Amt (Rs.)	Assets	Amt (Rs.)
Creditors		65,000	Land	1,20,000
Bills Payable		35,000	Machinery	65,000
Capital A/ cs			Goodwill	10,000
Ram	75,000		Stock	25,000
Shyam	75,000	1,50,000	Debtors	20,000
			Cash	10,000
		2,50,000		2,50,000

Ram paid the creditors at a discount of 15% and Shyam paid bills payable in full. Assets realised as follows: Land at 20% less; machinery at Rs. 35,000; stock at 25% less and debtors at Rs. 12,500. Expenses on realisation Rs. 1,750 were paid by Shyam.

Prepare realisation account, partner's capital accounts and bank account. Also, identify any one value which the partners communicated to the society.

2. Pankaj and Raman are partners in a firm sharing profits and losses in the ratio of 3 : 2. On 31st March, 2023, their Balance Sheet was:

Liabilities	**₹**	**Assets**		**₹**
Bank Overdraft	30,000	Cash in Hand		6,000
General Reserve	56,000	Bank Balance		10,000
Investments Fluctuation Reserve	20,000	Sundry Debtors	26,000	
Loan by Pankaj	34,000	Less: Provision for Doubtful Debts	2,000	24,000
Capital A/c:		Investments		40,000
Pankaj	50,000	Stock		10,000
		Furniture		10,000
		Building		60,000
		Raman's Capital		30,000
	1,90,000			1,90,000

On that date, the partners decide to dissolve the firm. Pankaj took Investments at an agreed value of₹ 35,000. Other assets were realised as follows:

Sundry Debtors: Full amount. The firm could realise Stock at 15% less and Building was sold at ₹ 1,00,000. Compensation to employees paid by the firm was ₹ 10,000. This liability was not provided for in the above Balance Sheet.

You are required to close the books of the firm by preparing Realisation Account, Partners' Capital Accounts and Bank Account.

3. Pass the necessary journal entries for the following transactions on the dissolution of the firm of S and T after the various assets (other than cash) and outside liabilities have been transferred to realisation account.

a) S agreed to pay off her husband's loan Rs. 1,900.

b) A debtor whose debt of Rs. 930 was written off as bad debts in the books paid Rs. 750 in full settlement.

c) T took over all investments at Rs. 1,330.

d) Sundry creditors Rs. 1,000 were paid at 9% discount.

e) Realisation expenses Rs. 340 were paid by S for which she was allowed Rs. 300.

f) Loss on realisation Rs. 940 was divided between S and T in 3: 2 ratio.

4. Amit and Himanshu were partners in a firm. They decided to dissolve their firm. Pass necessary Journal entries for the following after assets (other than Cash and Bank) and outside liabilities have been transferred to Realisation Account:

a) There was furniture of₹ 50,000. Amit took over 50% of the furniture at 10% discount.

b) Profit & Loss Account was showing a credit balance of₹ 15,000 on the date of dissolution.

c) Himanshu's loan of₹ 6,000 was settled by paying ₹ 5,500.

d) The firm paid realisation expenses of₹ 5,000 on behalf of Himanshu, a partner.

e) There was a bill for₹ 1,200 under discount. The bill was received from Sonu who became insolvent and a first and final dividend of 25% was received from his estate.

f) Creditors, to whom the firm owed₹ 6,000, accepted stock of ₹ 5,000 at a discount of 5% and the balance in cash.

CHAPTER 1- FINANCIAL STATEMENTS OF A COMPANY

1. A Statement of Assets (Current and Non - current), Liabilities (Current and Non - current), andEquity (i.e., Shareholders' Funds) indicating the financial position of an enterprise at a given date is known as

a) Income Statement

b) Funds Flow Statement

c) Balance Sheet

d) Cash Flow Statement

2. Name the major heads under which the following items will be presented in the balance sheet of a company as per Schedule III of the Companies Act, 2013.

a) Loose tools

b) Copyrights and Patents

c) Unpaid dividend

d) Land and Building

CHAPTER 2- ANALYSIS OF FINANCIAL STATEMENTS OF A COMPANY

1. State the objectives of 'analysis of financial statements'.
2. Explain briefly the importance of financial analysis for (i) Financial Manager, and (ii) Top Management.
3. Explain briefly any four objectives of Analysis of Financial Statements.

CHAPTER 3- COMPARATIVE AND COMMON SIZE STATEMENTS

1. From the following information, prepare a Comparative Statement of Profit and Loss of Y Ltd. for the year ended 31st March, 2022:

Particulars	2021-22 (₹)	2020-21 (₹)
Revenue from Operations	40,00,000	30,00,000
Other Income	10,00,000	10,00,000
Employees Benefit Expenses	5,00,000	5,00,000
Othere Expenses	35,00,000	20,00,000
Tax Rat @ 50%		

2. Prepare a Common Size Statement of Profit & Loss from the information extracted from the Statement of Profit & Loss for the year ended 31^{st} March, 2022 and 2023.

Particulars	2022-23 (₹)	2021-22 (₹)
Revenue from Operations	15,00,000	10,00,000
Other Income (% of Revenue from Operations)	60%	50%
Employee Benefit Expenses (% of total revenue)	40%	30%
Tax Rate	40%	40%