DIRECTORATE OF EDUCATION, GNCT OF DELHI

MID TERM EXAMINATION (2026-27)

CLASS XII PRACTICE PAPER

ACCOUNTANCY (Code: 055)

Time Allowed: 3 Hours   Maximum Marks: 80

General Instructions

1. *This question paper contains **34** questions. **All** questions are **compulsory**.*
2. *Section A carries objective type questions of 1 mark each.*
3. *Section B carries short answer questions of 3 marks each.*
4. *Section C carries long answer questions type I of 4 marks each.*
5. *Section D carries long answer questions type II of 6 marks each.*
6. Show working notes clearly wherever necessary.

SECTION A: OBJECTIVE TYPE QUESTIONS (1 mark x 20 = 20 marks)

1. A partner's current account shows a credit of ₹ 50,000 during the year. Which transaction is likely the cause?

A. Capital introduced   B. Drawings made by partner
C. Interest on capital credited   D. Loss transferred

2. In the absence of an agreement, interest on a partner's loan to the firm is allowed at:

A. 6% per annum   B. 8% per annum   C. 10% per annum   D. 12% per annum

3. Average profit of a firm is ₹1,00,000 and normal profit is ₹70,000. Goodwill is valued at 3 years' purchase of super profit. The value of goodwill is:

A. ₹90,000   B. ₹3,00,000   C. ₹2,10,000   D. ₹30,000

4. On admission of a new partner, the balance of General Reserve appearing in the old balance sheet is transferred to:

A. The new partner's capital account   B. Revaluation account   C. Old partners' capital accounts in the old ratio   D. Old partners' capital accounts in the new ratio

5. A company cannot ordinarily issue shares at a discount, except in the case of:

A. Sweat equity shares   B. Preference shares   C. Debentures   D. Bonus shares

6. Calls in arrears is shown in the balance sheet as a deduction from:

A. Authorised capital   B. Called up capital   C. Reserves   D. Securities premium

7. X, Y and Z share profits and losses in the ratio 4:3:3. Z is guaranteed a minimum profit of ₹ 50,000. If the firm makes a profit of ₹ 1,80,000, how will the deficiency on guarantee be adjusted?
A. X and Y will share equally the deficiency.   B. No deficiency as Z's share.
C. Deficiency borne by X and Y in the ratio 4:3. D. Deficiency borne by X and Y equally.

8. Happy Ltd. forfeited 10,000 shares of ₹ 15 each on which ₹ 6 had been paid (including ₹ 1 premium). 7,000 shares were reissued at ₹ 13 fully paid. Calculate Share Forfeited balance after reissue.

A. ₹50,000   B. ₹15,000   C. ₹21,000   D. ₹30,000

9. Star Ltd. purchased machinery paying ₹ 2,50,000 by cheque and issued 20,000 equity shares of Rs 10 each at 20% premium. Calculate total purchase consideration.

A. ₹4,90,000 B. ₹3,00,000 C. ₹2,10,000 D. ₹4,30,000

For Q10 to Q12, choose the correct option:

A. Both Assertion (A) and Reason (R) are true, and R is the correct explanation of A.

B. Both A and R are true, but R is not the correct explanation of A.

C. A is true, but R is false.

D. A is false, but R is true.

10. Assertion (A): On retirement of a partner, the gaining partners compensate the retiring partner for goodwill.

Reason (R): Gaining share is calculated as the new share of profit minus the old share of profit.

11. Assertion (A): Securities premium can be used to write off discount or loss on issue of debentures.

Reason (R): Securities premium reserve can also be used for the buy back of a company's own shares.

12. Assertion (A): Sacrificing ratio is used to determine the amount of goodwill to be compensated by the new partner to the old partners.

Reason (R): Sacrificing ratio is the ratio in which old partners give up their share of profit in favour of the new partner.

13. At the time of admission of new partner Vasu, Old partners Paresh and Prabhav had debtors of ₹ 6,20,000 and a provision for doubtful debts (PDD) of ₹ 20,000 in their books. As per terms of admission, assets were revalued, and it was found that debtors worth ₹ 25,000 had turned bad and hence should be written off. No further provision is required. Which journal entry reflects the correct accounting treatment of the above situation?

A. Bad Debts A/c Dr. To Debtors A/c Prov for D. debts A/c Dr. To Bad Debts A/c	25000 25000 	 25000 25000
B. Bad Debts A/c Dr. Prov for doubt debtsA/c Dr. To Debtors A/c Revaluation A/c Dr. To Prov for doubt debtsA/c	5000 20000 5000 	 25000 5000
B. Bad Debts A/c Dr. Prov for doubt debtsA/c Dr.	5000 20000	

To Debtors A/c Revaluation A/c Dr. To Bad debts A/c	 5000 	25000 5000
D. Bad Debts A/c Dr. To Revaluation A/c	5000 	 5000

14. Jain and Veru were in a partnership sharing Profit &Loss in the ratio 5:3. Their Capitals were ₹ 10,00,000 and ₹ 8,00,000 respectively. The firm was also having reserves of ₹ 7,00,000. Normal rate of return was 10%. Firm made average profits of ₹ 2,30,000 for the year ended March 31, 2025 (after adjustment of loss of machinery of book value of ₹2,00,000 by fire against which insurance claim of ₹1,50,000 was admitted). Value of goodwill as per Capitalisation of super profits will be:

A. ₹ 10,00,000 B. ₹ 3,00,000 C. ₹ 18,00,000 D. Nil.

15. John and Sourabh were partners sharing Profit &Loss equally. They decided to share future Profit &Loss in the ratio 3:2. Their manager Arya met with an accident in the office itself and his claim for compensation amounted to ₹ 50,000. The firm had a Workmen Compensation Reserve of ₹80,000. Which of the following statement holds true at the time of reconstitution?

A. ₹ 50,000 will be provided as workmen claim out of Workmen Compensation Reserve and balance ₹ 30,000 will be distributed amongst partners in old ratio.

B. ₹ 50,000 will be provided as workmen claim out of Workmen Compensation Reserve and balance ₹ 30,000 will be distributed amongst partners in new ratio.

C. ₹ 50,000 will be provided as workmen claim out of Workmen Compensation Reserve and balance ₹ 30,000 will be credited to Revaluation Account.

D. ₹ 50,000 will be provided as workmen claim out of Workmen Compensation Reserve and balance ₹ 30,000 will be carried forward in the books of the firm without any treatment.

16. Dharam and Karan were partners in a firm sharing profits and losses in the ratio of 7 : 3. On 1st April, 2025, they admitted Vinod as a new partner in the firm. Dharam surrendered 2/5th of his share in favour of Vinod and Karan surrendered 3/25th from his share in favour of Vinod. The new profit sharing ratio will be :

(A) 21 : 9 : 20 (B) 21 : 27 : 10 (C) 21 : 56 : 50 (D) 21 : 27 :40

17. 6,000 shares of 25 each were forfeited for non-payment of final call money of 5 per share. The maximum discount that the company can allow on reissue of these shares will be :

(A) 30,000 (B) 90,000 (C) 1,20,000 (D) 1,50,000

18. Ravi, Sunil and Amit were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 5. On 1st April, 2025, Ravi retired. Sunil and Amit decided to share future profits in the ratio of 2 : 3. After all adjustments with respect to general reserve, goodwill and revaluation, etc., the balances in the capital accounts of Ravi, Sunil and Amit stood at 3,00,000; 2,40,000 and 3,60,000 respectively. It was decided that the amount payable to Ravi will be brought by Sunil and Amit in such a way so as to make their capitals proportionate to their new profit sharing ratio. The amount brought in by Sunil and Amit will be :

(A) Sunil 1,00,000, Amit 2,00,000 (B) Sunil 1,20,000, Amit 1,80,000 (C) Sunil 1,50,000, Amit 1,50,000 (D) Sunil 80,000, Amit 2,20,000

19. Building recorded at ₹ 30,00,000 is undervalued by 20%. Show the amount to be shown in reconstituted firm's balance sheet.

(A) ₹ 36,00,000 (B) ₹ 37,50,000 (C) ₹ 25,00,000 (D) ₹ 38,00,000.

20. Hira Ltd. invited applications for issuing 5,00,000 equity shares Of Rs 10 each at a premium of 10%. The whole amount was payable with application. Applications were received for 7,00,000 equity shares. The company decided to allot the shares on pro-rata basis to all the applicants. The amount refunded by the company was Rs. :

(A) 22,00,000 (B) 2000,000 (C) 24,00,000 (D) 21,50,000

SECTION B: SHORT ANSWER QUESTIONS (3 marks x 6 = 18 marks)

21. Vani, Aneg and Mahan were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. On 1st April, 2025, their capitals were ₹ 7,50,000; 4,00,000 and 5,00,000 respectively. The firm closes its books on 31st March every year. On 31st December, 2025, Mahan died. The partnership deed provides that in the event of death of a partner, his/her legal representatives will be entitled to the following : (i) Interest on capital @ 12% p.a. (ii) His share in the profits of the firm till the date of his death. Mahan had withdrawn 1,20,000 for personal use till 31st December, 2025 and interest on drawings @ 10% p.a. is to be charged. His share in the profits of the firm was calculated on the basis of the average profits of last three years. The average profits of last three years were 6,00,000.

Prepare the Mohan capital account for his representatives.. *[3]*

22. Jatin, Karan and Sia were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. On 31st March, 2025, their Balance Sheet was as follows : Balance Sheet of Jatin, Karan and Sia as at 31st March, 2025

Liabilities	Amount (₹)	Assets	Amount (₹)
Capitals:			
Jatin 320000		Patents	4,05,000
Karan 390000		Land & Building	4,95,000
Sia 500000		Stock	1,85,000
Total Capitals	12,10,000	Debtors	1,78,000
General Reserve	50,000	Cash at Bank	27,000
Creditors	30,000		
Total	12,90,000	Total	12,90,000

Jatin retired from the firm on the above date on the following terms : (i) Goodwill of the firm was valued at 3,00,000 and the same was to be treated without opening goodwill account. (ii) Amount payable to Jatin was transferred to his loan account upto ₹ 320000 and remaining was paid. Pass necessary journal entries . *[3]*

23. Mallika Ltd. took over assets of ₹ 40,00,000 and liabilities of ₹ 4,00,000 of Pari Ltd. for a purchase consideration of ₹ 45,00,000. The payment of the purchase consideration was made by issue of shares of ₹ 100 each at a premium of 20% to Pari Ltd.. Pass the necessary journal entries for the above transactions in the books of Mallika Ltd.. *[3]*

24. The Capital Accounts of Nita and Ansh stood at ₹ 4,00,000 and ₹ 5,00,000 respectively, after the necessary adjustments in respect of drawings and net profits for the year ended 31st March, 2025. It was later discovered that interest on drawings @ 6% p.a. was not taken into account while calculating the net profit. The drawings of the partners had been : Nita ₹ 20,000 drawn at the beginning of each quarter and Ansh ₹ 8,000 drawn at the beginning of each half year. The profits for the year ended 31st March, 2025 amounted to ₹ 2,00,000. The profit sharing ratio of Nita and Ansh was 1 : 1. Pass the necessary adjustment entry. *[3]*

25. Vani and Kavita were partners in a firm. Their capitals were ₹ 50,00,000 and ₹ 45,00,000 respectively. The business earned average profits of ₹ 11,20,000 during the last few years. The normal rate of return in a similar business is 10%. Calculate the value of goodwill of the firm by capitalisation of average-profits method. *[3]*

26. Hemant and Pankaj were partners sharing Profit & Loss in the ratio of 3:2. The firm was dissolved on March 31, 2024 and the following balances were appearing in the books of the firm. a. Hemant's Loan ₹ 80,000 b. Ruby's Loan ₹ 50,000 c. Creditors ₹ 1,00,000 d. Capital Balances after all adjustments – Hemant ₹ 1,60,000 and Pankaj - ₹ 1,40,000. Assets of the firm realised at ₹ 6,00,000. You are required to show the amounts and order of payments as per section 48 of Indian Partnership Act 1932 at the time of Dissolution of the firm. *[3]*

SECTION C: LONG ANSWER QUESTIONS (4 marks x 3 = 12 marks)

27. Sapphire Ltd. Was registered with an authorised capital of ₹ 80,00,000 divided into 4,00,000 shares of ₹ 20 each. Company offered and issued 1,50,000 shares at a premium of ₹ 4 per share payable as ₹ 7 on application (including ₹ 1 premium), ₹ 12 on allotment (including ₹ 2 premium) and balance on first call. Ravi, holding 10,000 shares failed to pay allotment and call money. Another shareholder Suri holding 5,000 shares failed to pay the call money. All the shares held by Ravi were forfeited and of these 8,000 were reissued at ₹ 22 per share as fully paid. Show Share Capital sub head as it would in the Balance Sheet of Sapphire ltd. along with notes to Account as per the Companies Act 2013. *[4]*

28. Amit, Sumit and Pulkit were partners sharing Profit &Loss in the ratio 5:3:2. Their Capitals on 1/4/2025 were ₹ 8,00,000; ₹ 7,00,000 and ₹ 5,00,000 respectively. According to Partnership Deed:- (a) Interest on Capital @ 10% p.a. (b) Salary to Amit ₹ 10,000 p.m and Pulkit ₹ 15,000 per quarter, was agreed.

Ignoring the above terms the profits of ₹ 6,00,000, for the year ended March 31, 2025 were divided equally between partners. You are required to pass a necessary adjustment entry to make it as per per deed. Show your workings clearly. *[4]*

29 Pass necessary journal entries for the following transactions on the dissolution of the firm of Sanya and Manya after various assets (other than cash) and external liabilities have been transferred to Realisation Account :

(i) Machinery of the book value of ₹ 1,90,000 was sold for ₹ 1,00,000 through a broker who charged 4% commission.

(ii) Stock was worth ₹ 82,000 out of which, stock worth ₹ 42,000 was taken over by Sanya at ₹ 45,000 and the balance of the stock was sold for ₹ 11,000.

(iii) Debtors of ₹ 25,000 were sold to a debt collection agency who charged commission of ₹ 1,500.

(iv) Furniture of ₹ 1,49,000 was accepted by Manya against settlement of her loan of ₹ 55,000
(4)

SECTION D: COMPREHENSIVE QUESTIONS (6 marks x 5 = 30 marks)

30. Amit, Rohan and Kabir are partners sharing profits and losses in the ratio of 3:2:1. Their capitals as on 1st April 2025 were ₹6,00,000, ₹4,00,000 and ₹2,00,000 respectively. The partnership deed provides that:

(i) Interest on capital is allowed at 8% per annum.

(ii) Kabir's share of profit is guaranteed at a minimum of ₹79,000 per annum, any deficiency being borne by Amit and Rohan equally.

(iii) Interest on drawings is charged at 20% per annum. Drawings during the year were Amit ₹40,000, Rohan ₹30,000 and Kabir ₹20,000, withdrawn evenly throughout the year.

The net profit for the year ended 31st March 2026, before the above adjustments, was ₹3,00,000. Prepare the Profit and Loss Appropriation Account and the Partners' Accounts, assuming capitals are fixed. *[6]*

31. Jainsons Ltd. was registered with a capital of ₹ 8,00,00,000 divided into 80,00,000 equity shares of ₹ 10 each. On 1st April, 2025, the company offered to the public for subscription, 7,00,000 shares. Applications for 6,90,000 shares were received and allotment was made in full to all the applicants. A shareholder holding 20,000 shares failed to pay the second and final call of ₹ 2 per share. (1x6=6)

Answer the following questions on the basis of the above information :

(i) The Issued Capital of Jainsons Ltd. is :

(A) ₹ 7,00,000 (B) ₹ 8,00,00,000 (C) ₹ 70,00,000 (D) ₹ 80,00,000

(ii) The amount of calls in arrears is : (A) ₹ 40,000 (B) ₹ 2,00,000 (C) ₹ 1,60,000 (D) Nil

(iii) 'Subscribed and fully paid up capital' of Jainsons Ltd. is : (A) ₹ 68,60,000 (B) ₹ 70,00,000 (C) ₹ 67,00,000 (D) ₹ 69,00,000

(iv) 'Subscribed but not fully paid up capital' of Jainsons Ltd. is : (A) ₹ 69,00,000 (B) ₹ 40,000 (C) ₹ 2,00,000 (D) ₹ 1,60,000

(v) The amount of 'Share Capital' presented in the Balance Sheet of Jainsons Ltd. will be : (A) ₹ 67,00,000 (B) ₹ 70,00,000 (C) ₹ 68,60,000 (D) ₹ 69,00,000

(vi) If the shares of the defaulting shareholders are forfeited, 'Share Forfeiture Account' will be shown in the 'Notes to Accounts' at : 1 (A) ₹ 1,60,000 (B) ₹ 40,000 (C) ₹ 2,00,000 (D) ₹ 20,000 *[6]*

32. . X and Y are in partnership, sharing profits in the ratio of 5: 3 respectively. Their balance sheet is as follows:

Liabilities	Amount (₹)	Assets		Amount (₹)
Creditors	28,000	Cash at Bank		15,800
Workmen Compensation Reserve	12,000	Debtors	40000	
Z's Loan A/c	30,000	Less: Provision	1800	
Capital – X	1,20,000			38,200
Capital – Y	80,000	Stock		56,000
		Investment		10,000
		Goodwill		10,000
		Plant		30,000
	1,60,000			1,60,000

Z is admitted into partnership on the following terms:

1. The new profit-sharing ratio will be 4 : 3 : 2 between X, Y and Z respectively.
2. Z's loan should be treated as his capital. 3. Goodwill of the firm is valued at `₹ 27,000.
4. ₹` 8,000 of investments were to be taken over by X and Y in their profit sharing ratio. 5. Stock be reduced by 10%. 6. Provision for doubtful debts should be @ 5% on debtors and a provision for discount on debtors @ 2% should also be made. 7. The liability of Workmen's Compensation Reserve was determined to be 15,000. 8. X is to withdraw ₹` 6,000 in cash. Give journal entries for the above transactions.

33. Sumita Ltd. invited applications for issuing 30,000 equity shares of ₹ 10 each at a premium of ₹ 5 per share. The amount was payable as follows : On Application and Allotment ₹10 per share (including premium) On first and final call Balance Applications for 50,000 shares were received. Applications for 10,000 shares were rejected and their application money was refunded. Pro-rata allotment was made to the remaining applicants. Excess money received with application was adjusted towards sums due on first and final call. Sonu, an applicant of 4,000 shares, paid his entire share money with application. Vedika, to whom 300 shares were allotted, failed to pay the first and final call. After giving her the mandatory notice, her shares were forfeited. Pass necessary journal entries for the above transactions in the books of Sumita Ltd..

Or

(i) Rani Ltd. forfeited 750 equity shares of ₹ 10 each for non-payment of first call of ₹ 3 per share (including premium of ₹1 per share). The second and final call of ₹3 per share was not yet made. Of the forfeited shares, 500 were re-issued for₹ 2,500, ₹7 per share paid-up. Pass necessary journal entries for the above transactions in the books of Rani Ltd. 3

(ii) Manvi Ltd. forfeited 2,000 equity shares of ₹10 each for non-payment of first and final call of ₹3 per share. 750 of the forfeited shares were reissued to Ashok for ₹ 10,000 as fully paid-up. The remaining shares were reissued to Sudha at ₹9 per share fully paid-up. Pass necessary journal entries for the above transactions in the books of Manvi Ltd. 3

34. A and B showing profits and losses in the ratio of 3:2 agreed upon the dissolution of the firm an 31st march 2018 at which date their Balance sheet was as follows: *[6]*

Liabilities	₹ Amount	Assets	₹ Amount
Trade creditor	60,000	Cash	6,000
Employee Provident Fund	15,000	Bank	30,000
Bills payable	25,000	Stock	80,000
Investment flutuation reserve	24,000	Sunday Debtors 66,000 Loss Provision for D/D 6,000	60,000
Profit and Loss A/c	11,000	Plant and Machinery	30,000
Capital A/c		Land and Building	33,000
A 90,000	1,20,000	Investment	10,000
B 30,000		Goodwill	15,000
Workman Compensation Reserve	20,000	Pre Paid Insurance	1,000
		Advertisement Expenditure	10,000
	2,75,000		2,75,000

The firm was dissolve on the given date and following transitions took place : (1) B undertook to pay employee provident fund. (2) A took 60% stock at a profit of 10% and remaining stock was sold at a discount of 20% on cost. (3) Land and building & investments realized `₹ 1,40,000 and ₹` 8,000 respectively. (4) Trade creditor accepted plant & machinery loss 10% of value and cash `₹ 27000 in full settlement of their claim. (5) ₹ 8,000 of Book debts proved bad and bills payable were paid in full. (6) Realisation expenses paid by A ₹ 5000. (7) There were a contingent liability of `₹ 1,000 for Bill discounted also discharge.

Prepare Realisation A/c.

<u>OR</u>

Pass Journal entries for the following transactions in the book of the firm on its dissolution:

A) Bills receivable of ₹` 20000 discounted with the bank is dishonoured as drawee was declared insolvent and 30% amount is received in cash from him.

b) 100 shares of Jalaj Auto Ltd. acquired at a cost of ₹` 3,600 had been written of from the books. These were valued at `₹ 12 par share, and were divided among partner's A and B in 2 : 1.

C) Mr. Verma, a creditor to whom ₹ 6,000 are due, accepted office equipment at ₹ 4,000 and the balance paid to him by cash.

D) Debtors of ₹5,00,000 and provision for doubtful debts of ₹ 20,000 was transferred to realisation account. On dissolution bad debts were ₹ 1,00,000 and remaining debtors realised at 30% discount..

E) Loan owed by B (not a partner), towards firm is ₹30,000 , It was decided by the firm that B will pay to the creditor ₹` 25,000 in settlement of his loan.

F) The firm had borrowed ₹35,000 from Rashmi, a partner, She decided to take furniture of ₹30,000 against the payment of her loan. 6

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