ST. XAVIER'S SENIOR SECONDARY SCHOOL, DELHI – 110 054

Class 12 — Time: 3 hrs.

14-9-2023 — MID TERM EXAMINATION - **ACCOUNTANCY** — Max. Marks : 80

General instructions:

i) This question paper contains 34 questions. All questions are compulsory. Neatness is must.
ii) Question Nos.1 to 20 carry 1 mark each.
iii) Questions Nos. 21 to 26, carry 3 marks each.
iv) Questions Nos. from 27 to 29 carry 4 marks each.
v) Questions Nos. from 30 to 34 carry 6 marks each.
vi) 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.
vii) Attempt all parts of a particular question at one place. All working should be shown clearly near to the answer.

PART - I (Objective Type Questions) (20 x 1 = 20 marks)

1. Following are essential elements of a partnership firm except:
a) At least two persons
b) There is an agreement between all partners
c) Equal share of profits and losses
d) Partnership agreement is for some business.

2. **ASSERTION (A):** Aditya, a partner in the firm gave loan of ₹ 2,00,000 to the firm without an agreement as to rate of interest. Interest on Loan by Aditya is to be allowed @ 6% p.a.
REASON (R): In the absence of Partnership Deed, provisions of the Partnership Act, 1932 apply. Thus, Interest on Loan to Partner should be charged @ 6% p.a.
In the context of above two statements, which of the following is correct?
a) (A) and (R) are correct but the (R) is not the correct explanation of (A).
b) Both (A) and (R) are correct and (R) is the correct explanation of (A).
c) (A) is correct but the (R) is incorrect.
d) (A) is not correct but the (R) is correct.

3. Vidit and Seema were partners in a firm sharing profits and losses in the ratio of 3:2. Their capitals were ₹ 1,20,000 and ₹ 2,40,000, respectively. They were entitled to interest on capitals @ 10% p.a. The firm earned a profit of ₹ 18,000 during the year. The interest on Vidit's capital will be:
a) ₹ 12,000 b) ₹ 10,800 c) ₹ 7,200 d) ₹ 6,000

(OR)

X and Y are partners in the ratio of 3 :2. Their capitals are ₹ 2,00,000 and ₹ 1,00,000 respectively. Interest on capitals is allowed @ 8% p.a. Firm earned a profit of ₹ 15,000 for the year ended 31st March 2023. As per partnership agreement, interest on capital is treated as a charge on profits. Then, which of the following option will be correct when Profit & Loss Appropriation a/c of the firm is prepared?
a) X Cr. ₹ 9,000 Y Cr. ₹ 6,000
b) X Dr. ₹ 9,000 Y Dr. ₹ 6,000
c) X Dr. ₹ 14,400 Y Dr. ₹ 9,600
d) X Dr. ₹ 5,400 Y Dr. ₹ 3,600

4. Rakesh a partner withdrew a fixed amount in the beginning of each quarter and his interest on drawings is ₹ 6,000. If the interest on drawings is charged 8% per annum find his quarterly drawings.
a) ₹ 35,000 b) ₹ 25,000 c) ₹ 20,000 d) ₹ 30,000

(OR)

Rajesh a partner withdrew a fixed amount at the end quarter and his interest on drawings is ₹ 4,800. If the interest on drawings is charged 8% per annum find his quarterly drawings.
a) ₹ 35,000 b) ₹ 45,000 c) ₹ 40,000 d) ₹ 30,000

5. Ram and Naresh are partners in a retail business. Balances in Capital and Current Accounts as on 31st March, 2023 were:

Name of partners	Capital a/c	Current a/c
Ram	₹ 2,00,000	₹ 50,000
Naresh	₹ 2,40,000	₹ 10,000 (Dr)

The firm earned an average profit of ₹ 90,000. If the normal rate of return is 10%.
Find the value of Goodwill by Capitalisation Method.
a) ₹ 4,10,000 b) ₹ 4,00,000 c) ₹ 4,20,000 d) ₹ 4,60,000

6. Average profit of the firm is ₹ 1,50,000. Goodwill of the firm is estimated based on the three years purchase of super profit is ₹ 1,62,000. Normal Rate of return is 12%.
Based on the above information, calculate the Capital Employed.
a) ₹ 7,50,000 b) ₹ 9,60,000 c) ₹ 12,50,000 d) ₹ 8,00,000

7. **ASSERTION (A):** Self-generated Goodwill is recognised in the books of account on reconstitution of a firm because amount is exchanged between the gaining partner or partners and sacrificing partner or partners.

REASON (R): According to AS 26, intangible Assets, Self-generated Goodwill is not recognised in the books of accounts because the value is not paid for it.

In the context of above two statements, which of the following is correct?

a) (A) and (R) are correct but the (R) is not the correct explanation of (A).
b) Both (A) and (R) are correct and Reason (R) is the Correct explanation of (A).
c) Both (A) and (R) are not correct.
d) (A) is not correct but the (R) is correct.

8. A, B and C are partner sharing profits in the ratio of 1:2:3. On 1-4-2023 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

(OR)

X, Y and Z are partners in a firm sharing profits in the ratio 4:3:2. Their Balance Sheet as at 31-3-2023 showed a debit balance of Profit & Loss A/c ₹ 180,000. From 1-4-2023 they will share profits equally. In the necessary journal entry to give effect to the above arrangement when X, Y and Z decided not to close the Profit & Loss Account. The entry will be:

a) Dr. X by ₹ 20,000; Cr. Z by ₹ 20,000 b) Cr. X by ₹ 20,000; Dr. Z by ₹ 20,000
c) Dr. X by ₹ 40,000; Cr. Z by ₹ 40,000 d) Cr. X by ₹ 40,000; Dr. Z by ₹ 40,000

9. Arrange the following steps involved for the Valuation of Goodwill by Capitalisation of Super Profit Method:

(i) Goodwill = Super profit x 100/Normal Rate of Return.
(ii) Average profits = Total Profit/Number of years.
(iii) Calculate normal profit or loss for each of the past year, after adjusting any abnormalities if any.
(iv) Calculate total profits by adding each relevant year's past profits after adjusting any abnormalities.
(v) Estimate capital employed.
(vi) Find super profit by deducting normal profit from average profit.
(vii) Super profit x 100/Normal rate of return.

Alternatives are:

a) i, iii, v, ii, vii, iv b) iv, ii, vi, iii, v, i
c) v, iii, iv, ii, vii, i d) iv, ii, v, iii, vi, i

10. Amit and Arjun are partners sharing profits and losses in the ratio of 3:2. They admit Krishna in to the partnership Amit gives $1/3^{rd}$ of his share while Arjun gives $1/10^{th}$ from his share to Krishna. Their new profit-sharing ratio will be:

a) 2:2:1 b) 4:3:3 c) 4:3:2 d) 3:2:1

11. Parth and Sahil are partners sharing profits in the ratio of 3:2. Rehan is admitted with $1/5^{th}$ share and he brings in ₹ 84,000 as his share of goodwill which is credited to the Capital Accounts of Parth and Sahil respectively with ₹ 63,000 and ₹ 21,000. New profit-sharing ratio will be:

a) 3:1:5 b) 9:7:4 c) 3:2:5 d) 7:9:4

12. Mita and Sumit are partners in a firm with capitals of ₹ 3,00,000 and 2,00,000 admitted as a new partner for $1/5^{th}$ share in the profits of the firm. Keshav brought ₹ 2,00,000 as his share his capital. The amount of goodwill premium credited to Sumit will be:

a) ₹ 30,000 b) ₹ 20,000 c) ₹ 24,000 d) ₹ 40,000

13. Angle and Circle were 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. Square 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%. Angle'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

14. On the retirement of Hari from the firm of Hari, Ram and Sharma, the Balance Sheet showed a debit balance of ₹ 12,000 in the Proft & Loss Account. For calculating the amount payable to Hari, this balance will be transferred

a) to the credit of the Capital Accounts of Hari, Ram and Sharma equally.
b) to the debit of the Capital Accounts of Hari, Ram and Sharma equally.

c) to the debit of the Capital Accounts of Ram and Sharma equally.
d) to the credit of the Capital Accounts of Ram and Sharma equally.

15. During admission goodwill not brought new partner is adjusted among the sacrificing partners in their
a) Gaining Ratio b) Capital Ratio
c) Old Ratio d) New Ratio

(OR)

Retiring partner is compensated by continuing partner in their
a) Gaining Ratio b) New Ratio
c) Sacrificing Ratio d) Old Ratio

16. Which of the following is true?
a) Revaluation Account is unaffected when an unrecorded asset is taken over by the executors of a deceased partner.
b) Revaluation Account is debited with the decrease in the value of creditors on the death of a partner.
c) Revaluation Account is credited when an unrecorded asset is sold on the death of a partner.
d) Revaluation Account is unaffected when revaluation expenses are paid by a partner.

17. X, Y and Z were partners sharing profits in the ratio of 2:2:1. Y died on 30th June, 2023 and profit for the accounting year ended 31st March, 2023 was ₹ 3,60,000. If profit share of deceased partner is to be calculated based on previous year's profit, amount of profit credited to Y's Capital Account will be
a) ₹ 72,000 b) ₹ 36,000 c) ₹ 1,44,000 d) ₹ 2,80,000

(OR)

A, B and C were partners, sharing profit in the ratio of 3:2:1. B died on 30th June, 2023. Profit share of the deceased partner from the beginning of the financial year was to be estimated based on sales up to the date of death and profit of the previous year. Net Profit earned in the previous year was ₹ 2,00,000 and net sales was ₹ 10,00,000. Net sale for the period of three months ended 30th June, 2023 was ₹ 6,00,000. The profit share of B will be
a) ₹ 35,000 b) ₹ 20,000 c) ₹ 40,000 d) ₹ 60,000

18. Which of the following is not the mode of dissolution of the firm?
a) By Mutual Agreement b) On happening of an event
c) Dissolution by court d) Retirement of a partner

19. Creditors in Balance Sheet before dissolution were ₹ 2,50,000. Half of the creditors accepted furniture of ₹ 1,50,000 at 10% less than the book value and cash of ₹ 10,000 in full settlement of their claims. Remaining creditors were paid availing discount of 5%
a) ₹ 1,18,750 b) ₹ 1,35,000 c) ₹ 1,28,750 d) ₹ 1,25,000

(OR)

At the time of dissolution, total assets are of ₹ 12,00,000 and outside liabilities are of ₹ 4,80,000. If assets realised 120% and realisation expenses paid were ₹ 16,000 gain or loss on realisation will be
a) Gain ₹ 2,40,000 b) Loss ₹ 2,40,000
c) Loss ₹ 2,44,000 d) Gain ₹ 2,24,000

20. On dissolution of the firm sundry assets were of ₹ 1,17,000. Mohan took part of sundry assets at ₹ 72,000 (being 10% less than the book value). Sohan took remaining sundry assets at 80% of the book value. Realisation Account is to be credited with
a) ₹ 1,01,600 b) ₹ 1,08,000 c) ₹ 72,000 d) ₹ 84,000

PART – II (Three marks questions)

21. Om and Shiv are partners in a firm sharing profits equally.

BALANCE SHEET (Extract)

Liabilities	₹	Assets	₹
		Debtors 1,50,000 Less: Provision for Doubtful Debts (15,000)	1,35,000

An amount of ₹ 12,000 due from Mohan, a debtor, is to be written off as no longer receivable. Provision for Doubtful Debts on remaining debtors is to be maintained at the current rate. What amount of Provision for Doubtful Debts should be credited to maintain its current rate? Pass necessary journal entries. 3

22. Pass necessary Journal entries in the following cases:

a) Creditors worth ₹ 85,000 accepted ₹ 40,000 as cash and Investment worth ₹ 43,000, in full settlement of their claim.

b) Creditors were ₹ 16,000. They accepted Machinery valued at ₹ 18,000 in settlement of their claim.

c) Creditors were ₹ 90,000. They accepted Building valued at ₹ 1,20,000 and paid cash to the firm ₹ 30,000.

(OR)

Pass Journal entries for the following:

a) Realisation expenses were ₹ 10,000 and paid by the firm on behalf of Alok, a partner, with whom it was agreed at ₹ 7,500.

b) Realisation expenses were ₹ 5,000. It was agreed that the firm will pay ₹ 2,000 and balance by Ravinder a partner.

c) Dissolution expenses of ₹ 10,000 were paid by Amit, a partner, on behalf of the firm. (3)

23. Param, Sajeev and Riyaz are partners having fixed capitals of ₹ 2,00,000, ₹ 1,60,000, and ₹ 1,20,000 respectively. They share profits in the ratio of 3:1:1. The Partnership Deed provided for the following which were not recorded in the books:

(i) Interest on Capital @5% p.a.

(ii) Salary to Param ₹ 1,500 p.m. and to Riyaz ₹ 1,000 p.m.

(iii) Transfer of profit to General Reserve ₹ 10,000.

Net Profit for the year ended 31st March, 2015 distributed among the partners was ₹ 1,00,000. Pass necessary rectifying entry for the above adjustments in the books of the firm.

(OR)

The partners of a firm, Alia, Bhanu and Chand distributed the profits for the year ended 31st March, 2023, ₹ 80,000 in the ratio of 3:3:2 without providing for the following adjustments:

(a) Alia and Chand were entitled to a salary of ₹ 1,500 each per month.

(b) Bhanu was entitled for a commission of ₹ 4,000.

(c) Bhanu and Chand had guaranteed a minimum profit of ₹ 35,000 p.a. to Alia any deficiency to bone equally by Bhanu and Chand.

Pass the necessary Journal entry for the above adjustments in the books of the firm. Show workings clearly. (3)

24. Mita, Gopal and Farhan were partners sharing profits and losses in the ratio 3:2:1. On 31st March, 2018 they decided to change the profit-sharing ratio to 5:3:2. On this date, the Balance Sheet showed deferred advertisement expenditure ₹30,000 and contingency reserve ₹ 9,000. Goodwill was valued at ₹ 4,80,000. Pass the necessary Journal entries for the above transactions in the books of the firm on its reconstitution. (3)

25. Anu and Bhagwan were partners in a firm sharing profits in the ratio of 3:1. Goodwill appeared in the books at ₹ 4,40,000. Raja was admitted to the partnership. New profit-sharing ratio among Anu, Bhagwan and Raja was 2:2:1 Raja brought ₹ 1,00,000 for his capital and necessary cash for his goodwill premium. Goodwill of the new firm was valued at ₹ 2,50,000. Record necessary journal entries in the books of the firm for the above transactions. (3)

26. X, Y and Z were partners in a firm sharing profits in the ratio of 4:3:1. The firm closes its books on 31st March every year. On 1st February, 2023, Y died and it was decided that the new profit-sharing ratio between X and Z will be equal. Partnership Deed provided for the following on the death of a partner:

(a) His share of goodwill be calculated on the basis of half of the profits credited to his account during the previous four completed years. The firm's profits for the last four years were:

Year	2018-19	2019-20	2020-21	2021-22
Profits	₹1,50,000	₹ 1,00,000	₹ 50,000	₹ 1,00,000

b) His share of profit in the year of his death was to be computed based on average profit of past two years.

Pass necessary Journal entries relating to goodwill and profit to be transferred to Y's Capital Account. (3)

PART - III (Four marks questions)

27. On 31st March, 2023 the balance in the Capital Accounts of Abhir, Bobby and Vineet, after making adjustments for profits and drawings were ₹8,00,000, ₹6,00,000 and ₹4,00,000 respectively.

Subsequently, it was discovered that interest on capital and interest on drawings had been omitted. The partners were entitled to interest on capital @ 10 % p.a. and were to be charged interest on drawings @ 6 % p.a. The drawings during the year were: Abhir ₹ 20,000 drawn at the end of each month, Bobby ₹ 50,000 drawn at the beginning of every half year and Vineet ₹ 1,00,000 withdrawn on 31st October, 2022. The net profit for the year ended 31st March, 2023 was ₹ 1,50,000. The profit-sharing ratio was 2: 2: 1. Pass necessary adjusting entry for the above adjustments in the books of the firm. Also, show your workings clearly. (4)

28. X and Y entered in to partnership on 1st April, 2018. Their capitals as on 1st April, 2022 were ₹ 2,00,000 and ₹ 1,50,000 respectively. On 1st October, 2022, X gave ₹ 50,000 as loan to the firm. As per the provisions of the Partnership Deed:
(i) 20% of Profits before charging interest on Drawings but after making appropriations was to be transferred to General Reserve.
(ii) Interest on capital is to be allowed@12% p.a. and Interest on drawings is to be charged @ 10% p.a.
(iii) X to get monthly salary of ₹ 5,000 and Y to get salary of ₹ 22,500 per quarter.
(v) X is entitled to a commission of 5% on sales. Sales for the year were ₹ 3,50,000.
(v) Profit to be shared in the ratio of their capitals up to ₹ 1,75,000 and balance equally.
Profit for the year ended 31st March, 2023, before allowing or charging interest was ₹ 4,61,000. The drawings of X and Y were ₹ 1,00,000 and ₹ 1,25,000 respectively.
Prepare Profit and Loss Appropriation Account. (4)

29. Aparna, Manisha and Sonia are partners sharing profits in the ratio of 3: 2: 1. Manisha retired and goodwill appears in the books of the firm was ₹1,80,000. Aparna and Sonia decided to share future profits in the ratio of 3: 2. New goodwill of the firm calculated based on capitalisation of average profit method. The firm earned average profit of ₹ 3,00,000 during the last few years. The normal rate of return of the industry is 15%. The assets of the business were ₹ 16,00,000 and its liabilities were ₹ 2,00,000. Calculate the goodwill of the firm by Pass Necessary journal entries.

(OR)

Asin and Shreyas are partners in a firm. They admit Ajay as a new partner with 1/ 5th share in the profits of the firm. Ajay brings ₹ 5,00,000 as his share of capital. The value of total assets of the firm was ₹ 15,00,000 and outside liabilities were valued at ₹ 5,00,000. Show your workings clearly and pass necessary journal entries. (4)

PART - IV (Six marks questions)

30. Gautam and Yashica are partners in a firm, sharing profits and losses in 3: 1 respectively. The Balance Sheet of the firm as on 31st March, 2023 was as follows:

Balance Sheet of as at 31st March 2023.

Liabilities	Amount ₹	Assets	Amount ₹
Sundry Creditors	50,000	Furniture	60,000
Bills payable	30,000	Stock	1,40,000
Capital a/c:		Debtors.	80,000
Gautam – 4,00,000		Cash in hand	90,000
Yashica- 1,00,000	5,00,000	Machinery	2,10,000
TOTAL	**5,80,000**	**TOTAL**	**5,80,000**

Asma is admitted as a partner for 3/8th share in the profits with a capital of ₹ 2,10,000 and ₹ 50,000 for her share of goodwill. It was decided that:
(i) New profit-sharing ratio will be 3:2:3.
(ii) Machinery will depreciate by 10% and Furniture by ₹ 5,000.
(iii) Stock was revalued at ₹ 2,10,000.
(iv) Provision for doubtful debts is to be created at 10% of debtors.
(v) The capitals of all the partners were to be in the new profit-sharing ratio on basis of capital of new partner. Any adjustment to be done through Current Accounts.
Prepare Revaluation Account, and Partners' Capital Accounts. 1

(OR)

Raman and Rohit were partners in a firm sharing profits and losses in the ratio of 2:1.
On 31st March 2023, their Balance Sheet was as follows:

BALANCE SHEET OF RAMAN AND ROHIT AS AT 31ST MARCH, 2023

Liabilities	Amount ₹	Assets	Amount ₹
Capital a/c		Plant & Machinery	1,75,000
Raman: 1,40,000		Furniture & Fixtures	65,000
Rohit: 1,00,000	2,40,000	Stock	47,000
Workmen Compensation Fund	40,000	Debtors: 1,10,000	
Creditors	1,60,000	Less Prov: 7,000	1,03,000
		Bank a/c	50,000
TOTAL	**4,40,000**	**TOTAL**	**4,40,000**

On the above date, Saloni was admitted in the partnership firm. Raman surrendered 2/5th of his share and Rohit surrendered 1/5th of his share in favour of Saloni. It was agreed that:
(i) Plant and machinery will be reduced by ₹ 35,000 and furniture and fixtures will be reduced to ₹ 58,500.
(ii) Provision for bad and doubtful debts will be increased by ₹ 3,000.
(iii) A claim of ₹ 16,000 for Workmen Compensation Fund was admitted.

(iv) A liability of ₹ 2,500 included in creditors is not likely to arise.
(v) Saloni will bring ₹ 42,000 as her share of goodwill premium and proportionate capital.
Prepare Revaluation Account, and Partners' Capital accounts. (6)

31. X, Y and Z are partners sharing profits and losses in the ratio of 3:2:1. Balance Sheet of the firm as at 31st March, 2023 was as follows:

BALANCE SHEET

Liabilities	Amount ₹	Assets		Amount ₹
		Cash at Bank		5,750
Creditors	21,000	Debtors	40,000	
Workmen Compensation Reserve	12,000	Less: Provision for Doubtful Debts	(2,000)	38,000
Investments Fluctuation Reserve	6,000	Stock		30,000
Capital A/cs:		Investment (Market Value 17,600)		15,000
X- 68,000		Patents		10,000
Y- 32,000		Machinery		50,000
Z- 21,000	1,21,000	Goodwill		6,000
		Advertisement Expenditure		5,250
TOTAL	**1,60,000**	**TOTAL**		**1,60,000**

Z retired on 1st April, 2023 on the following terms:
(a) Goodwill of the firm is to be valued at ₹ 34,800.
(b) Value of Patents is to be reduced by 20% and that of machinery to 90%.
(c) Provision for doubtful debts is to be @ 6% on debtors.
(d) Z took the investment at market value.
(e) Liability for Workmen Compensation to the extent of ₹ 750 is to be created.
(f) A liability of ₹ 4,000 included in creditors is not to be paid.
(g) Amount due to Z to be paid as follows:
₹ 5,067 immediately. 50% of the balance within one year and the balance by a draft for 3 months.

Prepare Revaluation Account, and Capital Accounts.

(OR)

Lisa, Monika, and Nisha were partners in a firm sharing profits and losses in the ratio of 2:2:1. On 31st March, 2023, their Balance Sheet was as follows:

BALANCE SHEET OF LISA, MONIKA, AND NISHA AS AT 31ST MARCH, 2023

Liabilities	Amount ₹	Assets	Amount ₹
Sundry Creditors	1,60,000	Land and Building	10,00,000
Bills Payable	2,44,000	Machinery	12,00,000
Employees Provident Fund	76,000	Stock	10,00,000
Capital A/cs:	31,60,000	Sundry Debtors	4,00,000
Lisa: 14,00,000		Bank	40,000
Monica: 14,00,000			
Nisha: 3,60,000			
TOTAL	**36,40,000**	**TOTAL**	**36,40,000**

On 31st March, 2023, Monika retired from the firm and the remaining partners decided to carry on the business. It was agreed that:
(i) Land and building be appreciated by ₹ 2,40,000 and machinery be depreciated by 10%.
(ii) 50% of the stock was taken over by the retiring partner at book value.
(iii) Provision for doubtful debts was to be made at 5% on debtors.
(iv) Goodwill of the firm be valued at ₹ 3,00,000 and Monika's share of goodwill be adjusted in the accounts of Lisa and Nisha.
(v) The total capital of the new firm be fixed at ₹ 27,00,000 which will be in the proportion of the new profit-sharing ratio of Lisa and Nisha. For this purpose, Current Accounts of the partners were to be opened.

Prepare Revaluation Account, and Partners' Capital Accounts. (6)

32. Arun, Bhim and Nakul are partners in a firm sharing profits in the ratio of 1:1: 3. Their Capital Accounts showed the following balances on 1st April, 2020:
Arun- ₹ 2,00,000; Bhim-₹ 1,50,000 and Nakul- ₹ 4,50,000.
Firm closes its accounts every year on 31st March. Bhim died on 31st March, 2021. In the event of death of any partner, the Partnership Deed provides for the following:
(i) Interest on capital will be allowed to deceased partner only from the first of day of the accounting year till the date of his death @ 10% p.a.
(ii) The deceased partner's share in the Goodwill of the firm will be calculated on the basis of 2 years' purchase of the average profit of the last three years. The profits of the firm for the last three years ended 31st March, were: 2019-₹ 90,000; 2020- ₹ 2,00,000 and 2021- ₹ 1,60,000.

(iii) His share of Profits till the Date of Death: The profit of the firm for the year ended 31st March, 2021 was ₹ 1,60,000 before providing for interest on capital. Bhim's Executor was paid the sum due in two equal annual instalments with interest @ 10% p.a.

Prepare Bhim's Capital Account as on 31st March, 2021 to be presented to his executor and his Executor's Loan Account for the year ending 31st March, 2022 and 31st March, 2023. (6)

33. Pradeep and Rajesh were partners in a firm sharing profits and losses in the ratio of 3:2. They decided to dissolve their partnership firm on 31st March, 2018. Pradeep was deputed to realise the assets and to pay off the liabilities. He was paid ₹ 1,000 as commission for his services. The financial position of the firm on 31st March, 2018 was as follows:

BALANCE SHEET OF AS AT 31ST MARCH, 2018

Liabilities	Amount ₹	Assets		Amount ₹
Creditors	80,000	Building		1,20,000
Mrs. Pradeep's Loan	40,000	Investment		30,600
Rajesh's Loan	24,000	Debtors:	34,000	
Investment Fluctuation Fund	8,000	Less: Provision for d. d.	4,000	30,000
Capital A/cs:		Bills Receivable		37,400
Pradeep 42,000		Bank		6,000
Rajesh 42,000	84,000	Profit and Loss A/c		8,000
		Goodwill		4,000
TOTAL	**2,36,000**	**TOTAL**		**2,36,000**

Following terms and conditions were agreed upon:

(a) Pradeep agreed to pay off his wife's loan.

(b) Half of the debtors realised ₹ 12,000 and remaining debtors were used to pay off 25% of the creditors.

(c) Investment sold to Rajesh for ₹ 27,000.

(d) Building realised ₹ 1,52,000.

(e) Remaining creditors were to be paid after two months; they were paid immediately at 10% p.a. discount.

(f) Bill receivables were settled at a loss of ₹ 1,400.

(g) Realisation expenses amounted to ₹ 2,500.

Prepare Realisation Account. (6)

34. Achal and Vichal were partners in a firm sharing profits in the ratio of 3:5. On 31st March, 2023, their Balance Sheet was as follows:

BALANCE SHEET OF AS AT 31st March, 2020

Liabilities	Amount ₹	Assets	Amount ₹
Capital A/cs:		Land and Building	4,00,000
Achal 3,00,000		Machinery	3,00,000
Vichal 5,00,000	8,00,000	Debtors	2,22,000
Creditors	1,79,000	Cash at Bank	78,000
Employees Provident Fund	21,000		
TOTAL	**10,00,000**	**TOTAL**	**10,00,000**

The firm was dissolved on 1st April, 2020 and the Assets and Liabilities were settled as follows:

(a) Land and Building realised ₹ 4,30,000.

(b) Debtors realised ₹ 2,25,000 (with interest) and 1,000 were recovered for Bad Debts written off last year.

(c) There was an Unrecorded Investment which was sold for ₹ 25,000.

(d) Vichal took over Machinery at ₹ 2,80,000 for cash.

(e) 50% of the Creditors were paid ₹ 4,000 less in full settlement and the remaining Creditors were paid full amount.

Pass necessary Journal entries for dissolution of the firm. (6)

-x-x-x-x-x-x-x-