

**SAMPLE CONTENT**

2014 to 2024

**Exam Experts**



# Board Questions WITH Solutions

## Book-Keeping and Accountancy

Chapter-wise compilation  
of relevant Board Questions from 2014 to 2024



**Std. XII**  
Commerce

**Target** Publications® Pvt. Ltd.



A collection of  
**Board** 2014  
to  
2024  
**Questions With Solutions**  
Book-Keeping & Accountancy

**STD. XII Comm.**

Chapter-wise compilation of relevant  
board questions with solutions  
from 2014 to 2024

### Salient Features

- **Repository of Board questions:**
  - Includes questions from 2014 to 2024.
  - Includes relevant questions from previous curriculum.
- Chapter-wise segregation of objective questions and problems.
- **Expert solutions:** Crafted by subject matter experts, ensuring accuracy and adherence to the board's marking scheme.
- Answers provided for the questions as per the *latest edition* of the textbook.

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## PREFACE

The journey to academic excellence in the Higher Secondary Certificate (HSC) examinations is both challenging and rewarding. **Target's 'Board Questions with Solutions: Std. XII Commerce.'** is a compilation of all the relevant questions (Objectives + Problems) that have been asked in the previous years' HSC Maharashtra Board Papers of Commerce stream for Book-Keeping & Accountancy. The objective of this book is to offer students quick access to previous years' relevant board questions along with their answers.

The chapter-wise and question type-wise segregation of questions enables students to gauge the weightage given and type of questions preferred for a chapter. Flow of questions is set year-wise with questions from the most recent examination placed last in board examination year. Only those questions from previous years that fall under the latest syllabus prescribed by Maharashtra State Board of Secondary and Higher Secondary Education are included. The solutions are complete and comprehensive and supplied with suitable tables and Working Notes.

This book is crafted to be an indispensable companion for students aspiring to excel in their HSC exams, providing them with a robust tool to master their subjects comprehensively.

Publisher

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*Best of luck to all the aspirants!*

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Ans:

**In the books of the Firm,  
Profit and Loss Adjustment Account**

	Dr.		Cr.	
Particulars	Amount ₹	Amount ₹	Particulars	Amount ₹
To Investments A/c		4,000	By Land and Building A/c	8,000
To Stock A/c		2,000	By R.D.D. A/c	4,000
<b>To Partners' Capital A/c [Profit]</b>				
Pravin	3,000			
Prakash	2,000			
Paresh	1,000	6,000		
		<b>12,000</b>		<b>12,000</b>

**Paresh's Capital Account**

	Dr.		Cr.	
Particulars	Amount ₹	Particulars	Amount ₹	
To Paresh's Executor's Loan A/c	34,000	By Balance b/d	20,000	
		By Reserve Fund A/c	6,000	
		By Profit & Loss Suspense A/c	1,000	
		By Goodwill A/c	6,000	
		By Profit & Loss Adjustment A/c	1,000	
	<b>34,000</b>		<b>34,000</b>	

Working of Paresh's share in Goodwill and profit:

i. Paresh's share in Goodwill:

$$\text{Total Profit} = 12,000 + 24,000 + 14,000 + 22,000 = ₹ 72,000$$

$$\text{Average profit} = \frac{\text{Total profit}}{\text{Number of years of profit}} = \frac{72,000}{4} = ₹ 18,000$$

$$\text{Goodwill} = \text{Average profit} \times \text{Number of years of purchase} = 18,000 \times 2 = ₹ 36,000$$

$$\text{Paresh's share in Goodwill} = \text{Goodwill} \times \text{Paresh's Share} = 36,000 \times \frac{1}{6} = ₹ 6,000$$

ii. Paresh's share in profit:

$$\text{Total profit} = 14,000 + 22,000 = ₹ 36,000$$

$$\text{Average profit for last two years} = \frac{\text{Total profit}}{\text{Number of years}} = \frac{36,000}{2} = ₹ 18,000$$

$$\text{Paresh's share of profit} = \text{Average profit} \times \frac{\text{Period up to death}}{12} \times \text{Paresh's share}$$

$$\text{Paresh's share of profit} = 18,000 \times \frac{4}{12} \times \frac{1}{6} = ₹ 1,000$$

**Q.2. Supriya, Surekha and Sujata were partners sharing profits and losses in the ratio of 2 : 2 : 1 respectively. Their Balance Sheet as on 31<sup>st</sup> March, 2012 was as follows:**

**Balance Sheet as on 31<sup>st</sup> March, 2012**

	Liabilities		Assets	
Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹
<b>Capital A/c:</b>			Land and Building	50,000
Supriya		40,000	Stock	30,000
Surekha		40,000	Debtors	37,500
Sujata		20,000	Less: R.D.D.	2,500
				35,000





Reserve fund	10,000	Furniture	10,000
Creditors	16,000	Cash at Bank	5,000
Outstanding Expenses	4,000		
	<b>1,30,000</b>		<b>1,30,000</b>

Sujata died on 1<sup>st</sup> July, 2012 and the adjustments were agreed to as per the deed as follows:

- Land and Building to be valued at ₹ 60,000 and all Debtors were good.
- Stock be depreciated by 10%.
- The drawings of Sujata upto the date of her death amounted to ₹ 2,000.
- Interest on capital was to be allowed at 10% p.a.
- The deceased partner's share of goodwill is to be valued at 2 year's purchase of average profit of last 3 year's. The profits were: 2009-10 : ₹ 15,000; 2010-11 : ₹ 17,000; 2011-12 : ₹ 13,000
- The deceased partner's share of profit upto the date of her death should be based on average profit of the last two years.

You are required to prepare:

- Profit and Loss Adjustment Account.
- Sujata's Capital Account showing the balance payable to her Executor's Loan Account.
- Working notes for calculation of:
  - Goodwill and
  - Profit till the date of Sujata's death.

[Oct'14]

Ans:

**In the books of the Firm,  
Profit and Loss Adjustment Account**

Dr.			Cr.		
Particulars	Amount ₹	Amount ₹	Particulars	Amount ₹	Amount ₹
To Stock A/c		3,000	By Land & Building A/c		10,000
To Partners' Capital A/c [Profit]			By R.D.D. A/c		2,500
Supriya	3,800				
Surekha	3,800				
Sujata	1,900	9,500			
		<b>12,500</b>			<b>12,500</b>

**Sujata's Capital Account**

Dr.		Cr.	
Particulars	Amount ₹	Particulars	Amount ₹
To Drawings A/c	2,000	By Balance b/d	20,000
To Sujata's Executor's Loan A/c	29,150	By Reserve Fund A/c	2,000
		By Goodwill A/c	6,000
		By Profit and Loss Suspense A/c	750
		By Interest on Capital A/c	500
		By Profit and Loss Adjustment A/c	1,900
	<b>31,150</b>		<b>31,150</b>

Working Notes:

- Calculation of Goodwill:

$$\text{Total Profit} = 15,000 + 17,000 + 13,000 = ₹ 45,000$$

$$\text{Average profit} = \frac{\text{Total Profit}}{\text{Number of years}} = \frac{45,000}{3} = ₹ 15,000$$

$$\text{Goodwill} = \text{Average profit} \times \text{Number of years of purchase} = 15,000 \times 2 = ₹ 30,000$$

$$\text{Sujata's share of Goodwill} = \text{Goodwill} \times \text{Profit Sharing Ratio of Sujata} = 30,000 \times \frac{1}{5} = ₹ 6,000$$





- ii. Sujata's share of profit  
 Total profit = 17,000 + 13,000 = ₹ 30,000  
 Average profit =  $\frac{\text{Total profit}}{\text{Number of years}} = \frac{30,000}{2} = ₹ 15,000$   
 Sujata's share of profit = Average profit  $\times \frac{\text{Period upto death}}{12} \times \text{Profit Sharing Ratio of Sujata}$   
 $= 15,000 \times \frac{3}{12} \times \frac{1}{5} = ₹ 750$

**Q.3. Shanti, Samadhan and Sangharsh were sharing profits and losses in the ratio of 7 : 5 : 4. Their Balance Sheet as on 31<sup>st</sup> March, 2013:**

**Balance Sheet as on 31<sup>st</sup> March, 2013**

Liabilities	Amount ₹	Assets	Amount ₹
<b>Capital A/c:</b>		Furniture	17,000
<i>Shanti</i>	23,000	Machinery	18,000
<i>Samadhan</i>	15,000	Building	16,000
<i>Sangharsh</i>	12,000	Cash	37,000
Bills Payable	4,000		
Creditors	8,000		
Loan	10,000		
General Reserve	16,000		
	<b>88,000</b>		<b>88,000</b>

Sangharsh died on 30<sup>th</sup> June, 2013, and the following adjustments were agreed as per deed:

- Furniture, Machinery and Building are to be revalued at ₹ 16,700, ₹ 16,200 and ₹ 30,100 respectively.
- Sangharsh's share in goodwill to be valued from firm's goodwill which was valued at two times of the average profit of last three years. Profits of last three years ₹ 30,000, ₹ 25,000, ₹ 20,000.
- His profit upto the date of death is to be calculated on the basis of last years' profit.
- Sangharsh was entitled to get a salary of ₹ 800/- per month.
- Interest on capital at 10% to be allowed.
- Sangharsh's drawings upto date of death were ₹ 600 per month.

Prepare:

- Sangharsh's Capital Account showing amount payable to his executor;
- Give working of share of goodwill and profit.

[July 17]

**Ans:**

**In the books of the Firm,  
Sangharsh's Capital Account**

Dr.		Cr.	
Particulars	Amount ₹	Particulars	Amount ₹
To Drawings A/c	1,800	By Balance b/d	12,000
To Sangharsh's Executor's Loan A/c	33,650	By General Reserve A/c	4,000
		By Goodwill A/c	12,500
		By Profit and Loss Suspense A/c	1,250
		By Salary A/c	2,400
		By Interest on Capital A/c	300
		By Profit & Loss Adjustment A/c	3,000
	<b>35,450</b>		<b>35,450</b>

Working of share of Goodwill and Profit:

- Working of share of Goodwill  
 Total profit = 30,000 + 25,000 + 20,000 = ₹ 75,000  
 Average profit =  $\frac{\text{Total Profit}}{\text{Number of years}} = \frac{75,000}{3} = ₹ 25,000$



$$\begin{aligned} \text{Goodwill} &= \text{Average profit} \times \text{Number of years of purchase} = 25,000 \times 2 = ₹ 50,000 \\ \text{Sangharsh's share in goodwill} &= \text{Goodwill} \times \text{Profit Sharing Ratio of Sangharsh} \\ &= 50,000 \times \frac{4}{16} = ₹ 12,500 \end{aligned}$$

ii. Working of share of profit of Sangharsh

$$\begin{aligned} \text{Share of profit} &= \text{Last year's profit} \times \frac{\text{Period upto death}}{12} \times \text{Profit Sharing Ratio} \\ &= 20,000 \times \frac{3}{12} \times \frac{4}{16} = ₹ 1,250 \end{aligned}$$

Working Notes:

i. **Profit and Loss Adjustment Account**

Dr.			Cr.		
Particulars	Amount ₹	Amount ₹	Particulars	Amount ₹	Amount ₹
To Furniture A/c		300	Building A/c		14,100
To Machinery A/c		1,800			
<b>To Partners' Capital A/c</b>					
<b>[Profit]</b>					
<i>Shanti</i>	5,250				
<i>Samadhan</i>	3,750				
<i>Sangharsh</i>	3,000	12,000			
		<b>14,100</b>			<b>14,100</b>

**Q.4. Ashish, Satish and Manish were partners in a business sharing profits and losses in the ratio of 3 : 1 : 1 respectively. Their Balance Sheet as on 31<sup>st</sup> March, 2016 was as follows:**

**Balance Sheet as on 31<sup>st</sup> March, 2016**

Liabilities	Amount ₹	Assets	Amount ₹
<b>Capital A/c:</b>		Plant and Machinery	70,000
<i>Ashish</i>	80,000	Stock	50,000
<i>Satish</i>	60,000	Debtors	40,000
<i>Manish</i>	50,000	Cash	60,000
Creditors	10,000		
Reserve fund	20,000		
	<b>2,20,000</b>		<b>2,20,000</b>

Manish died on 1<sup>st</sup> October, 2016 and the partnership deed provided that:

- The deceased partner to be given his share of profit upto the date of death on the basis of the profit of the previous year.
- His share of goodwill will be calculated on the basis of two years' purchase of average profit of the last four years.  
The net profits for the last four years were:  
First year: ₹ 1,40,000, Second year: ₹ 1,10,000, Third year: ₹ 90,000, Fourth year: ₹ 60,000.
- Plant and Machinery to be valued at ₹ 80,000. Reserve for doubtful debts of ₹ 4,000 to be created.
- The drawings of Manish upto the date of death amounted to ₹ 40,000.
- Interest on capital is to be allowed at 10% p.a. and interest on drawings is charged at 6% p.a.

Prepare:

- Profit and Loss Adjustment Account
- Manish's Capital Account
- Working of Manish's share in profit and goodwill

[Mar'18]



Ans:

**In the books of the Firm,  
Profit and Loss Adjustment Account**

Dr.	Amount ₹	Amount ₹	Particulars	Amount ₹	Amount ₹
To R.D.D. A/c		4,000	By Plant and Machinery A/c		10,000
<b>To Partners' Capital A/c</b>					
<b>[Profit]</b>					
<i>Ashish's</i>	3,600				
<i>Satish's</i>	1,200				
<i>Manish's</i>	1,200	6,000			
		<b>10,000</b>			<b>10,000</b>

**Manish's Capital Account**

Dr.	Amount ₹	Amount ₹	Particulars	Amount ₹	Amount ₹
To Drawings A/c	40,000		By Balance b/d		50,000
To Interest on Drawings A/c	1,200		By Reserve Fund [20,000 × 1/5]		4,000
[40,000 × 6% × 6/12]			By Interest on Capital [50,000 × 10% × 6/12]		2,500
To Manish's Executor's Loan A/c	62,500		By Profit & Loss Adjustment A/c		1,200
			By Goodwill A/c		40,000
			By Profit & Loss Suspense A/c		6,000
		<b>1,03,700</b>			<b>1,03,700</b>

Working Notes:

i. Manish's share of Goodwill:

$$\text{Total profit} = 1,40,000 + 1,10,000 + 90,000 + 60,000 = ₹ 4,00,000$$

$$\text{Average profit} = \frac{\text{Total profit}}{\text{Number of years}} = \frac{4,00,000}{4} = ₹ 1,00,000$$

$$\text{Goodwill of Firm} = \text{Average profit} \times \text{Number of years purchase} = 1,00,000 \times 2 = ₹ 2,00,000$$

$$\text{Manish's Share of Goodwill} = \text{Goodwill of the firm} \times \text{Manish's share} = 2,00,000 \times \frac{1}{5} = ₹ 40,000$$

ii. Manish's share of profit:

$$\text{Previous year's profit} = ₹ 60,000; \text{Manish's share} = \frac{1}{5}$$

$$\text{Manish's share of profit} = \text{Last year's profit} \times \frac{\text{Period upto death}}{12} \times \text{Profit Sharing Ratio}$$

$$= 60,000 \times \frac{6}{12} \times \frac{1}{5} = ₹ 6,000$$

**Q.5. Following is the financial position of Sunil, Anil and Vishal, who were equal partners:  
Balance Sheet as on 31<sup>st</sup> March, 2016**

Liabilities	Amount ₹	Assets	Amount ₹
<b>Capital A/c:</b>		Goodwill	12,000
<i>Sunil</i>	24,000	Machinery	32,000
<i>Anil</i>	18,000	Stock	22,000
<i>Vishal</i>	16,000	Debtors	18,000
Creditors	12,000	Bank	16,000
Reserve fund	18,000		
Profit and loss	12,000		
	<b>1,00,000</b>		<b>1,00,000</b>



On 1<sup>st</sup> October, 2016 Vishal died and following adjustments were made:

- Goodwill of the firm was appreciated by ₹ 7,200. However, only Vishal's share in the appreciated value was raised in the books.
- R. D. D. was maintained at 5% on Debtors.
- Reserve fund of Sunil and Anil kept in the business.
- Stock is valued at ₹ 20,000 and Machinery at ₹ 29,800.
- Vishal was to be given his share in the profit upto the date of death. The estimated profit based on the previous year's profit ₹ 24,000.
- Amount due to Vishal was transferred to his Executor's Loan Account.

Prepare:

- Profit and Loss Adjustment Account.
- Balance sheet of Sunil and Anil.

[July 19]

Ans:

**In the books of the Firm,  
Profit and Loss Adjustment Account**

Dr.			Cr.		
Particulars	Amount ₹	Amount ₹	Particulars	Amount ₹	Amount ₹
To R.D.D. A/c		900	<b>By Partners' Capital A/c</b>		
To Stock A/c		2,000	<b>[Loss]</b>		
To Machinery A/c		2,200	<i>Sunil</i>	1,700	
			<i>Anil</i>	1,700	
			<i>Vishal</i>	1,700	5,100
		<b>5,100</b>			<b>5,100</b>

**Balance Sheet as on 1<sup>st</sup> October, 2016**

Dr.			Cr.		
Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
<b>Partner's Capital A/c</b>			Goodwill	12,000	
<i>Sunil</i>	26,300		<i>Add: Appreciation</i>	2,400	14,400
<i>Anil</i>	20,300	46,600	Machinery	32,000	
Vishal's Executor's Loan		30,700	<i>Less: Depreciation</i>	2,200	29,800
Reserve Fund	18,000		Stock	22,000	
<i>Less: Vishal's Share</i>	6,000	12,000	<i>Less: Written off</i>	2,000	20,000
Creditors		12,000	Debtors	18,000	
			<i>Less: R.D.D. 5%</i>	900	17,100
			Profit and Loss Suspense A/c		4,000
			Bank Balance		16,000
		<b>1,01,300</b>			<b>1,01,300</b>

Working Notes:

- Partners' Capital Account**

Dr.				Cr.			
Particulars	Sunil ₹	Anil ₹	Vishal ₹	Particulars	Sunil ₹	Anil ₹	Vishal ₹
To Profit and Loss Adjustment A/c	1,700	1,700	1,700	By Balance b/d	24,000	18,000	16,000
To Vishal's Executor's Loan A/c	–	–	30,700	By Resernde Fund			6,000
To Balance c/d	26,300	20,300	–	By Profit and Loss A/c	4,000	4,000	4,000
				By Goodwill A/c			2,400
				By Profit and Loss Suspense A/c	–	–	4,000
	<b>28,000</b>	<b>22,000</b>	<b>32,400</b>		<b>28,000</b>	<b>22,000</b>	<b>32,400</b>



ii. Calculation of Vishal's share of Goodwill

$$\text{Goodwill of firm} = ₹ 7,200; \text{Vishal share} = \frac{1}{3}$$

$$\text{Vishal's share of Goodwill} = 7,200 \times \frac{1}{3} = ₹ 2,400$$

iii. Calculation of Vishal's share of profit

Previous year's profit = ₹ 24,000

$$\text{Vishal's share of profit} = \text{Previous year's profit} \times \frac{\text{Period upto death}}{12} \times \text{Profit Sharing Ratio}$$

$$= 24,000 \times \frac{6}{12} \times \frac{1}{3} = ₹ 4,000$$

**Q.6. Sachin, Deepak and Gopal were partners sharing profits and losses in the ratio 3:2:1 respectively. Their balance sheet as on 31<sup>st</sup> March, 2020 is as under:**

**Balance Sheet as on 31<sup>st</sup> March, 2020**

Liabilities	Amount ₹	Assets	Amount ₹
<b>Capital A/c:</b>		Bank	7,000
<i>Sachin</i>	15,000	Investment	9,000
<i>Deepak</i>	10,000	Debtors	8,000
<i>Gopal</i>	5,000	Less: R.D.D.	1,000
Creditors	4,000	Motor Car	10,000
Bank Loan	10,000	Machinery	20,000
Bills payable	9,000		
	<b>53,000</b>		<b>53,000</b>

Gopal died on 30<sup>th</sup> June, 2020 and the following adjustments were made:

- Gopal's share of goodwill is to be calculated at 2 years purchase of average profit of last 5 years.
- Gopal's share of profit up to his death to be calculated on the basis of average profit of last 2 years.
- Five years' profits were – I year ₹ 3,000, II year ₹ 5,500, III year ₹ 3,500, IV year ₹ 6,000, V year ₹ 12,000 respectively.
- All debtors were good.
- Assets were revalued as: Machinery ₹ 22,000, Motor Car ₹ 9,000, Investment ₹ 8,500.

Prepare:

- Profit and Loss Adjustment Account
- Gopal's Capital Account
- Calculate Gopal's share of goodwill
- Calculate Gopal's share on profit up to the date of his death.

[Oct'21]

Ans:

**In the books of the Firm,  
Profit and Loss Adjustment Account**

Dr.

Cr.

Particulars	Amount ₹	Amount ₹	Particulars	Amount ₹	Amount ₹
To Investments A/c		500	By Machinery A/c		2,000
To Motor Car A/c		1,000	By R.D.D. A/c		1,000
<b>To Partners' Capital A/c</b>					
<b>[Profit]</b>					
<i>Sachin</i>	750				
<i>Deepak</i>	500				
<i>Gopal</i>	250	1,500			
		<b>3,000</b>			<b>3,000</b>



**Gopal's Capital Account**

Dr.		Cr.	
Particulars	Amount ₹	Particulars	Amount ₹
To Gopal's Executor's Loan A/c	7,625	By Balance b/d	5,000
		By Profit & Loss Suspense A/c	375
		By Goodwill A/c	2,000
		By Profit & Loss Adjustment A/c	250
	<b>7,625</b>		<b>7,625</b>

Working of Gopal's share in Goodwill and profit:

i. Gopal's share in Goodwill:

$$\text{Total Profit} = 3,000 + 5,500 + 3,500 + 6,000 + 12,000 = ₹ 30,000$$

$$\text{Average profit} = \frac{\text{Total profit}}{\text{Number of years of profit}} = \frac{30,000}{5} = ₹ 6,000$$

$$\text{Goodwill} = \text{Average profit} \times \text{Number of years of purchase} = 6,000 \times 2 = ₹ 12,000$$

$$\text{Gopal's share in Goodwill} = \text{Goodwill} \times \text{Gopal's Share} = 12,000 \times \frac{1}{6} = ₹ 2,000$$

ii. Paresh's share in profit:

$$\text{Total profit} = 6,000 + 12,000 = ₹ 18,000$$

$$\text{Average profit for last two years} = \frac{\text{Total profit}}{\text{Number of years}} = \frac{18,000}{2} = ₹ 9,000$$

$$\text{Gopal's share of profit} = \text{Average profit} \times \frac{\text{Period up to death}}{12} \times \text{Gopal's share}$$

$$\text{Gopal's share of profit} = 9,000 \times \frac{3}{12} \times \frac{1}{6} = ₹ 375$$

**Q.7. Anil, Sunil and Mohit were partners sharing profits and losses in the proportion of their capital. Their Balance Sheet as on 31<sup>st</sup> March, 2019 was as follows:**

**Balance Sheet as on 31<sup>st</sup> March, 2019**

Liabilities	Amount ₹	Assets	Amount ₹
<b>Capital A/c:</b>		Land and Building	80,000
Anil	60,000	Motor Lorry	40,000
Sunil	40,000	Debtors	32,000
Mohit	20,000	Less: R.D.D.	<u>– 4,000</u>
Creditors	50,000	Furniture	36,000
Outstanding Salary	6,000	Bank	28,000
Reserve Fund	36,000		
	<b>2,12,000</b>		<b>2,12,000</b>

Mohit died on 1<sup>st</sup> August, 2019 and the following adjustments were made:

i. Assets to be revalued as under:

Land and Building ₹ 88,000

Motor Lorry ₹ 36,000

Furniture ₹ 34,000

ii. All debtors were good.

iii. Goodwill of the firm valued at two times the average profit of last 4 years' profit.

iv. Mohit's share of profit to be calculated on the basis of average profit of the last three years.

v. Profit for four years 1<sup>st</sup> year ₹ 12,000, 2<sup>nd</sup> year ₹ 24,000, 3<sup>rd</sup> year ₹ 14,000, 4<sup>th</sup> year ₹ 22,000.

Prepare:

i. Mohit's capital account showing amount payable to his executor.

ii. Give working note of Mohit's share of goodwill and profit up to the date of his death.

[Mar'22]



Ans:

**Mohit's Capital Account**

Dr.		Cr.	
Particulars	Amount ₹	Particulars	Amount ₹
To Mohit's Executors Loan A/c	34,111	By Balance b/d	20,000
		By Reserve	6,000
		By Profit and Loss Adjustment A/c	1,000
		By Goodwill A/c	6,000
		By Profit and Loss Suspense A/c	1,111
	<b>34,111</b>		<b>34,111</b>

Working Notes:

i. Calculation of Mohit's share of Goodwill:

$$\text{Total profit} = 12,000 + 24,000 + 14,000 + 22,000 = ₹ 72,000$$

$$\text{Average profit} = \frac{\text{Total profit}}{\text{Number of years}} = \frac{72,000}{4} = ₹ 18,000$$

$$\begin{aligned} \text{Goodwill of the Firm} &= \text{Average profit} \times \text{Number of years purchase} \\ &= 18,000 \times 2 = ₹ 36,000 \end{aligned}$$

$$\begin{aligned} \text{Mohit's share of Goodwill} &= \text{Goodwill of the firm} \times \text{Mohit's share} \\ &= 36,000 \times \frac{1}{6} = ₹ 6,000 \end{aligned}$$

ii. Calculation of share of profit due to Mohit

$$\text{Total profit} = 22,000 + 14,000 + 24,000 = ₹ 60,000$$

$$\text{Average profit} = \frac{\text{Total profit}}{\text{Number of years}} = \frac{60,000}{3} = ₹ 20,000$$

$$\begin{aligned} \text{Mohit's share of profit} &= \text{Average profit} \times \frac{\text{Period upto death}}{12} \times \text{Mohit's share of profit} \\ &= 20,000 \times \frac{4}{12} \times \frac{1}{6} = ₹ 1,111 \end{aligned}$$

iii. Calculation of profit / loss on revaluation

**Profit and Loss Adjustment Account**

Dr.			Cr.		
Particulars	Amount ₹	Amount ₹	Particulars	Amount ₹	Amount ₹
To Motor Lorry A/c		4,000	By Building A/c		8,000
To Furniture A/c		2,000	By R.D.D. A/c		4,000
<b>To Partners' Capital A/c</b>					
<b>[Profit]</b>					
Anil	3,000				
Sunil	2,000				
Mohit	1,000	6,000			
		<b>12,000</b>			<b>12,000</b>

**Q.8. Rekha, Urmila and Mamta were partners sharing Profit and Losses in Ratio 2 : 2 : 1 respectively. Their Balance sheet as on 31<sup>st</sup> March 2019 was as follows:**

**Balance Sheet as on 31<sup>st</sup> March, 2019**

Liabilities	Amount ₹	Assets	Amount ₹
<b>Capital A/c:</b>		Plant and Machinery	25,000
Rekha	20,000	Stock of Goods	25,000
Urmila	20,000	Debtors	11,000
Mamta	10,000	[–] R. D. D.	1,250
			9,750





General Reserve	5,000	Investments	5,000
Creditors	5,000	Cash	250
Bills payable	3,000		
Bank loan	2,000		
	<b>65,000</b>		<b>65,000</b>

Adjustments:

Mamta died on 1<sup>st</sup> October, 2019 and the adjustments were agreed as per deed which are as follows:

- Plant and Machinery to be valued at ₹ 30,000 and all debtors were good.
- Stock of goods to be reduced by ₹ 1,500.
- The drawings of Mamta upto the date of her death amounted to ₹ 200 per month.
- Interest on Capital was to be allowed at 10% p.a.
- The deceased partner's share of Goodwill is to be valued at 2 years' purchase of average profit of last 3 years.

The profits of last three years were:

2016 – 17	₹ 7,500
2017 – 18	₹ 8,500
2018 – 19	₹ 6,500

- The deceased partner's share of Profit upto the date of her death should be based on average profit of last 2 years.

Prepare:

- Mamta's Capital A/c showing the balance payable to her Executor's Loan A/c.
- Give working note for share of Goodwill and profit upto her date of death.

[July 22]

Ans:

**In the books of the Firm,  
Profit and Loss Adjustment A/c**

Dr.			Cr.		
Particulars	Amount ₹	Amount ₹	Particulars	Amount ₹	Amount ₹
To Stock of Goods A/c		1,500	By Plant and Machinery A/c		5,000
<b>To Partners' Capital A/c</b> <b>[Profit]</b>			By. R.D.D. A/c		1,250
<i>Rekha</i>	1,900				
<i>Urmila</i>	1,900				
<i>Mamta</i>	950	4,750			
		<b>6,250</b>			<b>6,250</b>

**Mamta's Capital Account**

Dr.		Cr.	
Particulars	Amount ₹	Particulars	Amount ₹
To Drawings A/c	1,200	By Balance b/d	10,000
To <i>Mamta's</i> Executors Loan A/c	15,000	By General Reserve A/c	1,000
		By Profit and Loss Adjustment A/c [Profit]	950
		By Interest on Capital A/c	500
		By Goodwill A/c	3,000
		By Profit and Loss Suspense A/c	750
	<b>16,200</b>		<b>16,200</b>



Working Notes:

i. Calculation of Goodwill:

$$\text{Total profit} = 7,500 + 8,500 + 6,500 = ₹ 22,500$$

$$\text{Average profit} = \frac{\text{Total profit}}{\text{Number of years}} = \frac{22,500}{3} = ₹ 7,500$$

$$\begin{aligned} \text{Goodwill of the Firm} &= \text{Average Profit} \times \text{Number of years purchase} \\ &= ₹ 7,500 \times 2 = ₹ 15,000 \end{aligned}$$

$$\text{Share of Goodwill to Mamta} = \text{Goodwill of the firm} \times \text{Her share}$$

$$= ₹ 15,000 \times \frac{1}{5} = ₹ 3,000$$

ii. Calculation of share of the profit of Mamta

$$\text{Total profit} = 8,500 + 6,500 = ₹ 15,000$$

$$\text{Average profit} = \frac{\text{Total profit}}{\text{Number of years}} = \frac{15,000}{2} = ₹ 7,500$$

$$\text{Share of profit to Mamta} = \text{Average profit} \times \frac{\text{Period upto death}}{12} \times \text{Profit Sharing Ratio}$$

$$= 7,500 \times \frac{6}{12} \times \frac{1}{5} = ₹ 750$$

iii. Calculation of Interest on capital

Mamta's capital is ₹ 10,000. Interest on capital is 10% for 6 months.

$$\text{Interest on capital} = 10,000 \times \frac{10}{100} \times \frac{6}{12} = 500$$

**Q.9. Arun, Varun and Karun were partners in a business sharing profits and losses in the ratio of 2 : 2: 1 respectively. Their Balance sheet as on 31st March, 2019 was as under :**

**Balance Sheet as on 31<sup>st</sup> March, 2019**

Liabilities	Amount ₹	Assets	Amount ₹
<b>Capital A/c:</b>		Land and Building	27,900
Arun	20,000	Investment	15,000
Varun	20,000	Furniture	8,000
Karun	10,000	Debtors	10,400
Creditors	16,000	Less : R. D. D.	400
Bank Loan	4,000	Bank	4,100
		Goodwill	5,000
	<b>70,000</b>		<b>70,000</b>

On 1<sup>st</sup> July, 2019 Karun died and the following adjustments were made:

- All the debtors were considered as good.
- Bank Loan were paid off.
- Furniture was depreciated by ₹ 550.
- Investments were sold out in the Market at 10% profit.
- Goodwill of the firm was valued at ₹ 7,500. It was to be raised in the books.
- Karun was entitled to get his share in the profit up to the date of his death. Profit for 2019-2020 was estimated at ₹ 5,000.
- The amount due to Karun's Executor was paid by NEFT.

Prepare:

- Profit and Loss Adjustment A/c.
- Partners' Capital Account
- Balance sheet of New Firm.

[Mar'23]



Ans:

**In the books of the Firm,  
Revaluation Account**

Dr.			Cr.		
Particulars	Amount ₹	Amount ₹	Particulars	Amount ₹	Amount ₹
To Furniture A/c		550	By R.D.D. A/c		400
<b>To Partners' Capital A/c [Profit]</b>			By Investments A/c		1,500
Arun	540				
Varun	540				
Karun	270	1,350			
		<b>1,900</b>			<b>1,900</b>

**Partners' Capital Account**

Dr.				Cr.			
Particulars	Arun ₹	Varun ₹	Karun ₹	Particulars	Arun ₹	Varun ₹	Karun ₹
To Karun's Executor's Loan A/c			11,020	By Balance b/d	20,000	20,000	10,000
To Balance c/d	21,540	21,540		By Revaluation A/c [Profit]	540	540	270
				By Goodwill A/c	1,000	1,000	500
				By Profit and Loss Suspense A/c			250
	<b>21,540</b>	<b>21,540</b>	<b>11,020</b>		<b>21,540</b>	<b>21,540</b>	<b>11,020</b>

**Balance Sheet as on 1<sup>st</sup> July, 2019**

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
<b>Capital A/c:</b>			Land and Building		27,900
Arun	21,540		Debtors		10,400
Varun	21,540	43,080	Furniture	8,000	
Creditors		16,000	<i>Less: Depreciation</i>	550	7,450
			Bank		5,580
			Investment	15,000	
			<i>Add: Appreciation</i>	1,500	
			<i>Less: Sold</i>	16,500	-
			Goodwill	5,000	
			<i>Add: Appreciation</i>	2,500	7,500
			Profit and Loss Suspense A/c		250
		<b>59,080</b>			<b>59,080</b>

Working Notes:

- i. Calculation of Karun's share in the profit till the date of his death. Karun died on 1<sup>st</sup> July, 2019. Profit for 2019-20 is estimated at ₹ 5,000

$$\text{Karun's share in it for 3 months is } ₹ 5,000 \times \frac{3}{12} \times \frac{1}{5} = ₹ 250$$

- ii. Karun's Executors loan account was fully paid; hence it is not transferred to liability side.



**Q.10. Jay, Ajay and Vijay were partners sharing profit and losses in the ratio 2 : 2 : 1 respectively. Their balance sheet as on 31<sup>st</sup> March, 2020 was as follows:**

**Balance Sheet as on 31<sup>st</sup> March, 2020**

Liabilities	Amount ₹	Assets	Amount ₹
<b>Capital A/c:</b>		Building	40,000
Jay	40,000	Furniture	30,000
Ajay	50,000	Debtors	30,000
Vijay	30,000	Bank	80,000
General reserve	20,000		
Creditors	30,000		
Bills payable	10,000		
	<b>1,80,000</b>		<b>1,80,000</b>

Vijay died on 1<sup>st</sup> July, 2020.

- Building was revalued to ₹ 60,000 and reserve for doubtful debts is to be created at ₹ 5,000 on debtors.
- Furniture was to be revalued to ₹ 35,000.
- The drawing of Vijay upto the date of his death amounted to ₹ 12,000.
- Interest on drawing of ₹ 1,000 is to be charged.
- Vijay's share of goodwill should be calculated at 2 years purchases of the average profit for the last 5 years which were:  
I year ₹ 60,000; II year ₹ 50,000; III year ₹ 80,000; IV year ₹ 1,00,000 and V year ₹ 1,20,000.
- The deceased partner's share of profit upto his death to be calculated on the basis of average profit of last two years [IV and V years].

Prepare:

- Working of Vijay's share of profit.
- Working of Vijay's share of goodwill.

[July 23]

**Ans:**

**In the books of the Firm,  
Profit and Loss Adjustment A/c**

Dr.			Cr.		
Particulars	Amount ₹	Amount ₹	Particulars	Amount ₹	Amount ₹
To R.D.D A/c		5,000	By Building A/c		20,000
<b>To Partners' Capital A/c</b>			By Furniture A/c		5,000
<b>[Profit]</b>					
Jay	8,000				
Ajay	8,000				
Vijay	4,000	20,000			
		<b>25,000</b>			<b>25,000</b>

Working Notes:

- Calculation of Goodwill:  
Total profit = 60,000 + 50,000 + 80,000 + 1,00,000 + 1,20,000 = ₹ 4,10,000  
Average profit =  $\frac{\text{Total profit}}{\text{Number of years}}$   
 $= \frac{4,10,000}{5} = ₹ 82,000$   
Goodwill of the Firm = Average Profit × Number of years purchase  
 $= ₹ 82,000 \times 2$   
 $= ₹ 1,64,000$   
Share of Goodwill to Vijay = Goodwill of the firm × His share  
 $= ₹ 1,64,000 \times \frac{1}{5}$   
 $= ₹ 32,800$



ii. Calculation of share of the profit of Vijay

$$\begin{aligned} \text{Total profit} &= 1,00,000 + 1,20,000 \\ &= ₹ 2,20,000 \end{aligned}$$

$$\begin{aligned} \text{Average profit} &= \frac{\text{Total profit}}{\text{Number of years}} \\ &= \frac{2,20,000}{2} \\ &= ₹ 1,10,000 \end{aligned}$$

$$\begin{aligned} \text{Share of profit to Vijay} &= \text{Average profit} \times \frac{\text{Period upto death}}{12} \times \text{Profit Sharing Ratio} \\ &= 1,10,000 \times \frac{3}{12} \times \frac{1}{5} \\ &= ₹ 5,500 \end{aligned}$$

**Q.11. Suresh, Naresh and Paresh were equal partners. On 31<sup>st</sup> March, 2019 their Balance Sheet was as follows:**

**Balance Sheet as on 31<sup>st</sup> March, 2019**

Liabilities	Amount ₹	Assets	Amount ₹
Capital Accounts:		Land and Building	2,00,000
<i>Suresh</i>	2,50,000	Furniture	1,50,000
<i>Naresh</i>	1,00,000	Debtors	1,50,000
<i>Paresh</i>	1,00,000	Cash	1,00,000
Sundry creditors	1,50,000		
	<b>6,00,000</b>		<b>6,00,000</b>

Suresh died on 30<sup>th</sup> June, 2019 and the following adjustments were agreed as :

- Furniture was to be adjusted to its market price of ₹ 1,70,000.
- Land and building was to be depreciated by 10%.
- Provide R.D.D. at 5% on debtors.
- The profit up to the date of death of Suresh is to be calculated on the basis of average profit of last year which was ₹ 90,000.

**Prepare:**

- Profit and Loss adjustment account.
- Partners' capital account
- Balance sheet of the continuing firm.

[Mar'24]

**Ans:**

**In the books of the Partnership Firm,  
Profit and Loss Adjustment Account**

Dr.			Cr.		
Particulars	Amount ₹	Amount ₹	Particulars	Amount ₹	Amount ₹
To Land and Building A/c		20,000	By Furniture A/c		20,000
To R.D.D. A/c		7,500	<b>By Partners' Capital A/c (Loss)</b>		
			<i>Suresh</i>	2,500	
			<i>Naresh</i>	2,500	
			<i>Paresh</i>	2,500	7,500
		<b>27,500</b>			<b>27,500</b>



Partners' Capital Account

Dr.

Cr.

Particulars	Suresh ₹	Naresh ₹	Paresh ₹	Particulars	Suresh ₹	Naresh ₹	Paresh ₹
To Profit and Loss Adjustment A/c	2,500	2,500	2,500	By Balance b/d	2,50,000	1,00,000	1,00,000
To Suresh Executor's Loan A/c	2,55,000	—	—	By Profit and Loss Suspense A/c	7,500	—	—
To Balance c/d	—	97,500	97,500				
	<b>2,57,500</b>	<b>1,00,000</b>	<b>1,00,000</b>		<b>2,57,500</b>	<b>1,00,000</b>	<b>1,00,000</b>

Balance Sheet as on 30<sup>th</sup> June, 2019

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
<b>Capital A/c:</b>			Land and Building	2,00,000	
Naresh's	97,500		Less: Depreciation	20,000	1,80,000
Paresh's	97,500	1,95,000	Furniture	1,50,000	
Suresh Executor's Loan A/c		2,55,000	Add: Appreciation	20,000	1,70,000
Sundry Creditors		1,50,000	Debtors	1,50,000	
			Less: R.D.D.	7,500	1,42,500
			Cash		1,00,000
			Profit and Loss Suspense A/c		7,500
		<b>6,00,000</b>			<b>6,00,000</b>

Working Note:

- i. Calculation of share of Suresh's Profit  
Last year's profit = ₹ 90,000

$$\begin{aligned} \text{Suresh's share of profit} &= \text{Profit} \times \frac{\text{Period upto death}}{12} \times \text{Profit Sharing Ratio} \\ &= 90,000 \times \frac{3}{12} \times \frac{1}{3} = ₹ 7,500 \end{aligned}$$





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