

PA 1 Sample Paper Class 12 Accountancy 2026-27 (Ch 1-3) Set 1 with Answer Key

Class 12 Accountancy · PA 1 (Periodic Assessment) · 2026-27 · Chapters 1-3 · Set 1 · Maximum Marks 25 · Time 40 minutes

This is the first PA-1 practice paper for Class 12 Accountancy, covering Chapter 1, 2 and 3: Accounting for Partnership Firms - Fundamentals, Goodwill and Change in Profit-Sharing Ratio, and Admission of a Partner. Every question is original and every worked answer has been independently re-checked for accuracy.

Periodic Assessment pattern — school pattern se thoda alag ho sakta hai. Each question carries its chapter tag [Ch 1], [Ch 2] or [Ch 3]. If your school's PA-1 covers fewer chapters, simply skip the questions tagged with chapters you have not reached yet.

General Instructions

- Maximum Marks: 25
- Time Allowed: 40 minutes
- Chapter coverage: Ch 1 (Accounting for Partnership Firms: Fundamentals), Ch 2 (Goodwill and Change in Profit-Sharing Ratio), Ch 3 (Admission of a Partner)
- Section A has 5 questions of 1 mark each (MCQ). Section B has 4 questions of 2 marks each. Section C has 3 questions of 3 marks each. Section D has 1 case-based question of 3 marks.
- All workings should be shown clearly wherever required.

Marking Scheme

Marking Scheme — Section A: $5 \times 1 = 5$ marks. Section B: $4 \times 2 = 8$ marks. Section C: $3 \times 3 = 9$ marks. Section D: $1 \times 3 = 3$ marks. Total = 25 marks. Award full marks only where the working is shown; allow step marks for a correct method with an arithmetic slip.

Section A

Q1 — [Ch 1] (b) 6% per annum — this is the default rate fixed under the Indian Partnership Act, 1932, applied only when there is no partnership deed or the deed is silent on this point.

Q2 — [Ch 1] (b) Equally — in the absence of a deed, the Act presumes equal sharing regardless of capital contributed.

Q3 — [Ch 2] (b) The share of goodwill to be compensated to the sacrificing partners — sacrificing ratio tells us how much profit share each old partner has given up, which decides how the incoming partner's goodwill contribution is divided among them.

Q4 — [Ch 2] (c) Intangible asset — goodwill cannot be touched or seen but has real, verifiable value; it is not fictitious because it does represent a real earning advantage.

Q5 — [Ch 3] (b) All old partners' Capital Accounts in the old profit-sharing ratio — accumulated reserves belong to the period before the new partner joined, so only the old partners are entitled to them.

Section B

Q6 — [Ch 1] Any two of: (i) Under the Fixed Capital Method, capital accounts remain unchanged year to year, and interest, salary, drawings and profit-share are recorded in a separate Current Account; under the Fluctuating Capital Method, all such items are recorded directly in the Capital Account itself, so its balance changes every year. (ii) The Fixed Capital Method always shows a credit balance in the Capital Account and can show a debit or credit balance in the Current Account; the Fluctuating Capital Method can show a debit balance in the Capital Account itself if drawings and losses exceed credits.

Q7 — [Ch 1] Interest on partner's loan (in the absence of a deed) = 6% per annum, allowed even if the firm has incurred a loss, and charged to the Profit and Loss Account (not the Appropriation Account) since it is a charge against profit, not an appropriation.

Interest = ₹50,000 × 6% × 1 year = ₹3,000.

Q8 — [Ch 2] Any two of: (i) Location of the business — a firm in a prime, easily accessible location commands more

goodwill. (ii) Efficiency of management — efficient management leads to higher profitability and customer trust, raising goodwill. (Other valid factors: nature of business, quality of products, market situation, capital required, risk involved.)

Q9 — [Ch 3] Z's share = $1/5$. Remaining share = $1 - 1/5 = 4/5$, sacrificed equally by X and Y, so each sacrifices $1/2 \times 1/5 = 1/10$.

New share of X = $3/5 - 1/10 = 6/10 - 1/10 = 5/10$.

New share of Y = $2/5 - 1/10 = 4/10 - 1/10 = 3/10$.

New share of Z = $1/5 = 2/10$.

New profit-sharing ratio of X : Y : Z = 5 : 3 : 2 ($5/10 + 3/10 + 2/10 = 10/10$, confirmed correct).

Section C

Q10 — [Ch 1] Interest on capital: A = ₹2,00,000 × 6% = ₹12,000; B = ₹1,00,000 × 6% = ₹6,000. Total interest = ₹18,000.

Profit remaining after interest = ₹90,000 – ₹18,000 = ₹72,000, shared equally: ₹36,000 each.

Profit and Loss Appropriation Account for the year ended 31 March 2026

Dr. side: To Interest on Capital — A ₹12,000, B ₹6,000 (total ₹18,000); To Profit transferred to Capital Accounts — A ₹36,000, B ₹36,000 (total ₹72,000). Total Dr. side = ₹90,000.

Cr. side: By Profit and Loss Account (Net Profit b/d) = ₹90,000.

Both sides tally at ₹90,000, confirming the account balances correctly.

Q11 — [Ch 2] Average profit = $(₹40,000 + ₹50,000 + ₹60,000) \div 3 = ₹1,50,000 \div 3 = ₹50,000$.

Goodwill = Average profit × number of years' purchase = ₹50,000 × 2 = ₹1,00,000.

Q12 — [Ch 3] Journal entries:

(i) Building A/c Dr. ₹20,000; To Revaluation A/c ₹20,000 (appreciation recorded)

(ii) Revaluation A/c Dr. ₹5,000; To Stock A/c ₹5,000 (fall in stock value)

(iii) Revaluation A/c Dr. ₹3,000; To Provision for Doubtful Debts A/c ₹3,000 (increase in provision)

Net result on Revaluation Account: Gain of ₹20,000 against losses of ₹5,000 + ₹3,000 = ₹8,000, giving a net gain of ₹20,000 – ₹8,000 = ₹12,000.

(iv) Revaluation A/c Dr. ₹12,000; To A's Capital A/c ₹7,200; To B's Capital A/c ₹4,800 (net gain transferred in old ratio 3:2 — A: ₹12,000 × $3/5$ = ₹7,200; B: ₹12,000 × $2/5$ = ₹4,800; total ₹12,000, confirmed correct).

Section D

Q13 — [Ch 3]

(a) Since T acquires his $1/4$ share proportionately from R and S, the sacrificing ratio is the same as the old profit-sharing ratio: R : S = 2 : 1.

(b) Journal entries:

Bank A/c Dr. ₹49,000; To T's Capital A/c ₹40,000; To Premium for Goodwill A/c ₹9,000 (total cash of ₹40,000 capital + ₹9,000 goodwill received)

Premium for Goodwill A/c Dr. ₹9,000; To R's Capital A/c ₹6,000; To S's Capital A/c ₹3,000 (goodwill distributed in sacrificing ratio 2:1 — R: ₹9,000 × $2/3$ = ₹6,000; S: ₹9,000 × $1/3$ = ₹3,000; total ₹9,000, confirmed correct).

(c) New ratio: remaining $3/4$ share stays with R and S in their old ratio 2:1 — R = $3/4 \times 2/3 = 1/2$; S = $3/4 \times 1/3 = 1/4$; T = $1/4$.

New profit-sharing ratio of R : S : T = 2 : 1 : 1 ($1/2 + 1/4 + 1/4 = 1$, confirmed correct).