INDIAN SCHOOL SOHAR

Class: XII | **FIRST TERM** | Max Marks: 80

Date: 28.09.2014 | **ACCOUNTANCY** | Time: 3 hours

General Instructions:

1. All questions are compulsory
2. Draw neat formats with pencil
3. Provide working notes wherever necessary
4. Write down the serial number of the question before attempting it
5. Attempt all the parts of a question at one place

Use of calculators or any other calculating device is not allowed.

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1. If a fixed amount is withdrawn on 15th of every month of a calendar for what period will the interest on total amount withdrawn be calculated? 1
2. A, B are partners sharing profits in the ratio of 3:2, they agreed to share future profits equally. Calculate the gaining or sacrificing ratio of each partner. 1
3. How would you adjust the existing goodwill at the time of retirement of a partner? 1
4. Name the account which is opened to transfer the share of the deceased partner in the year of death. 1
5. Give the journal entry to distribute 'Workmen Compensation Reserve" of Rs.60,000 at the time of retirement of Sajjan when there is no claim against it. The firm has three partners Rajat, Sajjan and Kavitha. 1
6. Define gaining ratio. 1
7. What it meant by reconstitution of partnership firm? 1
8. The books of Ram and Bharat showed that the capital employed on 31.12.2002 was Rs.5,00,000 and the profits for the last 5 years are : 2002- Rs.40,000, 2003- Rs.50,000, 2004-Rs.55,000, 2005- Rs.70,000 and 2006 Rs.85000. Calculate the value of goodwill on the basis of three year purchase of the average super profits for the last 5 year assuming that the normal rate of return is 10%. **3**
9. S,G and P are partners in a firm sharing profits in the ratio of 5:4:3. They decide to share profits in the ratio of 2:2:1. The goodwill of the firm for this purpose is valued at Rs.1,80,000. Record necessary **adjustment entry** for the same. **3**
10. A and B are partners in a firm sharing profits and losses in the ratio of 5:3. A surrenders 1/20th of his share, whereas B surrenders 1/24th of his share in favour of C a new partner. Calculate the **new profit sharing ratio** and the **sacrificing ratio** of A and B. **3**
11. Given Below is the balance sheet of A and B, who are carrying on partnership business on 31.12.2006. A and B share profits and losses in the ratio of 2:1

Liabilities		Amount	Liabilities	Amount
Bills payable		10,000	Cash in hand	10,000
Creditors		58,000	Cash 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 the date of the balance sheet on the following terms

i) C will bring Rs.1, 00,000 as his capital and Rs.60,000 as his share of goodwill for $1/4^{th}$ share in the profits.

ii) Plant is to be appreciated to Rs.1,20,000 and the value of building is to be appreciated by 10%

iii) Stock is found overvalued by Rs.4000

iv) A provision for bad and doubtful debts to be created at 5% of debtors.

v) Creditors were unrecorded to the extent of Rs.1,000

Prepare the **new profit sharing ratio** and the **Revaluation A/c.** **4**

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

i) Bank loan Rs.34,000 was paid

ii) Furniture worth Rs.70,000 was taken over by partner T at Rs.43,000

iii) Partner P agreed to pay a creditors Rs.7,500

iv) A computer previously written off fully realized Rs.3,900.

v) Expenses of realisation Rs.3,200 were paid by partner T.

vi)Profit on realisation Rs.4,800 was distributed between T and P in 5:3 ratio **4**

13. State the difference between dissolution of partnership and dissolution of partnership firm.(4 points) **4**

14. P Q and R are partners in a firm. Their capital accounts stood at Rs.30,000, Rs.15,000 and Rs.15,000 respectively on 1^{st} January 2012. As per the provisions of the deed (i) R was to be allowed a remuneration of Rs.3000 per annum (ii) interest at 5% p.a was to be provided on capital (iii) Profits were to be divided in the ratio of 2:2:1.Ignoring the above terms net profit of Rs.18,000 for the year ended 2012 was divided among the three partners equally. Pass an adjusting entry to rectify the errors. Show the working clearly. **4**

15. Arjun, Bhim and Nakul are partners sharing profits and losses in the ratio of 14:5:6 respectively. Bhim retires and surrenders his $5/25^{th}$ share in favour of Arjun, The goodwill of the firm is valued at 2years purchase of super profits based on average profits of last 3 years. The profits for the last three years are Rs.50,000, Rs.55,000 and Rs.60,000 respectively. The normal profits for the similar firm are Rs.30,000. Goodwill already appears in the books of the firm at Rs.75,000. The profit for the first year after Bhim's retirement was Rs.1,00,000. Give the necessary **journal entries** to adjust goodwill and distribute profits showing your working. **6**

16. Ram and Manohar are partners in a firm sharing profits and losses in the ratio of 7:3. According to the partnership deed, Ram was to be paid salary of Rs.5000 per month and Manohar was to get a bonus of Rs.40,000 p.a. Interest on capital was to be allowed @ 10% p.a and interest on drawings was to be charged @8% p.a. Interest on Ram's drawings was Rs.3,000 and on Manohar's drawings Rs.2000.Their fixed capitals were Rs.4,00,000 and Rs.1,50,000 respectively. The firm earned a profit of Rs.2,50,000 for the year ended 31st March 2004. Prepare the **Profit and loss Appropriation Account andPartners capital account.** **6**

17. Atal and Madan were partners in a firm sharing profits in the ratio of 5:3. On 31.3.2011 they admitted Mehra as a new partner for 1/5th share in the profit. The new profit sharing ratio was 5:3:2. On Mehra's admission the balance sheet of the firm was as follows:

Liabilities		Amount	Liabilities	Amount
Capitals			Land and building	1,50,000
Atal	1,50,000		Machinery	40,000
Madan	90,000	2,40,000	Patents	5,000
Provision for bad debts		1,200	Stock	27,000
Creditors		20,000	Debtors	47,000
Workmen compensation fund		32,000	Cash	4,200
			Profit and loss A/C	20,000
		2,93,200		2,93,200

On Mehra's admission it was agreed that

i) Mehra will bring Rs.40,000 as his capital and his share of goodwill premium, half of which was withdrawn by Atal and Madan.

ii) A Provision of 2.5% for bad and doubtful debts was to be created.

iii) Included in the sundry creditors was an item of Rs.2,500 which was not to be paid.

iv) A Provision was to be made for an outstanding bill for electricity Rs.3,000.

v) A claim of Rs.325 for damages against the firm was likely to be claimed. Provision for the same was to be made.

After the above adjustment, the capital of Atal and Madanwere to be adjusted on the basis of Mehra's capital. Actual cash was to be brought in or to be paid off to Atal and Madan as the case may be.Prepare **Revaluation account, capital account of the partner and the balance sheet** of the new firm.

(OR)

Shiv, Ashok and Vinod were partners in a firm sharing profits in the ratio of 2:2:1. On 31.12.2008 their balance sheet was as follows:

Liabilities		Amount	Assets	Amount
Creditors		40,000	Cash	12,000
Bills Payable		10,000	Bank	27,000
General Reserve		12,000	Stock	63,000
Capitals			Debtors	90,000
Shiv	2,00,000		Building	1,00,000
Ashok	1,50,000		Land	1,50,000
Vinod	1,00,000	4,50,000	Profit and loss A/C	70,000
		5,12,000		5,12,000

Ashok died on 31.3.2009. The partnership deed provided for the following on a death of a partner.

i) Goodwill of the firm was to be valued at 2years purchase of the average profits of the firm for the last 5 years. The total profits of the firm for the last 5 years were Rs.3,60,000

ii) Ashok's share of profits or low till the date of his death was to be calculated on the basis of profit or loss for the year ending 31.12.2008

You are required to calculate the Goodwill of the firm and Ashok's share of goodwill at the time of his death, Ashok's share in the profit and loss account of the firm till his death.

Prepare **Ashok's capital account** at the time of his death to be presented to his executors and the balance sheet after death. **8**

18. The balance sheet of Lalit, Puneet and Rahul who are partners in a firm sharing profits according to their capital as on 31st march 2012 was as follows:

Balance sheet as at 31st March 2012

Liabilities	Amount	Assets		Amount
Lalith's capital	3,20,000	Buildings		4,00,000
Puneeth;s capital	1,60,000	Machinery		2,00,000
Rahul,s capital	1,60,000	Stock		72,000
General reserve	80,000	Debtors	80,000	
Creditors	84,000	Less provision	4,000	76,000
		Cash in Bank		56,000
	8,04,000			8,04,000

On that date Puneet decided to retire from the firm and was paid for his share in the firm subject to the following:

i) Buildings was to be appreciated by 20%

ii) Provision for bad debts to be increased on 15% on debtors

iii) Machinery to be depreciated by 20%

iv) Goodwill of the firm is valued at Rs.2,88,000 and the retiring partner's share is adjusted through the capital accounts of remaining partners,

v) The capital of the new firm be fixed at Rs.4.80,000

Prepare **Revaluation account, Capital accounts of the partners, Bank account and the balance sheet** after Puneeth's retirement.

(OR)

Ram, Rahim and Rehman were partners in a firm sharing profits inthe ratio of 4:1:5. On 28.02.2010 the firm was dissolved, on the date of dissolution the balance sheet of the firm was as follows:

Liabilities		Amt Rs.	Assets		Amt Rs.
Bank loan		4,34,000	Bank		48,000
Creditors		3,80,000	Debtors	2,74,000	
General reserve		1,40,000	- provision for		
Capitals			BadDebts	8,000	2,66,000
Ram	14,00,000				
Rahim	6,00,000		Stock		1,08,000
Rehman	10,00,000	30,00,000	Furniture		1,32,000
			Machinery		4,00,000
			Building		30,00.000
		39,54,000			39,54,000

Assets realised as follows: Debtors Rs.2,70,000, Stock at 15% less, Furniture was taken over by Ram for Rs.79,000. Building was sold for Rs.29,00,000. Rehman took over 50% of machinery at 5% less than the book value.
Bank loan was paid with interest Rs.9,500. Creditors allowed a discount of 5%. Expenses of dissolution of Rs.700 were paid by Rehman. Remaining machinery was sold at 50% profit. **Prepare realisation account, partner's capital account and bank account.** **8**

Part -B

19. Identify the purpose of utilising the securities premium that would maximise the return to shareholders. **1**

20. State when can share be issued at a discount more than 10% **1**

21. What is employees' stock option plan? **1**

22. Jain ltd purchased building for Rs.10,00,000 from Guptha ltd 10% of the payable amount was paid by cheque drawn in favour of Guptha limited. The balance was paid by issue of equity shares of Rs. 10each at a discount of 10%.Pass the **journal entries** to record the transactions. **3**

23. Samta Ltd forfeited 800 Equity shares of Rs.100 each for the non-payment of first call of Rs.30 per share. The final call of Rs.20 per share was not yet made. Out of the forfeited shares 400 were reissued at the rate of Rs.105 (Rs.5 premium) per share fully paid up. Pass the necessary **journal entries** in the books of Samtha limited for the above transactions. **4**

24. Alfa Limited invited applications for 4,00,000 of its equity shares of Rs.10each on the following terms:

Payable on application Rs.5 per share
Payable on allotment Rs.3 per share
Payable on First and Final call Rs. 2 per share

Application for 5,00,000 shares were received. It was decided
a)To refuse allotment to the applicants for 20,000 shares
b) To allot in full to applicants for 80,000 shares
c) To allot the balance of the available shares pro-rata among the other applicants and
d) To utilise excess application money in part as payment of allotment money

One applicant whom 400 shares had been allotted on pro-rata basis did not pay the amount due on allotment and on the call. Prepare the **Journal entries and the cash book.** **4**

25. A company issued for public subscription 50,000 equity shares of Rs.10 each at a premium of Rs.2 per share, payable as under

On application	Rs.2 Per share
On allotment	Rs.5 Per share
On first call	Rs.2 per share
On final call	Rs.3 per share

Applications were received for 75,000 shares. The shares were allotted on prorate basis to the applicants for 60,000 shares, the remaining applications being rejected. Money overpaid on applications was utilised towards sum due on allotment.

A to whom 2000 shares were allotted, failed to pay allotment and calls money and B to whom 2500 shares were allotted, failed to pay the two calls. These shares were, subsequently forfeited after the final call made.

All the forfeited shares were reissued to X as fully paid up Rs.8 per share. Pass the **journal entries** required to record the above transactions. **6**

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