INDIAN SCHOOL SOHAR

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

Date: 13.09.2015 | **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. In the absence of any provision in the partnership deed at what rate is a working partner entitled for remuneration. **1**
2. A, B are partners sharing profits in the ratio of 4:3.They admit C with 3/7th share, which he gets 2/7th from A and 1/7th from B. What is the new profit sharing ratio? **1**
3. Explain the term one man company. **1**
4. If A, a partner of a firm makes drawings of RS.15,000 in the beginning of every month what will be the interest @ 5% p.a? **1**
5. Give the journal entry to distribute goodwill of Rs.60,000 appeared in the balance sheet at the time of admission of a new partner Satish when the firm has three partners Rajat, Sajjan and Kavitha **1**
6. State whether revaluation account is debited or credited to record the decrease in the amount of creditors. **1**
7. Sita, Geetha and Meeta were partners in a firm sharing profits in the ratio of 7:6:7. Geetha retired and her share was divided equally between Sita and Meeta. Calculate the new profit sharing ratio of Sita and Meeta. **1**
8. It is the amount not called up by the company but paid by the shareholders. Identify it. **1**

9. R and S are partners sharing profits and losses in the ratio of 2:3 with capitals of Rs.2,80,000 and Rs.1,40,000 respectively. On 1st October 2013,R and S advanced loans of Rs.56,000 and Rs.28,000 respectively to the firm. Show the distribution of profit and loss for the year ended 31st March 2014 if the profit before interest for the year amounted to Rs.2,100. **3**

10. J and K are partners in a firm.Their capitals are:J Rs.3,00,000 and K Rs.2,00,000.During the year ended 31stMarch,2010 the firm earned a profit of Rs.1,50,000.Assuming that the normal rate or return is 20%.Calculate the value of goodwill of the firm.
    (i) By capitalisation method and
    (ii) By super profit method if the goodwill is valued at 3 years purchase of super profit. **3**

11. Kanak Limited issued 12,000 fully paid up equity shares of Rs.100 each for the purchase of the following assets and liabilities from Sharma Brothers: Land and buildings Rs.4,80,000, Plant Rs.2,80,000, Stock in trade Rs.3,60,000 and sundry creditors Rs.80,000. Pass journal entries. **3**

12. X and Y are equal partners with a capital of Rs.26,000 and Rs.22,000 respectively. They admit Z as a partner with 1/4th share in the profits of the firm. Z brings Rs.26,000 as his share of capital and sufficient amount of goodwill in cash. Find out the value of goodwill and pass the **journal entries**. **3**

13. The authorized capital of Suhas Ltd is Rs.50,00,000 divided into 25,000 shares of Rs.200 each. Out of these, the company issued 12,000 shares of 200 each at a premium of 10%. The amount per share was payable as follows:
Rs.60 on application, Rs.60 on allotment (including premium) Rs.30 on first call and balance on final call. Public applied for 11,000 shares. All the money was duly received. Prepare an extract of Balance sheet of Suhas Ltd, as per Revised Schedule VI part 1 of the Companies Act 1956 disclosing the above information and also prepare 'Note to accounts' to the same. **4**

14. 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 1/4th share in the profits.
- ii) Plant is to be appreciated to Rs.1,30,000 and the value of building is to be appreciated by 10%
- iii) Stock is found overvalued by Rs.5000
- iv) A provision for bad and doubtful debts to be created at 10% of debtors.
- v) Creditors were unrecorded to the extent of Rs.2,000

Find out the **new profit sharing ratio and sacrificing ratio** and the **Revaluation A/c.** **4**

15. Babul and Vinay were partners. The partnership deed provided for
Profits to be divided as Babul 2/3 and Vinay 1/3. The accounts are closed on March 31st each year.In the event of the death of partner the executor will be entitled to the following:
- (i) Capital to the credit on the date of death and Interest on capital 12%
- (ii) Proportion of profits to the date of death based on the average profits credited for the last three years.
- (iii) Share of goodwill based on three years purchase of the average profits of the preceding 3 years. The following information provided to you.
- (iv) Babuls capital Rs.90,000, Vinay's capital Rs.70,000, Reserve Rs.30,000.The profits for the three preceding years were Rs.48,000, Rs.42,000 and Rs.45,000.

Prepare Vinay's accounts to be presented to his executors as he died on 30th April 2014. **4**

16. Distinguish between the equity share and preference share. (4points) **4**

17. Pass necessary **journal entries** for the following transactions on the dissolution of the firm of P and Q after the various assets and outside liabilities have been transferred to realisation account.

(1) Bank Loan Rs.12,000 was paid

(2) Stock work Rs.1,000 was taken over by a partner Q

(3) An asset no appearing in the books of accounts realised Rs.12,000

(4) Sundry creditors amounting to Rs.36,000 were settled at a discount of 15%. **4**

18. Ishan,Siddhant and Ayush were partners having capitals of Rs.1,20,000, Rs.1,20,000 and Rs.1,60,000 respectively. Their current account balances were Rs.20,000, Rs.10,000 and Rs.4,000(dr) respectively. According to the partnership deed the partners were entitled to interest on capital @ 5% p.a. Ishan is entitled to a salary of Rs.2000 p.m. Ayush is getting a commission of 10,000 p.a. The profits were to be divided as follows:

(a) The first Rs.40,000 in proportion of their capitals

(b) Next Rs.60,000 in the ratio of 5:3:2

(c) Remaining profit to be shared equally

The firm had a profit of Rs.3,12,000 before charging the above items. Prepare **Profit and loss appropriation account and partner's current account**. **6**

19.A, B and C were partners in a firm. On 1st April 2012 their capitals stood asRs.5,00,000., Rs.2,50,000 and Rs.2,50,000 respectively. As per the provision of the partnership deed:

(a) C was entitled for a salary of Rs.5000 per month.

(b) A was entitled for a commission of Rs.80,000 pa.

(c) Partners were entitled to interest on capital @6% p.a

The net profit for the year ended 31st March 2013 was Rs.3,00,000 which was distributed equally without taking into consideration the above provisions. Show your workings clearly and pass the **adjustment journal entry**. **6**

20. (a)TAG limited forfeited 400 shares of Rs.10 each issued at a premium of Rs.1 per share for the non-payment of allotment of Rs.4 per share(including premium).The first and final call of Rs.3 per share has not been made yet.50% of the forfeited shares were reissued at Rs.8 per share fully paid up. Pass the **journal entries**. **3**

(b)The directors of a company forfeited 600 shares issued at Rs.10 each for the non- payment of first call money of Rs.3and Rs.2 on final call per share. Half of the shares were reissued at Rs. 2500. Record the **journal entries** for the forfeiture and reissue. **3**

21. Following is the balance sheet as at 31st March 2014 of Arun and Tarun sharing profits in the ratio of 2:3

Liabilities	Amount	Assets		Amount
Creditors	65,000	Cash		14,000
Genral reserve	5,000	Stock		12,000
Capital account		Debtors	18,000	
Arun	8,000	Less provision	1,000	17,000
Tarun	10,000	Plant		30,000
		Investment		10,000
		Profit and loss account		5,000
Total	88,000	Total		88,000

On the above date, the firm was dissolved and the following was the result:

a) Arun took over investments at Rs.8,000

b) The assets realised as follows: stock Rs.8,000, debtors Rs.16,500, Plant 3,000 less

c) Creditors were paid off at 5% discount

d) Expenses on realisation were Rs.2,000

Prepare realisation account, partner's capital accounts and cash account to close the books of the firm. **6**

22. B and C were partners sharing profits in the ratio of 3:2Their balance sheet as on 31.3.2014 wasfollows:

Liabilities	Amount	Assets	Amount
Capitals		Land and Building	80,000
B	60,000	Machinery	20,000
C	40,000	Furniture	10,000
Provisions for bad debts	1,000	Debtors	25,000
Creditors	60,000	Cash	16,000
		Profit and loss A/C	10,000
	1,61,000		1,61,000

D was admitted to the partnership of 1/5the share in the profits on the following terms

i)The new profit sharing ratio was decided as 2:2:1.

ii) D will bring Rs.30,000 as his capital and Rs.15,000 for his share of goodwill.

iii)Half of goodwill amount was withdrawn by the partner who sacrificed his share of profit in favour of D.

iv)A provision of 5% bad and doubtful debts was to be maintained.

v)An item of Rs.500 including in sundry creditors was not likely to be paid.

vi) A provision of Rs.800 was to be made for claims for damages against the firm.

After making the above adjustments, the capital account of B and C were to be adjusted on the basis of D's capital. Actual cash was to be brought in or to be paid off as the case may be. Prepare necessary ledgers and balance sheet after admission of the new partner.

(OR)

The balance sheet of P, Q and R were sharing profits and losses in their capital ratio.Their balance sheet was as under on 31st March 2014

Liabilities	Amount	Assets		Amount
Sundry creditors	37,800	Machinery		84,000
Capital accounts		Buildings		1,75,000
P	1,40,000	Stock		31,500
Q	1,05,000	Debtors	35,000	
R	70,000	Less provision	700	34,300
		Cash		14,000
		Bank		14,000
	3,52,800			3,52,800

Q retired on 1st April 2014.They agreed to the following adjustments in the books of accounts to decide Q's share:

i) Machinery to be valued at Rs.67,200.
ii) Buildings to be appreciated to Rs.2,10,000.
iii) The provision for doubtful debts to be increased to 5% on debtors.
iv) Goodwill of the firm is valued at Rs.1,26,000.Q's share to be adjusted in the accounts of remaining partners.
v) Out of total insurance premium paid Rs.5,250 to be treated as prepaid insurance. Total capital of the firm afterQ's retirement to be Rs.3,15,000 in their profit sharing ratio i.e., actual cash to be paid to a partner or to be brought in as the case may be.

Prepare **Revaluation account, Capital accounts of the partners, and the balance sheet after Q's retirement.** **8**

23. A company issued for public subscription 40,000 equity shares of Rs.10 each at a premium of Rs.2 per share payable as:
Payable on application Rs.2 per share
Payable on allotment Rs.5 per share(including premium)
Payable on First call Rs. 2 per share
Payable on second call Rs.3 per share

Applications were received for 60,000 shares. Allotment was made on pro-rata basis to the applicants for 48,000 shares, the remaining applications being refused. Money overpaid on application was utilised towards sums due on allotment.Ram to whom 1,600 shares were allotted failed to pay the allotment money and Shyam to whom 2000 shares were allotted failed to pay the two calls.These shares were subsequently forfeited after the second call was made. All the forfeited shares were reissued as fully paid up @Rs. 8 per share.
Give necessary **journal entries** for the above transactions.

(OR)

Narayana Limited issued a prospectus inviting applications for 50,000 shares of Rs.10 each. These shares were issued at par on the following terms:

On application Rs.3

On allotment Rs.4

On first call Rs.2 and

Balance on the final call.

Applications were received for 60,000 shares. Allotments were made on the following basis

(i) to applicants for 10,000 shares in full

(ii) to applicants for 20,000 shares – 15,000 shares

(iii) to applicants for 30,000 shares – 25,000 shares.

all excess amount paid on application is to be adjusted against amount due on allotment. The shares were full called and paid up except amounts of allotment, first and final call not paid by those who applied for 2000 shares out of the group applying for 20,000 shares. All the shares on which calls were not paid were forfeited by the board of directors. 1,000 forfeited shares were reissued as fully paid on receipt of Rs.8 per share. Show the **journal entries** and in the books of Narayana Limited. **8**

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