

INDIAN SCHOOL SOHAR
SECOND TERM EXAM
ACCOUNTANCY

Total No of Pages.5

Date:25.11.2014
Class: XII

Time: 3 Hours
Max Marks:80

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. Is premium on redemption of debentures considered as capital profit or loss?1
 2. What balance does a partner's current account have?1
 3. What is meant by debenture?1
 4. Payal and Kirthi are partners sharing profits in the ratio of 2:1. They admit Sonal for 1/5th part in the firm what will be the new profit sharing ratio1
 5. When partners capitals are fixed, where the drawings made by a partner will be recorded?1
 6. Saloni and Shirsthi were partners in a firm sharing profits in the ratio of 7:3. Their capitals were Rs.2,00,000 and Rs.1,50,000 respectively They admitted Aditi on 1st April 2013 as a new partner for 1/6th share in future profits. Aditi brought Rs.1,00,000 as her capital. Calculate the Value of goodwill of the firm and share of Goodwill of Aditi.3
 7. Distinguish between average profit method and super profit method of valuation of goodwill
3
 8. JCV Ltd forfeited 200 shares of Rs.10 each at a premium of Rs.2 per share for the non-payment of allotment of Rs.3 per share (including premium). The first and final call of Rs.4 per share has not been made yet. 50% of forfeited shares were reissued at Rs.8 per share fully paid up. Pass necessary journal entries for the forfeiture and re-issue of shares.3
 9. Alpha Ltd has 5000, 8% Debentures of Rs.100 each due for redemption @ a premium of 10% on March 31st 2012. Assume that debenture redemption reserve has a balance of Rs.1,90,000 on that date. Record the necessary entries at the time of redemption of debentures.
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 10. G, H and I were partners in a firm sharing profits in the ratio of 2:2:1. According to the partnership deed legal representative of deceased partner were entitled to the following payments
 - a) Interest on capital @ 12% p.a
 - b) Salary of Rs.12,000 p.a
 - c) Share in the profit of the firm (upon the date of death) on the basis of previous year's profit
 - d) Interest on drawings @ 15% p.aG died on 31.05.2014. His capital was Rs.80,000. He had withdrawn Rs.15,000 and interest on his drawings was calculated as Rs.1,200. The profits of the firm for the year ended 31.3.2014 was Rs.60,000. Prepare G's capital account to be presented to his Executor.4

11. Calculate the value of firm's Goodwill on the basis of 2years purchase of the average profits for the last three years. The following were the profits of the firm for the last three years.
 Profit of 2011 Rs.6,00,000(after charging an abnormal loss of Rs.1,20,000)
 Profit of 2012 Rs.4,80,000 (including an abnormal gain of Rs.60,000)
 Profit of 2013Rs.5,40,000(Excluding Rs.60,000 payable on the insurance of machinery)

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12. Renu and Savitha are partners in a firm sharing profits and losses in the ratio of 3:2. Following was the balance sheet of the firm as at 31.3.2014.

Liabilities	Amount	Assets	Amount
Capital Account		Sundry Assets	1,20,000
Renu	90,000		
Savitha	30,000		
	1,20,000		1,20,000

Profit of Rs.45,000 for the year ended 31st March 2014, was divided between the partners without allowing interest on capitals @12% p.a., and salary to Renu @Rs.1,500 p.m During the year Renu and Savitha withdrew Rs.15,000 and Rs.30,000 respectively. Pass the adjustment journal entry and show the workings clearly.6

13. P and Q were partners in a firm sharing profits and losses in the ration of 3:7. On 31st December 2013 their balance sheet was as follows:

Liabilities	Amount	Assets	Amount
Capital		Machinery a/c	9,00,000
P	5,40,000	Land and building	10,80,000
Q	12,60,000	Stock	72,000
Creditors	4,98,600	Debtors	3,60,000
Profit and loss account	2,21,400	Bank	1,08,000
	25,20,000		25.20,000

The firm dissolved on 1st Jan 2014, the assets and liabilities were settled as follows:

- Machinery was taken over by Q by paying cash less than 30% of it' s book value
- Creditors accepted stock and debtors in full and final settlement of their claim
- Land and buildings was sold for Rs.12,60,000.

Prepare Realisation account and Bank account.6

14. Manish Ltd issued Rs.38,00,000, 8% debentures of Rs.100 each on 1st April 2007. The terms of issue stated that the debentures were to be redeemed at a premium of 5% on June 30th 2009. The company decided to transfer out of profits Rs.11,00,000 to debenture redemption reserve on March31st,2008 and Rs.8,00,000 on March31st 2009. Pass necessary journal entries regarding the issue and redemption of debentures, without providing for either the interest or loss on issue of debentures. 6

15. B and C were partners sharing profits in the ratio of 3:2 Their balance sheet as on 31.3.2011 was as follows:

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 1/5th 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 A,B,C as on 31.03.2007 was as follows

Balance sheet as on 31.3.2007

Liabilities	Amount	Assets	Amount
Creditors	50,000	Profit and loss account	30,000
A's capital	80,000	Land and building	80,000
B's capital	80,000	Plant and machinery	56,000
C's capital	60,000	Motor car	54,000
		Debtor	48,000
		Cash	2,000
	2,70,000		2,70,000

The following terms were agreed upon A's retirement

i) Goodwill to be valued at Rs.42,000 and not to be shown in the books of the firm after A's retirement.

ii) Land and building to be appreciated by Rs.20,000.

iii) Plant and machinery to be reduced to Rs.46,000.

iv) Provision for doubtful debt to be created at 5% on debtors.

v) Create a provision of Rs.1400 for discount on creditors.

vi) The sum payable to A to be brought in by B and C in such a manner that their capitals are in proportion to their new profit sharing ratio.

Prepare the revaluation account, Partners capital account and the balance sheet of the new firm to give effect to the above terms.

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16. Excel Limited invited applications for 50,000 equity shares of Rs.10 each at a premium of Rs.2 per share. The amount was payable as follows:

On application Rs.3 per share,

On allotment Rs.6 per share (including premium)

On first and final call Rs.3 per share

Applications were received for 75,000 shares and pro-rata allotment was made as follows:

To the applicants of 40,000 shares, 30,000 shares were issued and for the rest 20,000 shares were issued. All money due were received except the allotment and call money from Ram who had applied for 1,200 shares (out of group of 40,000 shares). All his shares were forfeited. The forfeited shares were reissued for Rs.8 per share fully paid up. Pass necessary journal entries for the above transactions. **(OR)**

Jain Ltd invited applications for issuing 75,000 equity shares of Rs.200 each at a discount of 5%. The amount payable as follows:

On application Rs.80 per share

On allotment Rs.60 per share

On first and final call the balance amount

Applications for 70,000 shares were received. Allotment was made to all the applicants and the company received all money except Abhi, to whom 900 shares were allotted and his shares were immediately forfeited. After the first and final call was made, Hemu the holder of 700 shares failed to pay the first and final call. His shares were also forfeited. All the forfeited shares were reissued at Rs.195 per share fully paid up.

Pass journal entries in the books of Jain Ltd.

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PART-B FINANCIAL STATEMENT ANALYSIS

17. Payment of dividend will come under which type of activity while preparing a cash flow statement. **1**

18. What is vertical analysis of financial statement? **1**

19. State with reason whether repayment of long term loan will result in increase, decrease or no change of Debt-equity ratio. **1**

20. State the major headings and the subheadings under which the following items will be put as per Schedule VI of Part I of the Companies Act 1956.

i) Long term investments ii) Bills of Exchange iii) Motor car iv) Mortgage loan v) Securities premium account vi) Unclaimed Dividend **3**

21. From the following data prepare the comparative statement of profit and loss. **4**

Particulars	31.3.2013	31.3.2012
Revenue from operations	32,500	25,000
Cost of materials consumed	16,590	11,850
Employee Benefit expenses	4,910	1,150
Other expenses	2,500	1,500

Income tax	50%	50%
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22. Calculate current ratio of a company from the following information

Stock turnover ratio 4 times

Stock in the beginning was Rs.20,000 less than stock at the end

Sales Rs.6,00,000

Gross profit ratio 25%

Current liabilities Rs.60,000

Quick ratio 0.75:1

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23. From the following balance sheet of AB Ltd as on 31.3.2006 and 31.3.2007 prepare a cash flow statement

Particulars	Note No	31.3.2006	31.3.2007
I Equity and Liabilities			
1.Shareholder's Funds			
Share capital:			
Equity Share capital		2,50,000	3,50,000
8% Preference share capital		40,000	80,000
Reserves and Surplus			
General Reserve		60,000	1,50,000
Profit and Loss A/C		1,00,000	2,50,000
2.Non-Current Liabilities			
Long term Borrowings:			
Debentures		1,50,000	1,20,000
Total		6,00,000	9,50,000
II Assets			
1. Non-Current Assets			
Fixed Assets		3,00,000	5,00,000
2. Current Assets			
Inventories: Stock		2,00,000	2,70,000
Trade receivables: Debtors		60,000	1,30,000
Cash and Cash equivalents		40,000	50,000
		6,00,000	9,50,000

During the year Machine costing Rs.60,000 was sold for Rs.40,000. Dividend paid Rs.60,000

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