



**INDIAN SCHOOL SOHAR**  
**SECOND TERM EXAM**  
**ACCOUNTANCY**

Total No of Pages: 5

**Class: XII**  
**Date: 30.11.2016**

**Max Marks: 80**  
**Time: 3 hours**

General Instructions:

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

**PART-A ACCOUNTING FOR PARTNERSHIP & COMPANIES**

1. Is it correct to say that partnership Act, 1932 is silent with regard to maximum number of partners? What is the maximum limit of partners in a firm? **1**
2. When does the company create “Debenture redemption Reserve”? **1**
3. P and Q and R are equal partners in a firm. Goodwill has been valued at Rs.90,000. On R’s retirement from the firm, P and Q agree to share future profit in the ratio of 3:2. Pass necessary journal entry for treatment of R’s share of goodwill. **1**
4. When a new partner is admitted the balance of General reserve appearing in the balance sheet at the time of admission is credited to:  
(a) Profit and loss appropriation account                      (b) Capital accounts of all the partners  
(c) Capital accounts of old partners                                      (d) Revaluation account **1**
5. Name the liability which is not shown in the balance sheet, but paid at the time of dissolution of the firm. **1**
6. Nusrat and Sonu were partners in a firm sharing profits in the ratio of 3:2. During the year ended interest on drawing for Nusrat calculated as Rs.2,500. Pass the journal entry for charging interest on drawings of Nusrat. **1**
7. Z Ltd issued Rs.20,00,000, 8% debentures on 1<sup>st</sup> April, 2001 at a premium of 5%. On 31<sup>st</sup> March 2006, Out of these Rs.2,00,000, 8% debentures were redeemed by converting them into Equity shares of Rs.100 each issued at par and Rs.5,00,000, 8% debentures were converted into 10% preference shares of Rs.100 each issued at a premium of 25%. Pass the journal entries in the books of Z Ltd for the redemption of debentures. **3**
8. The average profit earned by a firm is Rs.80,000 which included undervaluation of stock of Rs.5,000. The capital invested in the business is Rs.7,00,000 and the normal rate of return is 7%. Calculate the goodwill in the firm on the basis of 5 times the super profit. **3**
9. K limited took over the assets of Rs.1,80,000 and took over liabilities of Rs.40,000 of P Ltd for a purchase consideration of Rs.1,76,000. K limited paid half the amount by cheque and balance was settled by issuing equity shares of Rs.100 each at a premium of 10%. Pass Journal entries in the books of K limited, **3**
10. A, B and C are partners in a firm. C retires from the firm. On the date of retirement his share Rs.3,00,000 is due to him. It is agreed to pay him in instalments at the end of every year. Repayment of loan in five yearly instalments plus interest @ 15% p.a. Prepare C’s loan account for five years. **3**

11. A,B and C were partners sharing profits and losses in the ratio of 7:5:4.From 1<sup>st</sup> January 2003,decided to share profits and losses in the ratio of 3:2:1.You are required to fill up the following journal entry: 4

Date	Particulars	L.F	Dr.	Cr.
2003 Jan1st	A's Capital A/C B's Capital A/C To C's Capital A/C (being adjustment of goodwill due to change in profit sharing ratio)	Dr. Dr.	----- -----	9,600

12. X,Y and Z are equal partners, the balance in their capital accounts being Rs.30,000, Rs.25,000 and Rs.20,000 respectively. In arriving at these figures the profits for the year ended 31<sup>st</sup> March 2016, Rs.24,000 had already been credited to partners in the proportion in which they share profits. Their drawings were X-Rs.5,000, Y-Rs.4,000 and Z-Rs.3,000 during 2015-16. Subsequently the following omissions were noticed and it was decided to bring them into account:  
Interest on capital charged at 10% per annum.  
Interest on drawings charged at 10% per annum.  
Pass the necessary adjustment entry. 4

13. On 1.4.2010 Sahil and Charu entered into partnership in the ratio of 4:3.They admitted Tanu as a partner of 1.4.2012 for 1/5<sup>th</sup> share which she acquired equally from Sahil and Charu. Sahil, Charu and Tanu earned profits at a higher rate than the normal rate of return for the year ended 31.3.2013.Therefore they decided to expend the business. To meet the requirements of additional capital they admitted Puneet as a new partner on 1.4.2013 for 1/7<sup>th</sup> share in profits which he acquired from Sahil and Charu in 7:3 ratio. Calculate  
(i) New profit sharing ratios of Sahil, Charu and Tanu for the year 2012-13.  
(ii) New profit sharing ratios of Sahil, Charu, Tanu and Puneet on Puneet's Admission. 6

14. (a) Fill in the blanks in the journal entries given below: 3

Date	Particulars	L.F	Debit (Rs.)	Credit (Rs.)
	Share Capital A/C _____A/C To Share forfeited A/C To Share allotment A/C To Share first call A/C (Being 2,000 shares of Rs.10 each 8 called up issued at a premium of Rs.2 per share forfeited for the non-payment of allotment of Rs.5 per share including premium and first call of Rs.2 per share)	Dr. Dr.	_____ _____	6,000 ----- -----
	Bank A/C To Share capital A/C To _____ (Being 1,400 shares reissued for Rs.19,600 as fully paid up)	Dr.	19,600	----- -----
	Share Forfeited A/C To Capital Reserve A/C (Being profit on reissued of forfeited shares transferred to capital reserve)	Dr.		

(b) Mona Ltd has issued 20,000, 9% debentures of Rs.100 each of which is due for redemption on 31<sup>st</sup> March 2015 at a premium of 10%.The company has in its Debenture Redemption Reserve account a balance of Rs.1,00,000. Record the journal entries at the time of redemption of debentures.

3

15. Priya, Karam and Anna were partners of a firm sharing profits in the ratio of 3:2:1.Their balance sheet on March 31<sup>st</sup>,2014 was as follows:

Liabilities	Amount	Assets	Amount
Bills payable	1,20,000	Cash in hand	20,000
Creditors	1,40,000	Debtors	1,40,000
Karam's Loan @5%	1,00,000	Bills Receivable	70,000
Reserve	1,80,000	Stock	1,70,000
Capitals		Investment	1,30,000
Priya	2,00,000	Building	2,90,000
Karam	1,20,000	Advertisement suspense A/C	1,20,000
Anna	80,000		
Total	9,40,000	Total	9,40,000

Karam died on 30th June 2014 according to the partnership deed his executors were entitled to be paid as under:

(a)His share in the profits of the firm till the date of his death which will be calculated on the basis of average profits of last three completed years

(b) His share in the goodwill of the firm which will be calculated on the basis of two years purchase of total profits of last three years.

(c)Profits for the last three years were: Rs.30,000, Rs.70,000, Rs.80,000. Prepare Karam's capital account to be rendered to his Executors.

6

16. Charu and Harsha were partners in a firm sharing profits in the ratio of 3:2.On 1.4..2014 their balance sheet was as follows:

Liabilities	Amount	Assets	Amount
Creditors	17,000	Cash	6,000
General reserve	4,000	Debtors	15,000
Workmen's compensation Fund	9,000	Less:Provision	2,000
Investment fluctuation fund	11,000	Investments	20,000
Capital Account		Plant	14,000
Charu	30,000	Land Building	38,000
Harsha	20,000		
Total	91,000	Total	91,000

On the above date Vaishali was admitted for 1/4<sup>th</sup> share in the profits of the firm on the following terms:

(i)Vaishali will bring Rs.20,000 for her capital and Rs.4,000 for her share of goodwill premium.

(ii)All debtors are considered good.

(iii)The market value of investments was Rs.15,000.

(iv)There was a liability of Rs.6,000 for workmen compensation.

(e)Capital accounts of Charu and Harsha are to be adjusted on the basis of Vaishali's capital by opening current accounts. Prepare Revaluation account and partner's capital and the balance sheet after admission of the new partner.

(OR)

X, Y and Z were partners in a firm with profit sharing ratio  $\frac{1}{2}, \frac{3}{8}, \frac{1}{8}$  respectively. The balance sheet of the firm at 31<sup>st</sup> March 2016 was as follows:

Liabilities	Amount	Assets	Amount
Sundry creditors	1,50,000	Fixed Assets	9,00,000
Workmen's compensation reserve	40,000	Debtors	2,80,000
Bank loan	40,000	Investments	30,000
X's loan	50,000	Stock	1,40,000
Capitals		Patents	10,000
X	6,00,000	Profit and loss account	20,000
Y	4,50,000	Prepaid expenses	12,100
Z	1,00,000	Cash	37,900
Total	14,30,000	Total	14,30,000

The firm was dissolved on the above date:

- i) Fixed assets were realised at 120% and Rs.50,000 of the debtors proved bad.
- ii) Creditors agreed to take stock in full settlement of their dues.
- iii) X accepted investments in full settlement of his loan.
- iv) Bank loan is paid off together with interest @ 9% p.a. for 3 months.
- v) An unrecorded investment was sold for Rs.16,000.
- vi) Compensation to workmen paid by the firm amounted to Rs.24,000.
- vii) X was allowed a remuneration of Rs.25,000 and the expenses of realisation were to be borne by him. Prepare Realisation account, Capital accounts of the partners, and the balance sheet after dissolution.

8

17. Bharat Ltd invited applications for issuing 2,00,000 equity shares of Rs.10 each. The amount was payable of Rs.10 each. The amount was payable as follows:

On application Rs.3 per share

On allotment Rs.5 per share

On first and final call Rs.2 per share

Applications for 3,00,000 shares were received and pro-rata allotment was made to all the applicants on the following basis

Applicants for 2,00,000 shares were allotted 1,50,000 shares on pro-rata basis

Applicants for 1,00,000 shares were allotted 50,000 shares on pro-rata basis

Balaji, who was allotted 3,000 shares out of group applying for 2,00,000 shares failed to pay the allotment money. His shares were forfeited immediately after allotment. Sharma who has applied for 2,000 shares out of the group applying for 1,00,000 shares failed to pay the first and final call. His shares were also forfeited.

Out of the forfeited shares 3,500 shares were reissued as fully paid up Rs.8 per share. The reissued shares included all the forfeited shares of Balaji.

Give necessary journal entries to record the above transactions.

(OR)

Shiva Ltd invited applications for issuing 2,00,000 equity shares of Rs.100 each at a premium of Rs.60 per share. The amount was payable as follows:

On application Rs.30 per share (including premium of Rs.10),

On allotment Rs.70 per share (including premium of Rs.50),

On first and final call balance amount.

Applications for 1,90,000 shares were received. Shares were allotted to all the applicants and the company received all money due on allotment and calls except Jain who has been allotted 1,000 shares. Gupta did not pay the first and final call on his 2,000 allotted shares. All the shares were also forfeited.50% of the forfeited shares of both Jain and Gupta were reissued for Rs.90 per share fully paid up. Pass necessary journal entries in the books of Shiva Ltd for the above transactions. **8**

### PART-B FINANCIAL STATEMENT ANALYSIS

18. Dividend is paid on  
 (a) Authorised Capital (b) Issued Capital  
 (c)Subscribed capital that is paid up (d) None of the above. **1**

19. Mention any two items to be shown under contingent liability. **1**

20. Inventory turnover ratio 4 times. Closing inventory is Rs.40,000 more than the opening inventory. Revenue from operations Rs.6,00,000. Gross profit ratio is 25%.Current liabilities are Rs.80,000. Quick ratio is 0.75.Calculate current assets and current ratio. **4**

21. Prepare the Balance sheet of Kathir Ltd from the following particulars: **4**

Equity share capital	20,00,000	Surplus in Profit and loss Account(Cr)	3,00,000
12% Preference share capital	10,00,000	Fixed Assets (At Cost)	46,60,000
Depreciation written off till date	16,60,000	Investments	4,00,000
Current Liabilities	8,00,000	12% Debentures	6,00,000
Stock	6,00,000	Sundry Debtors	8,00,000
Cash	1,50,000	Loans and Advances	50,000
Provision for Taxation	2,00,000	Workmen's Compensation reserve	1,00,000

22. Under what heads and subheads the following items are shown in the balance sheet of a company.

(i) a)Computer software b) Proposed dividend c) Calls in advance d) Cash in hand **(2)**

(ii)Calculate Return on Investment from the following details: Net profit after tax Rs.4,00,000. Rate of income tax @ 50%. 10% long term debts Rs.10,00,000, Share capital Rs.20,00,000. **(2)**

23. Following is the Statement of profit and loss of Hansu Ltd for the years ended 2014-15 and 2015-16

Particulars	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
Revenue from operations	32,500	25,000
Cost of material consumed	16,590	11,850
Employee benefit expenses	4,910	1,150
Tax rate	50%	50%

You are required to prepare

(i) Comparative income statement showing the changes from 2015 to 2016.

(ii) Find out the operating profit ratio for the years. 2015 and 2016. **6**

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