



INDIAN SCHOOL SOHAR
FIRST TERM EXAM
ACCOUNTANCY

Total No of Pages:5

Class: XII
Date: 24.09.17

Max Marks: 80
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. P and Q were partners sharing profits in the ratio of 5:3. R is admitted and the new ratio is 4:3:2. What will be the sacrificing ratio? **1**
 2. On dissolution what entry is passed if a partner takes over an asset of the firm's book value Rs.10,000, realised at Rs.6,000? **1**
 3. What do you mean by One Person Company? Can it be formed for charitable purpose? **1**
 4. A, B and C are partners sharing profits and loss in the ratio of 3:2:1. Partner B retired from the business. At the time of retirement the balance in Workmen compensation reserve was Rs.1,00,000 and the liability to pay the employees amounted to Rs.40,000. What will be the journal entry? **1**
 5. What is the maximum number of partners that a partnership firm can have? Name the act that provides for the maximum numbers of partners in a partnership firm. **1**
 6. What is Reserve capital? **1**
 7. According to section 37 of the Indian partnership act 1932, What is the rate of interest payable to the deceased partner on the amount left him in the firm? **1**
 8. If the amount of super profit is negative what does it indicate? **1**
 9. R and S were partners in a firm sharing profits in 3:2 ratio. Their respective fixed capitals were Rs.10,00,000 and Rs.15,00,000. The partnership deed provides the following:
(i) Provide Interest on capital @ 10% p.a. (ii) Provide Interest on drawings @ 12% p.a.
During the year ended 31-3-2013, R's drawings were Rs.1,000 per month drawn at the end of every month and S's drawings were Rs.2,000 per month drawn in the beginning of every month. Calculate interest on drawings and interest on capital and record the journal entries for the same. **3**
 10. Abhay and Beena are equal partners in a firm. They admit Chetan as a partner with 1/4th share in the profits of the firm. Chetan brings Rs.2,00,000 as his share of capital and he is not able to bring the share of goodwill in cash. The value of the total assets of the firm is Rs.5,40,000 and outside liabilities are valued at Rs.1,00,000 on that date. Give the necessary journal entries to record the goodwill at the time of Chetan's admission. **3**
 11. Raghav limited purchased a running business from Krishna traders for sum of Rs.15,00,000 payable Rs.3,00,000 by cheque and the balance issued in the form of equity shares of Rs.100 each at a premium of 20%. The assets and liabilities consisted of the following: Plant and machinery Rs.4,00,000, Building Rs.6,00,000, Stock Rs.5,00,000, Sundry debtors Rs.3,00,000 and sundry creditors Rs.2,00,000. Record the necessary journal entries in the books of Raghav Limited. **3**

12. Z limited issued 2,00,000 equity shares of Rs.10 each payable Rs.3 on application, Rs.2 on allotment, Rs.3 on first call and Rs.2 on final call. All money on application and allotment was duly received. On the first call being made one shareholder paid the entire balance of his holding of 10,000 shares and one shareholder holding 7,000 shares failed to pay the first call and final call. Pass the journal entries for share first call and final call. Show the calculations clearly. **3**

13. Ankur, Bhavana and Disha are partners in a firm. On 1st April 2016, the balance in their capital accounts stood at Rs.14,00,000, Rs.6,00,000 and Rs.4,00,000 respectively. They shared profits in the proportion of 7:3:2 respectively. Partners are entitled to interest on capital @ 6% per annum and salary to Bhavana @ 50,000 p.a and a commission of Rs.5,000 per month to Disha as per the partnership deed. Bhavana's share of profit(excluding interest on capital) is guaranteed not less than Rs.1,70,000 p.a Disha's share of profit (including interest on capital) is guaranteed at not less than Rs.1,50,000 p.a. Any deficiency arising on that account shall be met by Ankur. The profits of the firm for the year ended 31st March 2017 amounted to Rs.9,50,000. Prepare profit and loss appropriation account for the year ended 31st March 2017. **4**

14. A,B and C were sharing profits and losses in the ratio of 5:3:2.They decided to share future profits and losses in the ratio of 2:3:5 with effect from 1.4.2017.They decided to record the effect of the following without affecting their book values:

(i)Profit and loss account (Cr)	Rs.24,000
(ii) Advertisement suspense account	Rs.12,000
(iii)Goodwill	Rs.12,000
(iv)Workmen's compensation Reserve	Rs.24,000

Pass the necessary adjustment entry. **4**

15. X limited issued 10,000 equity shares of Rs.10 each payable Rs.3 on application, Rs.3 on allotment and the balance equally on two calls. All the calls were duly made and the amount so realised with the exception of Mr.A holding 200 shares did not pay the amount due on first and final call. Out of these 150 shares re-issued @ Rs.8 per share. Pass journal entries for forfeiture and re-issue. **4**

16. The following information relates to a partnership firm:

Profits for the last five years 2008-Rs.80,000, 2009-Rs.1,00,000, 2010-Rs.2,00,000, 2011-Rs.1,50,000 and 2012 Rs.2,70,000.Average capital employed is Rs.5,00,000, Rate of normal return 20%.

Find out the value of goodwill on the basis of

- (i)Three years's purchase of average profits
- (ii)Three year's purchase of super profits
- (iii)Capitalisation of super profits
- (iv)Capitalisation of average profits

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17. Meena Ltd issued 60,000 shares of Rs.10 each at a premium of Rs.2 per share payable as Rs.3 on application,Rs.5 (including premium) on allotment and the balance on first and final call. Applications were received for 1,02,000 shares. The directors resolved to allot as follows:

- (i) Applicants of 60,000 shares 30,000 shares
- (ii) Applicants of 40,000 shares 30,000 shares
- (iii) Applicants of 2,000 shares Nil

Nikhil who has applied 1000 shares in category (i) and Sasi who was allotted 600 shares in category (ii) failed to pay allotment money.

Calculate the amount received in allotment and call money. **4**

18. R, S and T were partners in a firm sharing profits in the ratio of 1:2:3. Their balance sheet as on 31-3-2015 was as follows:

Liabilities	Amount	Assets	Amount
Creditors	50,000	Land	50,000
Bills payable	20,000	Building	50,000
General Reserve	30,000	Plant	1,00,000
Capitals R	1,00,000	Stock	40,000
S	50,000	Debtors	30,000
T	25,000	Bank	5,000
Total	2,75,000	Total	2,75,000

R, S and T decided to share the profits and losses equally with effect from 1.4.2015. For this it was agreed that:

- Goodwill of the firm be valued at Rs.1,50,000
- Land be revalued at Rs.80,000 and building be depreciated by 6%
- Creditors of Rs.6,000 were not likely to be claimed and hence be written off. Prepare the Revaluation account, Partners capital account and balance sheet of Reconstituted firm. **6**

19. Priya, Karam and Anna were partners of a firm sharing profits in the ratio of 3:2:1. Their balance sheet on March 31st, 2016 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 31st Aug 2016 according to the partnership deed his executors were entitled to be paid as under:

- 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
- 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.
- 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**

20. Alex, John and Sam are partners in a firm. Their capital accounts on 1st April 2015, stood at Rs.1,00,000, Rs.80,000 and Rs.60,000 respectively. Each partner withdrew Rs.5,000 during the financial year 2015-16. As per the provisions of their partnership deed:

- John was entitled to a salary of Rs.1,000 per month
- Interest on capital was to be allowed @ 10% per annum
- Interest on drawings was to be charged @ 4% per annum.
- Profits and losses were to be shared in the ratio of their capitals.

The net profit of Rs.75,000 for the year ended 31st March 2016, was divided equally amongst the partners without providing for the terms of the deed. You are required to pass a single adjustment journal entry to rectify the error. **6**

21. X, Y and Z were partners in a firm. Their capitals on 1.4.2016 were X-Rs.2,00,000. Y-Rs.2,50,000 and Z-Rs.3,00,000. The partnership deed provided for the following:

(a) They will share profits in the ratio of 2:3:3

(b) X will be allowed a salary of Rs.12,000 p.a

(c) Interest on capital will be allowed @ 12% per annum and interest on drawings @ 6% p.a

During the year X withdrew Rs.28,000, Y-30,000 and Z Rs.18,000.

Transfer to reserve is 10% of Net profit. For the year ended 31.3.2017 the firm earned a profit of Rs.5,00,000.

Prepare the profit and loss appropriation account and partner's capital account. 6

22. Charu and Harsha were partners in a firm sharing profits and losses in the ratio of 3:2. Their balance sheet as on 1.4.2016 was as follows:

Liabilities	Amount	Assets	Amount
<u>Capitals</u>		Land and building	38,000
Charu	30,000	Plant	14,000
Harsha	20,000	Investments	20,000
Provision for bad debts	2,000	Debtors	15,000
Investment fluctuation fund	11,000	Cash	6,000
Workmen compensation fund	9,000		
General reserve	4,000		
Creditors	17,000		
Total	93,000	Total	93,000

On 1st April 2016, they admit Vaishali was admitted for 1/4th share in the profits of the firm on the following terms:

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

2) All debtors considered good.

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

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

5) Capital accounts of Charu and Harsha are to be adjusted on the basis of Vaishali's capital by opening current accounts.

Prepare Revaluation account, capital accounts, and balance sheet of the new firm.

(OR)

Prashanth and Rajesh were partners in a firm sharing profits in the ratio of 3:2. In spite of repeated reminders by the authorities they kept dumping hazardous materials into a nearby river. The court ordered for the dissolution of firm on 31st March 2012. Prashanth was deputed to realize the assets and to pay the liabilities. He was paid Rs.1,000 as commission for his services. The financial position of the firm on 31st March 2012 was as follows:

Liabilities	Amount	Assets	Amount
Sundry creditors	80,000	Building	1,20,000
Mrs. Prashanth's Loan	40,000	Investments	30,600
Rajesh's Loan	24,000	B/R	37,400
Investment fluctuation fund	8,000	Debtors	34,000
Capitals		Less provision	4,000
Prashanth	42,000	Cash	6,000
Rajesh	42,000	Profit and loss account	8,000
		Goodwill	4,000
Total	2,36,000	Total	2,36,000

Following was agreed upon

- i) Prashanth agreed to pay off his wife's loan.
 - ii) Debtors realized Rs.24,000.
 - iii) Rajesh took away all the investments at Rs.27,000
 - iv) Building realised Rs.1,52,000. Creditors were payable after 2 months. They were paid immediately at 10% discount.
 - v) Bills receivable were settled at a loss of Rs.1,400. Realization expenses amounted to Rs.2,500.
- Prepare Realisation account, Capital accounts of the partners, and the bank account. Identify the value being conveyed in the question. **8**

23. S Ltd invited applications for issuing 80,000 equity shares of Rs.10 each. The amount was payable as follows:

On application Rs.2 per share

On allotment Rs.4 per share

On second and final call the balance.

Applications for 1,00,000 shares were received. Allotment was made on pro-rata basis to all the applicants. Excess money received on application was adjusted on sums due on allotment. Sathya who had applied for 1,000 shares failed to pay the allotment. Harnini did not pay the first and final call on 800 shares allotted to him. Both the shares are forfeited and re issued at Rs.12 per share fully paid up.

Pass necessary journal entries in the books of S limited for the above transactions.

(OR)

H limited issued prospectus inviting applications for 20,000 shares of Rs.10 each share payable as follows:

On application Rs.2

On allotment Rs.3

On first call Rs.3 and Rs.2 on the final call.

Applications were received for 30,000 shares and allotment was made on the application for 24,000 shares. Money overpaid on applications was adjusted against amount due on allotment.

Ramesh, to whom 400 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay first call his shares were forfeited. Mohan, the holder of 600 shares, failed to pay two calls and his shares were forfeited after the second call.

Of the shares forfeited, all the shares are reissued to Krishna as fully paid up for Rs.9 per share.

Pass necessary journal entries. **8**
