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INDIAN SCHOOL SOHAR

Class: XII **SECOND TERM EXAM** **Max Marks: 80**

Date: 28.11.2017 **ACCOUNTANCY** **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. State the provision of Indian partnership act regarding the payment of remuneration to the partners for the services rendered. **1**
2. K,L and Z are partners sharing profits in the ratio of 4:3:2 respectively. L retired and surrendered $1/9^{th}$ of his shares of profit to K and remaining in favour of Z. Calculate the new profit sharing ratio of K and Z. **1**
3. What is meant by "buy back of shares"? **1**
4. A and B are partners in a firm sharing profits in the ratio of 3:2.Mrs.A has given a loan of Rs.20,000 to the firm and the firm also obtained a loan of Rs.10,000 from B. The firm was dissolved and its assets were realised for Rs.25,000. State the order of payment of Mrs.A's loan and B's loan with reason, if there were no creditors of the firm. **1**
5. Ayaan Ltd purchased its own debentures of the face value Rs.20,000 from the open market for immediate cancellation at Rs.92.Face value of the debenture is Rs.100.What is the amount of profit on cancellation. **1**
6. Name the method of calculating interest on drawings of the partners if different amounts are withdrawn on different dates. **1**

7. Jain, Kumar and Khatri are partners sharing profits and losses in the ratio of 3:2:1.Afzal is admitted the new profit sharing ratio between Jain, Kumar, Khatri and Afzal will be 3:3:2:2.Goodwill of the firm is valued Rs.3,00,000.Afzal brings his share of firm's goodwill in cash. Journalise the transactions. **3**

8. Exe Limited purchased assets at Rs.8,40,000 and took over liabilities of Rs.80,000 of Wye Ltd at an agreed value of Rs.7,20,000 Exe Ltd issued 10% debentures of Rs.100 each at 10% discount in full satisfaction of the price. Pass journal entries in the books of Exe Ltd. **3**

9. On 1^{st} April 2013, Britto and Nandan entered into the partnership and contributed capitals of Rs.10,00,000 and Rs.15,00,000 respectively. The profit sharing ratio was 2:3 and interest allowed on capital as provided in the partnership deed was 12% per annum. During the year ended 31^{st} March 2014, the firm earned a profit of Rs.2,00,000. Prepare profit and loss appropriation account for the year ended 31^{st} March 2014. **3**

10. On April 2013, X ltd issued 10,000 8% debentures of Rs.100 each at par redeemable at a premium of 10% after 5 years by converting them into equity shares of Rs.100 each issued at a premium of 25%.The company had an option to convert them either at the end of five years of their issue or earlier. The company converted them in shares at the end of three years of their issue. Pass necessary journal entries for the redemption of debentures. **3**

11. Complete the following journal entries: **4**

Date	Particulars	L.F	Dr.	Cr.
(i)	Equity share capital a/c (470 x 10) Dr ____________________ Dr To shares forfeited shares a/c To calls in arrears a/c (Being 470 shares forfeited for non-payment of allotment and call money)		4,700 --------	 940 6,110
(ii)	Bank A/c Dr. To ___________________ To ___________________ (Being 60 shares reissued at Rs.14 per share)		840	 -------- --------
(iii)	___________________________ _________________________ (Being)		-------	 ----------

12. Parul, Payal and Priyanka are partners .They decided to dissolve their firm. Pass necessary journal entries for the following after assets (other than cash and bank) and the third party liabilities have been transferred to Realisation account.

(a) There were total debtors of Rs.76,000. A provision for doubtful debts also stood in the books of Rs.6,000.Rs.12,000 debtors proved bad and rest paid the amount due.

(b) Parul agreed to pay her husband's loan of Rs.7,000 at a discount of 5%.

(c) A machine which was not recorded in the books was taken by Payal at Rs.3,000 where as its expected value was Rs.5,000.

(d) A contingent liability (not provided for) of Rs.4,000 was also discharged. **4**

13. On 31st March,2014 the balances in the capital accounts of A,B and C after making adjustments for profits and drawings were Rs.3,20,000, Rs.2,40,000 and Rs.1,60,000 respectively. Subsequently it was discovered that the interest on capital and drawings had been omitted.

(a)The profit for the year ended on 31st March,2014 was Rs.90,000.

(b) During the year, A and B each withdrew a sum of Rs.48,000 in equal instalments in the middle of every monthly and C withdrew Rs.60,000.

(c) The interest on drawings was to be charged @ 5% per annum and interest on capital was to be allowed @ 10% per annum.

d) The profit sharing ratio of the partners was 3:2:1.

Pass necessary rectifying entry. **6**

14. (a) Alka, Karan and Shilpa were partners in firm sharing profits in the ratio of 5:3:2.Goodwill appeared in their books value of Rs.60,000 and general reserve Rs.20,000.Karan decided to retired from the firm. On the date of his retirement goodwill of the firm valued at Rs.2,80,000. Record necessary journal entries on Karan's retirement. **3**

(b) Journalise the following transactions:

(i) A debenture of Rs.100 each issued at Rs.95, repayable at Rs.100

(ii) A debenture of Rs.100 each issued at Rs.105, repayable at Rs.100.

(iii) A debenture of Rs.100 each issued at Rs.90, repayable at Rs.120. **3**

15. The balance sheet of Sadhu, Raja and Karan who were sharing profits in the ratio of 4:2:4 as on 31st March 2012 was as follows:

Balance Sheet as on 31st March 2012.

Liabilities	Amount	Assets	Amount
Capitals		Land and building	97,000
Sadhu	80,000	Investment	85,000
Raja	60,000	Sadhu's Loan	20,000
Karan	1,00,000	Stock	64,000
General reserve	10,000	Cash	26,000
Loan	22,000		
Bills payable	20,000		
Total	2,92,000	Total	2,92,000

Additional information: Sadhu died on July 31st 2012.The partnership deed provided for the following on the death of a partner:

(a)Goodwill of the firm valued at two years purchase of average profit for the last three years.

(b)Sadhu's share of profit or loss till the date of his death was to be calculated on the basis of sales. Sales for the year ended 31st March,2012 amounted to Rs.5,00,000 and that from 1st April to 31st July,2012 to Rs.2,70,000.the profit for the year ended 31st March 2012, was calculated as Rs.1,25,000.

(c)Interest on capital was to be provided @ 5% p.a.

(d) The average profits of the last three years were Rs.55,000. Prepare Sadhu's capital account to be rendered to his Executors. **6**

16. A and B were partners sharing profits in 3:1 ratio. They admitted C as a partner for 1/4th share in the profits C was to bring Rs.60,000 for his capital. The balance sheet of A and B on 1.4.2014, the date on which C was admitted was as follows:

Liabilities	Amount	Assets		Amount
Creditors	70,000	Land and buildings		40,000
Capitals		Plant and machinery		70,000
A	50,000	Stock		30,000
B	80,000	Debtors	35,000	
General Reserve	10,000	Less Provision	1,000	34,000
		Investments		26,000
		Cash		10,000
Total	2,10,000	Total		2,10,000

The other terms agreed upon were:

(i)Goodwill of the firm was valued at Rs.24,000.

(ii)Land and buildings were valued at Rs.65,000 and plant and machinery at Rs.60,000.

(iii)Provision for bad and doubtful debts was found in excess by Rs.400.

(iv)A liability of Rs.1,200 included in sundry creditors was not likely to arise.

(v)The capitals of the partners be adjusted on the basis of C's contribution of capital to the firm.

(vi)Excess or shortfall if any to be transferred to current accounts.

Prepare revaluation account, partner's capital account and the balance sheet of the new firm.

(OR)

Xavier, Yusuf and Zaman are partners in a firm sharing profits in the ratio of 4:3:2.On 1.4.2014 their balance sheet was as follows:

Liabilities	Amount	Assets		Amount
Sundry creditors	41,400	Cash at bank		33,000
Capitals		Sundry Debtors	30,450	
X	1,20,000	Less provision	1,050	29,400
Y	90,000	Stock		48,000
Z	60,000	Plant and machinery		51,000
		Land and building		1,50,000
Total	3,11,400	Total		3,11,400

Yusuf had been suffering from ill health and thus gave notice of retirement from the firm. An agreement was therefore, entered into as on 1.4.2014, the terms of which were as follows:

i) Land and building be appreciated by 10%.

ii) The provision for bad debts is no longer necessary.

iii)The stock be appreciated by 20%.

iv)That goodwill of the firm be fixed at Rs.54,000.Yusuf's share of the same be adjusted into Xavier's and Zaman's capital accounts who are going to share future profits in the ratio of 2:1.

vii)The entire capital of the newly constituted firm be readjusted by bringing in or paying necessary cash so that the future capitals of Xavier and Zaman will be in their profit sharing ratio.

Prepare revaluation account, partner's capital account and balance sheet after dissolution. **8**

17. XYZ limited applications for issuing 50,000 equity shares of Rs.10 each. The amount was payable as:

On application Rs.3 per share

On allotment Rs.4 per share

On first and final call Rs.3 per share

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

Applicants for 40,000 shares were allotted 30,000 shares on pro-rata basis.

Applicants for 35,000 shares were allotted 20,000 shares on pro rata basis.

Ramu to whom 1,200 shares were allotted out of the group applying for 40,000 shares, failed to pay the allotment money. His shares were forfeited immediately after allotment.

Shamu who had applied for 700 shares out of the group applying for 35,000 shares, failed to pay the first and final call. His share were also forfeited. Out of the forfeited shares, 1,000 shares were reissued @ Rs.8 per shares as fully paid up. The re-issued shares included all the forfeited shares of Shamu. Give necessary journal entries to record the above transactions.

(OR)

SK Ltd invited applications for issuing 3,20,000 equity shares of Rs.10 each at a premium of Rs.5 per share. The amount was payable as follows:

On application Rs.3 per share (including premium of Rs.1),

On allotment Rs.5 per share (including premium of Rs.2),

On first and final call Rs.7 per share(including premium of Rs.2).

Applications for 4,00,000 shares were received. Applications for 40,000 shares were rejected and application money refunded. Shares were allotted on pro-rata basis to the remaining applicants. Excess money received with applications was adjusted towards sums due on allotment. Jeevan holding 800 shares failed to pay the allotment money and his shares were immediately forfeited. Afterwards, final call was made. Ganesh who had applied for 2,700 shares failed to pay the final call. His shares were also forfeited. Out of the forfeited shares 1,500 shares were reissued at Rs.8 per share fully paid up. The reissued shares included all the forfeited shares of Jeevan. Pass necessary journal entries for the above transactions in the books of the company. **8**

PART-B FINANCIAL STATEMENT ANALYSIS

18. What is intra firm analysis? **1**

19. Quick ratio of a company is 1:1. State giving reason which of the following would improve, reduce, or not change the ratio.
    (i) Sale of furniture at cost (ii) Redemption of debentures at a premium. **1**

20. Calculate ROI and debt equity ratio from the following information:

Net profit after interest and tax	Rs.3,00,000
10% Debentures	Rs.5,00,000
Tax rate	40%
Capital employed	Rs.40,00,000.

4

21. Under which major headings the following items will be presented in the balance sheet of a company as per schedule III, Part I of the Companies act 2013?
    (i)Goodwill (ii) Cheques (iii) General reserve (iv) Stock of finished goods (v)Calls in advance (vi)Discount on issue of shares (vii)Long term investments (viii) Interest due not paid. **4**

22. Calculate current ratio of a company from the following information:
    a)Inventory turnover ratio 4 times
    b)Stock in the beginning was Rs.20,000 less than inventory at the end.
    c)Revenue from operations(net sales) Rs.6,00,000 Gross profit ratio 25%, Current liabilities Rs.60,000, Quick ratio 0.75:1. **4**

23. Prepare a comparative Statement of Income from the following information: **6**

Particulars	2017	2016
Revenue from operations	4,50,000	3,00,000
Purchase of Inventory(% of revenue from Operations)	45%	40%
Change in inventories(% of Revenue from operations)	15%	10%
Indirect expenses (% of Revenue from operations)	10%	15%
Income tax	50%	45%

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