INDIAN SCHOOL SOHAR
FIRST TERM EXAM 2018-19
ACCOUNTANCY

Class: XII | **Max Marks: 80**
Date: 16.09.2018 | **Time: 3 hours**

General Instructions:
1. All questions are compulsory.
2. Provide working notes wherever necessary.
3. Attempt all the parts of a question at one place.

1. Rithesh and Hitesh are childhood friends. Rithesh is a consultant whereas Hitesh is an architect. They contributed equal amounts and purchased a building for ₹ 25 Lakhs. After a year, they sold it for ₹ 60 Lakhs and shared the profits equally. Are they doing partnership? Give reason in support of your answer. **1**
2. The total assets of a firm were ₹ 5,00,000 and outside liabilities were ₹ 80,000.Actual profits earned by the firm were ₹ 60,000.calculate the total capitalised value of the business if the normal rate of return is 10%. **1**
3. What do you meant by one Person Company? Can it be formed for charitable purpose? **1**
4. Give journal entry to distribute workmen compensation reserve of ₹ 60,000 at the time of retirement of Z when there is a claim of ₹ 10,000 against it. The firm has three partners X, Y and Z sharing profits and losses in the ratio of 5:3:2. **1**
5. A and B are partners sharing profits in the ratio of 3:1.they admit C as a partner. A surrenders 1/3rd of his share and B surrender 1/4th of his share in favour of C. What will be the new profit sharing ratio? **1**
6. Name the portion of capital which can be called up only on the winding up of the company. **1**
7. In which ratio the remaining partners will contribute the amount of goodwill of a retiring partner? **1**
8. What is the maximum number of partners that firm can have? Name the act under which it is prescribed? **1**
9. Sajal and Shraddha started business on 1st April 2013 with capitals of ₹ 5,00,000 and ₹ 3,00,000 respectively. On 1st May 2013, Sajal introduced an additional capital of ₹ 1,00,000 and Shraddha withdrew ₹ 50,000 from his capital on 1ST October 2013, Sajal withdrew ₹ 2,00,000 from his capital and Shraddha introduced ₹ 2,50,000.Interest on capital is allowed @ 6% per annum. Calculate the interest on capital for the year ending 31st March 2014. **3**
10. X, Y and Z are partners sharing profits and losses in the ratio of 1:2:3 they decide to share profits and losses equally. Their balance sheet showed a balance of ₹ 1,20,000 in the general reserve .Record the necessary journal entry to give effect to the above arrangement when the partners decide not to close the general reserve account. **3**
11. Simran purchased Anitha's business on 1st April 2018.It was agreed to value goodwill at three years purchase of average normal profit of the last four years. The profits of Anitha's business for the last four years were 2015 ₹ 90,000 2016 ₹ 160,000 2017 ₹ 180,000 and 2018 ₹ 2,20,000. The following adjustments to be considered:
   (i)During the year ended 31st March 2015, an asset was sold at a gain of ₹ 10,000
   (ii)During the year ended 31st March 2016, a machine got destroyed in accident and ₹ 30,000 were written off as loss in profit and loss account.
   (iii) During the year ended 31st March 2017 an asset is sold at a profit of ₹ 10,000.
   Calculate the value of goodwill. **3**

12. X Ltd purchased a running business from Y Ltd for a sum of ₹ 5,00,000 payable by the issue of equity shares of ₹ 10 each at a premium of 25%.The assets and liabilities consisted of the following: Building ₹ 2,00,000, Machinery ₹ 3,00,000, Debtors ₹ 1,00,000, Sundry creditors ₹ 1,50,000.Pass the necessary journal entries in the books of X Ltd. **3**

13. A and B are partners in a firm sharing profits and losses in the ratio of 3:2.They decide to admit C into partnership with 3/7th share in profits and the new profit sharing ratio will be 2:2:3.C brought ₹ 2,00,000 as his capital and ₹ 1,50,000 as premium for goodwill. Half of their share of premium was withdrawn by A and B from the firm. Calculate sacrificing ratio and pass necessary journal entries for the above transactions in the books of the firm. **4**

14. Sita, Reeta and Geeta are partners in a firm sharing profits and losses in the ratio of 4:3:1.As per the terms of partnership deed on death of any partner, goodwill was to be valued at 50% of the net profits credited to that partner's capital account during the last three completed years before the death. Sita died on 30th September 2012.The profit for the last five years were :
2007 ₹ 60,000, 2008 ₹ 1,20,000, 2009 ₹ 1,05,000, 2010 ₹ 30,000 and 2011 ₹ 85,000.
The share of profit of Sita is calculated on the basis of average profit of last five years. Calculate the amount of Sita's share of goodwill in the firm and profit. Record the adjustment journal entries for goodwill and profit. **4**

15. X,Y and Z are partners in a firm sharing profits in the ratio of 3:2:1.X retires from the firm. Y and Z agree that the capital of the new firm shall be fixed at ₹ 2,00,000 in the profit sharing ratio. The capital accounts of Y and Z after all adjustments on the date of retirement showed a balance of ₹ 1,45,000 and ₹ 63,000 respectively. Show the amount of actual cash to be brought in or to be paid to the partners. Record the journal entry for cash brought in or paid by the partner. **4**

16. Distinguish between Company and partnership on the basis of (i) Transfer of shares (ii) liability (iii) number of members and (iv) Audit. **4**

17. Jaya limited issued 60,000 shares of ₹ 10 each at a premium of ₹ 2 per share payable ₹ 3 on application, ₹ 5 on allotment (including premium) and the balance on first and final call. Applications were received for 82,000 shares. The directors resolved as:
    (i) Applicants of 30,000 shares — 20,000 shares
    (ii) Applicants of 50,000 shares — 40,000 shares
    (iii) Applicants of 2,000 shares — Nil

    Murali who has applied 1200 shares in category (i) and Sasi who was allotted 900 shares in category (ii) failed to pay allotment money. Calculate the amount received in allotment and call money. Pass the journal entries for share application and share allotment. **4**

18. Nirmal, Rajeev and Rajesh are partners in a firm sharing profits and losses as 3:2:1.Their balance sheet as on 31st December, 2015 was :

Liabilities	Amount ₹	Assets	Amount ₹
Sundry creditors	65,000	Cash at bank	70,000
General reserve	15,000	Debtors	50,000
Capitals		Stock	40,000
Nirmal	2,00,000	Building	2,10,000
Rajeev	1,00,000	Machinery	60,000
Rajesh	50,000		
Total	4,30,000	Total	4,30,000

From 1.1.2016 they agreed to change their profit sharing ratio as 4:4:1.It is also decided that:
(a)Machinery to be reduced by ₹ 10,000
(b)Stock to be appreciated by 10%
(c)Goodwill of the firm valued at ₹ 40,000.
(d)A liability for ₹ 10,000 included in sundry creditors is not likely to arise.
(e)Provision on debtors to be maintained at 10% of debtors
Partners agreed that altered values are not to be recorded in the books and they also do not want to distribute the general reserve. You are required to pass a single journal entry to give effect to the above. Also prepare the revised balance sheet. **6**

19. Disha, Mohit and Nandan are partners. They decided to dissolve the firm pass necessary journal entries for the following:
(a)An old typewriter which was not recorded in the books was sold for ₹ 2,000 whereas its expected value was ₹ 5,000
(b)Stock of ₹ 70,000 was taken by Disha at a discount of 30%.
(c)Total creditors of the firm were ₹ 20,000. A creditor of ₹ 2,000 was untraceable and other creditors accepted payment allowing 10% discount.
(d) Mohit paid realisation expenses of ₹ 18,000 out of his private funds, who was to get remuneration of ₹ 13,000 for completing the dissolution process and was responsible to bear all the realisation expenses.
(e) Nandan had taken a loan of ₹ 50,000 from the firm which was paid fully by him to the firm.
(f) Nandan agreed to pay off his wife's loan of ₹ 20,000. **6**

20. D, E and F were partners in a firm sharing profit in the ratio of 5:7:8.Their fixed capitals were D ₹ 6,00,000, E ₹ 5,00,000, F ₹ 7,00,000.Their partnership deed provides the following:
(i)Interest on capital @10% p.a and interest on drawings @ 12%
(ii)Salary of ₹ 5,000 per month to F
D withdrew ₹ 40,000 on 31.3.2009, E withdrew ₹ 50,000 on 31.3.2009 and F withdrew ₹ 30,000 on 1.10.2009. During the year ended 31.12.2009 the firm earned a profit of ₹ 4,00,000. Prepare profit and loss appropriation account for the year ended 31.12.2009. **6**

21. On March 31st 2014, the balances in the capital accounts of Eleen, Monu and Ahmad after making adjustments for profits and drawings were ₹ 1,60,000, ₹ 1,20,000 and ₹ 80,000 respectively. Subsequently it was discovered that the interest on capital and drawings has been omitted.
(i)The profit for the year ended 31st March 2014 was ₹ 40,000
(ii)During the year, Eleen and Monu each withdrew a total sum of ₹ 24,000 in equal instalments in the beginning of each month and Ahmad withdrew a total sum of ₹ 48,000 in equal instalments at the end of each month.
(iii)The interest on drawings was to be charged @ 5% p.a. and interest on capital was to be allowed @ 10% p.a.
(iv)The profit sharing ratio among the partners was 2:1:1
Show the working notes clearly. Pass necessary adjustment entry. **6**

22. Raghu and Rishu are partners sharing profits in the ratio of 3:2.Their balance sheet as on 31st March 2017 was as follows:

Liabilities	Amount ₹	Assets		Amount ₹
Capitals		Cash		77,000
Raghu	1,19,000	Debtors	42,000	
Rishu	1,12,000	Less provision	7,000	35,000
Creditors	86,000	Investment		21,000
Employees provident fund	10,000	Building		98,000
Investment fluctuation reserve	4,000	Plant and machinery		1,00,000
Total	3,31,000	Total		3,31,000

Rishab was admitted on that date for 1/4th share of profit on the following terms:

1) Rishab will being ₹ 50,000 as his share of capital.
2) Goodwill of the firm valued at ₹ 42,000 and Rishab will bring his share of goodwill in cash.
3) Building was appreciated by 20%. All debtors were good.
4) There was a liability of ₹ 10,800 included in creditors, which was not likely to arise.
5) New profit sharing ratio will be 2:1:1.
6) Capital of Raghu and Rishu will be adjusted on the basis of Rishab's share of capital and any excess or deficiency will be transferred to current accounts.

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

(OR)

M, N and G were partners in a firm sharing profits and losses in the ratio of 5:3:2.On 31.3.2016 their balance sheet was as under:

Liabilities	Amount ₹	Assets	Amount ₹
Sundry creditors	55,000	Cash	40,000
General reserve	30,000	Debtors	
Capital accounts		45,000	40,000
M	1,50,000	Less provision	50,000
N	1,25,000	5,000	1,50,000
G	75,000	Stock	30,000
		Machinery	1,00,000
		Patents	25,000
		Building	
		Profit and loss account	
Total	4,35,000	Total	4,35,000

M retired on the above date and it was agreed that

i) Debtors of ₹ 2,000 will be written off as bad debts and a provision of 5% on debtors for bad and doubtful debts will be maintained.

ii) Patents will be completely written off and stock, machinery and building will be depreciated by 5%.

iii) An unrecorded creditor of ₹ 10,000 will be taken into account.

iv) N and G will share the future profits in the ratio of 2:3.

v) Goodwill of the firm on M's retirement was valued at ₹ 3,00,000.

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

23. Harish and company issued 50,000 shares of ₹ 100 each to the public at a premium of ₹ 20 each. The amount payable as follows:
Payable on application ₹ 30 per share
Payable on allotment ₹ 40 per share (including premium)
Payable on First and final call ₹ 50 per share
Applications were received for 45,000 shares. All sums duly received except the following:
Mahesh a holder of 100 shares did not pay allotment and call money
Santhosh a holder of 200 shares did not pay call money
The company forfeited all the shares of Mahesh and Santhosh. Subsequently the forfeited shares were reissued for ₹ 70 per share as fully paid up.
Show the Journal entries for the above transactions and prepare the cash book.

(OR)

Shubham ltd invited applications for issuing 12,000 equity shares of ₹ 10 each at a premium of ₹ 3 per share. The amount was payable as follows:
On application and allotment ₹ 6 per share (including premium)
On first call ₹ 4 per share
On second call the balance

Applications for 18,000 shares were received and pro-rata allotment was made to all the applicants. Excess money received with applications was adjusted towards sums due on first call. All calls were made and were duly received except the first call and second call on 120 shares allotted to Darshan. His shares were forfeited. The forfeited shares were issued at ₹ 6 per share. Pass journal entries in the books of company. **8**

**********ALL THE BEST*********