



**INDIAN SCHOOL SOHAR**  
**TERM II EXAMINATION 2018-19**  
**ACCOUNTANCY**

**Class: XII****Max Marks: 80****Date: 22.11.2018****Duration: 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

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

1. What is meant by firm and Firm's name? **1**
2. Change in profit sharing ratio amounts to dissolution of partnership firm? Give reason in support of your answer? **1**
3. Reena and Raman are partners in a firm sharing profits in the ratio of 4:3. They admitted Roma as a new partner. The new profit sharing ratio between Reena, Raman and Roma was 3:2:2. Calculate Reena's sacrifice. **1**
4. State the basis of accounting on which a receipts and payments account is prepared in case of not for profit organisation. **1**
5. What is subscribed capital? **1**
6. What is irredeemable debenture mean? **1**
7. Journalise the following transactions:
  - (i) Rs.40,000 debentures, 12% debentures of Rs.100 issued at a premium of 10% and redeemable at par
  - (ii) Rs.70,000, 12% debentures of Rs.100 each issued at a premium of 5%, redeemable at 10% premium. **3**
8. A business has earned average profit of Rs.1,00,000 during the last few years and the normal rate of return in similar business is 10%. Find out the value of goodwill by:
  - (i) Capitalisation of super profit method and
  - (ii) Super profit method if the goodwill is valued at 3 years purchase of super profit.
 Assets of the business were Rs.10,00,000 and its external liabilities Rs.1,80,000 **3**
9. Exe limited took over the assets of Rs.7,00,000 and took over liabilities of Rs.60,000 of Y Ltd for a purchase consideration of Rs.6,60,000. Exe limited paid the purchase consideration by issuing 9% shares of Rs.100 each at a premium of 10%. Pass journal entries in the books of Exe limited. **3**
10. From the following information calculate the amount of sport materials to be debited to the income and expenditure account of Sports club for the year ended 31<sup>st</sup> March 2018. **3**

Balance of sports material as on 1 <sup>st</sup> April 2017	20,000
Balance of sports materials as on 31 <sup>st</sup> March 2018	15,000
Creditors for sport materials as on 1 <sup>st</sup> April 2017	40,000
Creditors for sports materials as on 31 <sup>st</sup> March 2018	45,000
Payment made for sports materials creditors during the year ended 31 <sup>st</sup> March 2018	2,00,000

11. Complete the following journal entries:

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Date	Particulars	Dr.	Cr.
2003 Jan 1st	Equity share capital a/c (470 X 10) Dr ----- a/c Dr To forfeited shares a/c To Calls in arrears a/c (Being 470 shares are forfeited for the non-payment of allotment of Rs.4 per share including premium of 2)	----- -----	----- -----
	Bank a/c Dr To ----- To ----- (Being 150 shares re issued at Rs.14 per share)	-----	----- -----
	----- a/c Dr. ----- a/c (Being -----)	-----	-----

12. Dinesh, Alvin and Pramod are partners in a firm sharing profits and losses in the ratio of 5:3:2. Their balance sheet as at March 31, 2018 was as follows:

Liabilities	Amount	Assets	Amount
Sundry creditors	50,000	Debtors	15,000
General reserve	40,000	Fixed assets	67,000
Bills payable	10,000	Investments	40,000
Dinesh's capital	30,000	Stock	25,500
Alvin's capital	40,000	Cash in hand	36,000
Pramod 's capital	30,000	Profit and loss account	14,000
		Dinesh loan a/c	2,500
<b>Total</b>	<b>2,00,000</b>	<b>Total</b>	<b>2,00,000</b>

Dinesh died on July 1<sup>st</sup> 2018, The executors of dinesh entitled to:

- His share of goodwill. The total goodwill of the firm valued at Rs.50,000.
- His share of profit up to his date of death on the basis of actual sales till date of death. Sales for the year ended March 31, 2018 was Rs.12,00,000 and profit for the same year was Rs.2,00,000. Sales shows a growth trend of 20% and percentage of profit earning remains the same.

(c) Investments were sold at par. Half of the amount due to dinesh was paid to his executors and for the balance they accepted a bills of exchange.

Prepare Dinesh's capital account to be rendered to his executors.

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13. A and B are partners in a firm sharing profits and losses in the ratio of 3:2.their balance sheet as at 31<sup>st</sup> March 2014 was as follows:

Liabilities	Amount	Liabilities	Amount
Bills payable	50,000	Building	80,000
Creditors	70,000	Plant and machinery	80,000
Reserve	60,000	Stock	40,000
Capital accounts		Debtors	1,30,000
A	2,00,000	Cash in hand	1,50,000
B	1,00,000		
Total	4,80,000	Total	4,80,000

From 1<sup>st</sup> April 2014, the partners decided to share profit in the ratio of 2:1.For this purpose it was agreed that:

(i)Creditors amounting to Rs.3,000 are no longer required to be paid.

(ii)Building should be revalued at Rs.1,20,000.

(iii) A provision of 10% be made on debtors for bad and doubtful debts.

(iv) The goodwill of the firm should be valued at Rs.90,000.

Pass the necessary journal entries to give effect to the above stated agreement without opening revaluation account. Also prepare capital account of the partners and balance sheet of the reconstituted balance sheet.

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14. The following is the account of cash transactions of Narikalyan for the year ended December 31, 2018.

**Receipts and payments account for the year ending December 31, 2018.**

Receipts	Amount	Payments	Amount
To balance c/d	2,270	By rent	6,600
To subscriptions	32,500	By electric charges	3,200
To life membership fees	3,250	By lecturer's fees	730
To Donation	2,500	By office expenses	1,480
To profit on entertainment	7,250	By printing and stationery	1,050
To Sale of old books (Book value Rs.1,000)	750	By legal fees	1,870
To interest	350	By books	6,500
		By furniture purchased	8,600
		By travelling expenses	1,300
		By cash in hand	8,040
		By cash at bank	9,500
Total	48,870	Total	48,870

Adjustments:

1. Subscription still to be received is Rs.750, but subscriptions include Rs.500 for the year 2017-18.
  2. In the beginning of the year building was Rs.20,000 and furniture Rs.3,000 and books Rs.2,000.
  3. Provide depreciation on furniture @ 5% (including purchase), books @ 10% and building @ 5%.
- You are required to prepare the income and expenditure account. 6

15. A,B and C were partners. Their fixed capitals were A- Rs.30,000, B-Rs.20,000 and C- Rs.10,000 respectively. According to the partnership deed, they were entitled to an interest on capital @ 5% p.a. In addition, B was entitled to draw a salary of Rs.500 per month. C was entitled to a commission of 5% on the profits. Net profit for the year was Rs.30,000 distributed in the ratio of capitals without providing for any of the above adjustments. The profits were to be shares in the ratio of 5:3:2. Pass necessary adjustment entry showing the workings clearly. 6

16. L , M and N were partners in a firm sharing profits in the ratio of 3:2:1 their balance sheet as on 31<sup>st</sup> March 2018 was as follows:

Liabilities	Amount	Assets	Amount
Creditors	1,68,000	Bank	34,000
General reserve	42,000	Debtors	46,000
Capital Account		Stock	2,20,000
L	1,20,000	Investments	60,000
M	80,000	Furniture	20,000
N	40,000	Machinery	70,000
Total	4,50,000	Total	4,50,000

On the above date P was admitted as a new partner and it was decided that:

- (i)The new profit sharing ratio between the partners will be 2:2:1:1.
- (ii)Goodwill of the firm was valued at Rs.1,80,000 and P brought his share of goodwill premium in cash.
- (iii)The market value of investments was Rs.36,000.
- (iv)Machinery will be reduced to Rs.58,000.
- (v)A creditor of Rs.6,000 was not likely to claim the amount and hence was to be written off.
- (vii) P will bring proportionate capital so as to give him 1/6<sup>th</sup> share in the profits of the firm.

Prepare Revaluation account and partner's capital and the balance sheet after admission of the new partner.

**(OR)**

Krishna and Arjun are partners in a firm. They share profits in the ratio of 4:1. They decided to dissolve the firm on 31<sup>st</sup> March 2018 at which date their balance sheet stood as:

Liabilities	Amount	Assets	Amount
Bank loan	1,500	Trademarks	1,200
Creditors for goods	8,000	Machinery	12,000
Bills payable	500	Furniture	400
<b><u>Capital accounts</u></b>		Stock	6,000
Krishna	16,000	Debtors	9,000
Arjun	6,000	<b>Less</b> provision	400
		Cash at bank	2,800
		Advertisement expenditure	1,000
<b>Total</b>	<b>32,000</b>	<b>Total</b>	<b>32,000</b>

The realisation shows the following results:

- (i) Goodwill was sold for Rs.1,000
  - (ii) Debtors were realised at a book value less 10%.
  - (iii) Trade marks were realised for Rs.800.
  - (iv) Machinery and stock in trade were taken over by Krishna for Rs.14,400 and Rs.3,600 respectively.
  - (v) An unrecorded asset estimated at Rs.500 was sold for Rs.200.
  - (vi) Creditors for goods were settled at a discount of Rs.80. The expenses on realisation were Rs.800.
- Prepare realisation account, partner's capital account and bank account. **8**

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

On application Rs.2 per share

On allotment Rs.3 per share

On first call Rs.2 per share and

On final call Rs.3 per share.

Applications for 1,20,000 shares were received and it was decided to adjust the excess amount received on account of over subscription till allotment only and any excess to be refunded.

(i) To applicants for 20,000 shares in full

(ii) To applicants for 40,000 shares – 10,000 shares

(iii) To applicants for 60,000 shares – 50,000 shares

Allotment was made and all shareholders except Tammana, who had applied for 2,400 shares out of the group (iii) could not pay allotment. Her shares were forfeited immediately after allotment.

Another shareholder Chaya, who was allotted 500 shares out of group (ii) failed to pay the first call.

All the shares are reissued at Rs.8 per share fully paid up.

Give necessary journal entries to record the above transactions.

**(OR)**

Shiva Ltd invited applications for issuing 2,00,000 equity shares of Rs.10 each at a premium of Rs.4 per share. The amount was payable as follows:

On application Rs.6 per share (including premium of Rs.2),

On allotment Rs.7 per share (including premium of Rs.2),

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 forfeited.50% of the forfeited shares of both Jain and Gupta were reissued for Rs.110 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. What is meant by financial statement analysis? **1**
19. Mention any two items to be shown under the heading finance Cost. **1**
20. Calculate amount of trade receivables and closing trade receivables from the following figures:
- |                                  |             |
|----------------------------------|-------------|
| Trade receivables turnover ratio | 5 times     |
| Cost of revenue from operations  | Rs.8,00,000 |
| Gross profit ratio               | 20%         |
- Closing trade receivables were Rs.40,000 more than in the beginning  
Cash sales being  $\frac{1}{4}$  of total sales **4**
21. Under which head the following items to be shown in the balance sheet: **4**
- |                               |  |
|-------------------------------|--|
| (i)Cheque in hand             | (ii) Computer software                 |
| (iii)Calls in advance         | (iv) Provision for retirement benefits |
| (v)Securities premium reserve | (vi) Unclaimed dividends               |
22. (a) Compute the current ratio from the following: shareholders funds Rs.3,00,000, non-current assets Rs.3,35,000, non-current liabilities Rs.1,40,000, total assets Rs.5,00,000 **2**
- (b) Find out debt equity ratio from the following details: Total Debts Rs.1,30,000, current liabilities Rs.70,000, total assets Rs.1,65,000. **2**
23. Prepare the comparative statement of profit of Mahesh Ltd from the following details: **6**

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Revenue from operations	37,50,000	25,00,000
Other income	4,50,000	5,00,000
Cost of material consumed	22,50,000	12,50,000
Employee benefit expenses	3,75,000	2,50,000
Tax rate	50%	50%