Name Anand Class & Section XII-D Roll No. 3

FIRST TERM EXAMINATION—2017-18

CLASS–XII

SUBJECT–ACCOUNTANCY

Time : 3 Hours **M.M. : 100**

General Instructions :

1. *Attempt all parts of a question at one place.*
2. *Show working notes clearly.*
3. *Draw proper format.*

1. **Calculate the interest on drawings of Raman @ 12% p.a. if he withdrew ₹ 20,000 in the middle of each quarter for nine months ending 31th December 2016.** **(1)**

2. **X, Y and Z are partners in a firm sharing profits in 3 : 3 : 2 ratio. They decided to share profit equally w.e.f. April 1, 2017. On that date the profit and loss account shows credit balance ₹ 60,000 & decided it will remain as it is. You are required to fill up the following journal entry :**

Journal

Date	Particulars	LF	Dr.	Cr.
2017				
April	? Dr.		?	
	To ?			?
	To ?			?
	(Being the adjustment made for credit balance of P & L A/c due to change in PSR.			

(1)

3. A, B and C are partners sharing profit and losses in the ratio of 3 : 2 : 1. C retires and his capital account after making adjustment of reserve and profit on revaluation exists at ₹ 44,000. A and B have agreed to pay him ₹ 55,000 in full settlement of his claim. Record necessary journal entry for goodwill on C's retirement. (1)

4. Explain company limited by guarantee. (1)

5. A, B and C were partners in a firm sharing profits in the ratio of 4 : 3 : 3. On 1.4.2017, they decided to dissolve the firm. On that date, A's capital was ₹ 1,25,000, B's capital was ₹ 45,000 and C's capital was ₹ 15,000 (Dr.) The creditors amounted to ₹ 23,150 and cash in hand was ₹ 4,520. The assets realised ₹ 1,44,910 and the expenses of dissolution were ₹ 1,860. Prepare Memorandum Balance sheet of the reconstituted firm. (1)

6. Explain ESOP. (1)

7. On April 1, 2016, an existing firm has assets ₹ 75,000 including cash of ₹ 5,000. The partners' capital accounts showed a balance of ₹ 60,000 and reserved constituted the rest. If the normal rate of interest is 10% and the goodwill of the firm is valued at ₹ 24,000 at 4 years purchase of super profit, find the average profit of the firm. (3)

8. X and Y are partners in a firm, sharing profits and losses in the ratio of 3:1. They admit Z for 1/3rd share of the profits. As between themselves, X and Y agree to share future profits and losses equally. The goodwill of the firm has been valued at ₹ 60,000. Z brings in ₹ 50,000 as his share of capital, but is unable to bring in the necessary amount as his share of goodwill. Pass the necessary journal entries assuming that the capital are fixed and goodwill appears in the books at ₹ 30,000. (3)

9. Naresh, David and Aslam are partners sharing profits in the ratio of 5 : 3: 7. Naresh gave a notice to retire from the firm. David and Aslam decided to share future profits in the ratio 2 : 3. The adjusted capital accounts of David and Aslam showed a balance of ₹ 33,000 and 70,500 respectively. The total amount to be paid to Naresh is ₹ 90,500. This amount is to be paid by David and Aslam in such a way that their capitals become proportionate to their new profit sharing ratio. Pass necessary journal entries and show working clearly. (3)

20700
32500
2390

10. Sunshine Ltd. issuesd 20,000 equity shares of ₹ 10 each, payable as follows :

On Application	₹ 3
On Allotment	₹ 5 (including ₹ 1 premium)
On 1st and final call	₹ 3

$\frac{6}{5} \times 20,000$
4,000

Naman, a holder of 200 shares did not pay the allotment money and his shares were forfeited before making the first and final call. Show the balance sheet of the company. (3)

11. Mona, Nisha and Priyanka are partners in a firm. They contributed ₹ 50,000 each as capital three years ago. At that time, Priyanka agreed to look after the business as Mona and Nisha were busy. The profit for the past three years were 2014-15 ₹ 15,000, 2015-16 ₹ 25,000 and 2016-17 ₹ 50,000 respectively. While going through the books of accounts, Mona noticed that the profit had been distributed in the ratio of 1 : 1 : 2. When she enquired from Priyanka about this, Priyanka answered that since she looked after the business, so she should get more profit. Mona disagreed and it was decided to distributed profit equally retrospectively for the last three years.

(a) You are required to make necessary correction in the books of accounts by passing an adjusting entry.

(b) Identify the values which was not practiced by Priyanka while distributing profits. (4)

12. (a) A, B and C were sharing profits and losses in the ratio of 9 : 6 : 5. D was admitted to ¼th of the future profits and losses. B sacrifices 1/10th from his share in favour of D and rest of the sacrifice was made by A and C in the ratio of 2 : 1. Calculate new profit sharing ratio.

(b) A and B are partners in a firm. C is admitted as a new partner and the new profit sharing ratio between the three partners is fixed at 1 : 2 : 2. If the sacrificing ratio between A and B is 4 : 1, calculate old profit sharing ratio. (4)

13. A and B are partners sharing profits and losses equally. The firm earned a profit of ₹ 2,70,000 for the year ended 31-3-12. A and B had capitals of ₹ 3,00,000 and ₹ 2,00,000 respectively. Current Accounts Balance on April 1, 2011; A ₹ 20,000 (Cr); B ₹ 10,000 (Cr). Their deed provides that :

(a) A and B withdrew ₹ 20,000 and ₹ 30,000 respectively during the year.

(b) Interest on capital is to be allowed @ 5% p.a.

(c) Interest on drawing is to be charged @ 6%.

(d) A is entitled for commission @ 10% on net profits after charging B's salary, interest on capitals and his own commission.

(e) B is entitled to salary of ₹ 25,000.

Prepare Profit and Loss Appropriation Account and Partners' Current A/c for the year ended 31st March, 2012. (5)

14. X and Y are partners sharing profits & losses in the ratio of 4 : 3. They agree to admit Z as a partner for 1/5th share. For this purpose, the goodwill of the firm is to be calulated on the basis of 3 years purchase of last 4 years average profits. The profits and losses for the last four years were :

Years	Profits (₹)
2009-10	70,000 (after allowing interest on investment of ₹ 5,000)
2010-11	25,000 (after charging loss of ₹ 6,995 on sale of plant)
2011-12	61,000
2012-13	(45,000) Loss

The following additional information is provided :

(i) On 1.10.2010, the firm had purchased a computer for ₹ 30,000 and it was debited to stationery expenses. Depreciation is to be charged on computer @ 10% p.a. on diminishing balance method.

(ii) The closing stocks of 2011-12 were overvalued by ₹ 2,000.

(iii) To cover the operating cost, an annual change of ₹ 4,500 should be made for the purpose of goodwill valuation.

Calculate goodwill of the firm. (5)

15. A, B and C were partners in a firm sharing profits and losses equally. Their balance sheet as at 31-3-2017 is given below :

Liabilities	₹	Assets	₹
Creditors	5,000	Plant & Machinery	20,000
General Reserve	15,000	Cash	3,000
Capital A/cs :		Stock	10,000
A 20,000		Debtors	15,000
B 15,000		Investments	12,000
C 5,000	40,000		
	60,000		60,000

B died on 31-8-2017. The partnership deed provides that the representatives of the deceased partner shall be entitled to :

(i) Deceased partner's capital as appearing in the last balance sheet.

(ii) Interest on capital and drawing @ 6% p.a. up to date of death.

(iii) The share of profit of deceased partner up to the date of death is to be calculated on the basis of the profit of the last year i.e. ₹ 12,000.

(iv) His share of any reserve as per last balance sheet.

(v) The firm sold investments for ₹ 15,000.

(vi) It was decided that after keeping a cash balance of ₹ 8,000, entire cash was paid to B's executors and balance was treated as loan.

(vii) B has been drawing ₹ 2,200 per month which he drew in the middle of each month.

(vii) According to B's will, the executors should donate his share to Matri Chayaan orphanage for girls.

(a) Prepare B's capital account and B's executor's account.

(b) Also identify the value being highlighted in the question. (5)

16. Mercury Ltd. issued 80,000 shares of ₹ 10 each at a premium of ₹ 4 per share, payable as ₹ 5 on application and ₹ 9 including premium on allotment. Applications were received for 1,40,000 shares and the allotment was done as under :

narration

A. Applicants of 80,000 shares – Allotted 60,000 Shares

B. Applicants of 60,000 shares – Allotted 20,000 shares

Money overpaid on application to be utilised towards sum due on allotment. Sameer who had applied for 1,200 shares, failed to pay his dues and his shares were forfeited. Pass the necessary Journal Entries in the books of Mercury Ltd. to record the above. (5)

17. Nirmal, Rajeev and Rajesh are partners in a firm sharing profits and losses as 3 : 2 : 1. Their Balance Sheet as at 31st March, 2014 was :

Liabilities		Amt. (₹)	Assets	Amt. (₹)
Sundry Creditors		65,000	Cash at Bank	70,000
General Reserve		15,000	Debtors	50,000
Capital A/cs :			Stock	40,000
Nirmal	2,00,000		Building	2,10,000
Rajeev	1,00,000		Machinery	60,000
Rajesh	50,000	3,50,000		
		4,30,000		4,30,000

entry.

From 1-4-2014, they agree 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 be appreciated by 10%.

(c) Goodwill of the firm is valued at ₹ 40,000.

(d) A liability for ₹ 10,000 included in Sundry Creditors it not likely to arise.

(e) Provision on debtors to be maintained at 10%of debtors.

Partners agreed that altered valued 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 Balanced Sheet. (6)

18. A, B and C were in a partnership sharing profits and losses in the ratio of 5 : 3 : 2. 'C' retires from the firm. After all the necessary adjustments, his capital account shows a net credit balance of ₹ 60,000 as on 1st January, 2012. 'C' is to be paid two annual instalments of ₹ 22,000 each including interest @ 10% p.a. on the outstanding balance of each year and the balance including interest is paid on the third year. Prepare C's Loan Account. The firm closes its books on 31st December of every year. (6)

19. Pass journal entries for the following transactions :

(a) Realisation expenses amounted to ₹ 12,000. ₹ 9,000 were to be borne by gopal, a partner and the balance by the firm.

(b) Anmol, a partner is to bear all expenses of realisation for which he is allowed a commission of ₹ 14,000. Actual realisation expenses were ₹ 19,000 and were paid by the firm.

(c) Realisation expenses were to be borne by Deepak, a partner for which he was allowed commission of 2% of net cash realised from dissolution. The net cash realised from dissolution was ₹ 1,00,000 and actual realisation expenses paid by firm were ₹ 7,400.

(d) Workemen compensation reserve stood at ₹ 60,000 and liability in respect of it was ascertained at ₹ 75,000.

(e) Firm had an unrecorded furniture of ₹ 20,000 and unrecorded liability of ₹ 12,000. 60% of such furniture was given to settle the unrecorded liability and remaining furniture was sold at 90%.

(f) Anil, a partner agreed to assume the responsibility of the discharge of the loan together with accrued interest of ₹ 500, which has not been recorded in the books. (Book value of loan given in balance sheet just before dissolution ₹ 20,000). (6)

20. A and B are partners sharing profits and losses equally. Their Balance Sheet as at 31st March, 2017 is given below :

Liabilities		₹	Assets		₹
Capital A/cs			Land and Building		3,00,000
A	3,00,000		Plant and Machinery		2,00,000
B	2,00,000	5,00,000	Furniture and Fittings		50,000
Current A/cs:			Stock		1,50,000
A	80,000		Debtors	1,50,000	
B	60,000	1,40,000	Less : Provision for doubtful debts	10,000	1,40,000
Creditors		2,60,000			
Bills Payable		1,00,000	Bills Receivable		60,000
			Bank		1,00,000
		10,00,000			10,00,000

C is admitted as a partner for ¼th share on 1st April 2017, under the following terms :

(i) C is to introduce ₹ 2,50,000 as capital.

(ii) Goodwill is agreed to be nil.

(iii) It is found that the creditors included a sum of ₹ 15,000 which was not to be paid.

(iv) A liability for compensation to workmen amounting to ₹ 20,000.

(v) Provision for doubtful debts is to be created @ 10% on debtors.

(vi) It was decided to henceforth follow fluctuating capital method.

(vii) Bills accepted worth ₹ 40,000 issued by creditors were not recorded in the books.

(viii) A provides ₹ 1,00,000 loan to the business carrying interest @ 12% p.a.

Prepare Revaluation Account, Partners' Current Accounts, Partners' Capital Accounts and Balance Sheet of the new firm. (8)

22. (a) Moon Ltd. forfeited 400 shares of ₹ 10 each for non-payment of first call of ₹ 2 per share. The final call of ₹ 3 is yet to be made. The forfeited shares were reissued for ₹ 6 per share. Pass the ncessary Journal Entries in the books of the company.

(b) DN Ltd. issued 50,000 shares of ₹ 10 each, payable as ₹ 2 per share on application, ₹ 3 on allotment, ₹ 3 on first call and ₹ 2 second and final call. Applications were received for 70,000 shares. It was decided that :

(a) refuse allotment to the applicants for 10,000 shares.

(b) allot 20,000 shares to Mohan who had applied for similar number, and

(c) allot the remaining shares on pro rata basis.

Mohan failed to pay the allotment money and Sohan who belonged to Category '(c)' and was allotted 3,000 shares paid both the calls with allotment. Calculate the amount received on allotment.

(c) Madhav Ltd. issued fully paid equity shares of ₹ 10 each at a premium of 25% for the purchase of a running business from Gupta Bros, for a sum of ₹ 15,00,000. The assets and liabilities consisted of the following: Plant ₹ 5,00,000; Trucks ₹ 7,00,000; Stock ₹ 3,00,000; Machinery ₹ 6,00,000 and Sundry Creditors ₹ 5,00,000. You are required to pass necessary Journal Entries for the above transactions in the books of Madhav Ltd. (8)

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