

AMRITA VIDYALAYAM

FIRST TERMINAL EXAMINATION 2018 - '19

Class : XII

Marks : 80

Time : 3 hrs

ACCOUNTANCY

GENERAL INSTRUCTIONS:

1. This question paper is divided into two parts. Part A and Part B.
2. Both parts are compulsory.
3. All parts of questions should be attempted at one place.

PART - A

1. How is interest on drawings calculated, if the drawings are made at regular intervals, as on the first day of each month? 1
2. What do you mean by Reconstitution of a partnership firm? 1
3. A, B and C are partners sharing profits in the ratio of 5 : 2 : 1. If the new ratio on the retirement of C is 5 : 2, what will be the gaining ratio? 1
4. Parth and Shyam are partners. They decided to admit Rohit their specially abled unemployed friend into partnership. Identify the value involved in admitting Rohit as a partner. 1
5. Give journal entry to distribute 'workmen compensation reserve' of ₹ 50,000 at the time of retirement of C, when there is claim of ₹ 10,000 against it. The firm has three partners P, Q and R sharing profits in 5 : 3 : 2. 1
6. State giving reason to which account Rent paid to a partner for the use of his premises is debited. 1
7. State any 3 circumstances other than
 - a) Admission of a new partner.
 - b) Retirement of a partner.
 - c) Death of a partner, when need for valuation of goodwill of the firm may arise. 3
8. A, B and C are partners in a firm sharing P/L in the ratio of 4 : 3 : 3. Their fixed capitals were ₹ 1,00,000; ₹ 2,00,000 and ₹ 3,00,000 respectively. For the year ended 31.03.2014, interest on capital was credited to them @ 10% instead of 9% p.a. Pass necessary adjusting journal entry. 3
9. A and B are partners sharing P/L in the ratio of 9 : 6. They admit C as a new partner. A surrenders 3/15 of his share and B surrenders 6/15 of his share in favour of C. Calculate new profit sharing ratio. 3
10. A, B and C are partners sharing profits equally. From 1st April 2017, they decided to share profits in the ratio of 3 : 4 : 5. On that date, profit and loss account showed a credit balance of ₹ 90,000. Partners do not want to distribute the P/L A/c balance but prefer to record the change by an adjustment entry. You are required to give the adjusting entry. 3
11. X and Y are partners sharing P/L in the ratio of 2 : 1. They agree to admit Z into partnership who gets 1/3rd share in the profits. Z brings in ₹ 50,000 for his capital and the necessary amount of goodwill in cash. Goodwill of the firm is valued at ₹ 36,000. X, Y and Z agree to share future profits equally. The amount of goodwill is withdrawn from the business. Pass entries. 4
12. A, B and C sharing profits in the ratio of 4 : 3 : 2. Goodwill is in the books appearing at a value of ₹ 42,000. C retires and on the day of C's retirement Goodwill is valued at ₹ 63,000. Pass necessary journal entries. 4
13. Lata and Mamta are partners with capitals of ₹ 3,00,000 and ₹ 2,00,000 respectively sharing profits and loss in the ratio of 7 : 3. During the year ended 31st March 2016 they earned a profit of ₹ 2,26,440 before allowing interest on partners loan. The terms of partnership are as follows.
 - a) Interest on capital is to be allowed @ 7% p.a.
 - b) Lata to get a salary of ₹ 2,500 per month.

- c) Interest on Mamta's loan account of - 80,000 for the whole year.
 d) Interest on drawing @ 8% per annum. Drawing being Lata ₹ 36,000 and Mamta ₹ 48,000.
 e) 1/10th of the distributable profits should be transferred to General Reserve. Show the distribution of profit.

6

14. M and N are partners sharing profits in the ratio of 5 : 3. P is admitted into the firm for 1/5 share of profits. P brings in ₹ 40,000 in respect of her capital. The capitals of old partners after all adjustments are ₹ 90,000 and ₹ 75,000 respectively. It is agreed that partner's capitals should be according to the new profit sharing ratio.

Determine the new capital of M and N and record the necessary journal entries assuming that partner whose capital falls short, brings in the amount of deficiency and the partner's who has an excess, withdraws the excess amount.

6

15. X, Y and Z were partners sharing profits in the ratio of 3 : 2 : 1 As at 31.03.2016, their B/S stood as under.

Liabilities	₹	Assets	₹
Sundry Creditors	44,000	Cash at bank	22,000
Reserve	90,000	Stock	1,20,000
Capitals		Debtors	64,000
X 2,00,000		Investment	2,50,000
Y 1,50,000		Fixed Assets	1,28,000
Z <u>1,00,000</u>	4,50,000		
	5,84,000		5,84,000

Y died on 31st July 2016. The partnership deed provides that the executors of the deceased partner are entitled to.

- a) The capital to his credit at the time of his death.
 b) His share of reserves.
 c) His share of profits to the date of death based on the average profits of the last three completed years, less 10%.
 d) Goodwill according to his proportion of the total profits for the three preceding years, which were ₹ 80,000; ₹ 1,30,000 and ₹ 1,50,000 respectively.

Prepare Y's capital account at the time of his death to be presented to his executors.

6

16. X and Y were partners sharing profits in the ratio of 1 : 2. Their balance sheet as at 31.03.2016 was as follows.

Liabilities	₹	Assets	₹
Creditors	36,000	Cash	20,000
Outstanding expenses	4,000	Debtors	40,000
Capitals		Less provision for bad debts	<u>500</u>
X 1,50,000		Stock	1,20,000
Y <u>3,00,000</u>	4,50,000	Furniture	30,000
		Plant	2,72,500
		Patents	8,000
	4,90,000		4,90,000

They agreed to admit Z for 1/5th share from 1.04.2016 on the following terms.

- a) Good will of the firm was valued at ₹ 60,000 and Z to bring in his share of premium for goodwill in cash.
 b) Provisions for bad debts be raised by ₹ 1,500.
 c) Patents are value less.
 d) Stock be reduced by 10%.

- e) Outstanding expenses be increased by ₹ 6,000.
 f) ₹ 2,500 be provided for an unforeseen liability.
 g) Z to bring in capital equal to 1/5th of the combined adjusted capital of X and Y.
 Prepare Revaluation A/c, partner's Capital A/c and opening B/S.

8

17. X, Y and Z were partners in a firm sharing profits in 5 : 3 : 2 ratio. On 31.03.2016 Z retired from the firm. On the date of Z's retirement the B/s of the firm was as follows.

Liabilities		₹	Assets		₹
Creditors		27,000	Bank		80,000
B/P		13,000	Debtors	20,000	
Outstanding rent		22,500	Less provision	<u>500</u>	19,500
Provision for legal claims		57,500	Stock		21,000
Capital			Furniture		87,500
X	1,27,000		Land and Building		2,00,000
Y	90,000				
Z	<u>71,000</u>	2,88,000			
		4,08,000			4,08,000

On Z's retirement it was agreed that

- a) Land and Building will be appreciated by 5% and furniture will be depreciated by 20%.
 b) Provision for doubtful debts will be made at 5% on debtors and provision for legal claims will be made ₹ 60,000.
 c) Goodwill of the firm was valued at ₹ 60,000.
 d) ₹ 70,000 from Z's capital account will be transferred to his loan account and the balance will be paid to him by cheque.

Prepare revaluation A/c, Capital A/c and B/s.

8

PART - B

18. If operating cycle is 12 months and payment is received in 15 months how will you classify the asset? 1
19. Name two tools of financial analysis. 1
20. Under what heads the following items are shown in a company's Balance Sheet? 4
 a) Public deposits b) Sinking fund c) Office equipment d) Prepaid expenses
21. What are the limitations of the financial statement analysis? 4
22. Compute revenue from operations, other income and total revenue for a manufacturing firm from the following information.
 Sales ₹ 35,00,000; Sales Return ₹ 50,000; Sale of services ₹ 2,00,000; Sale of scrap ₹ 70,000;
 Sale of Miscellaneous items ₹ 6,000; Dividend received ₹ 25,000. 4
23. Prepare a common size statement of profit Loss of VP Ltd from the following information. 6
 ₹ in lakhs

	31.03.2017	31.03.2016
Revenue from operations	30.00	25.00
Finance costs	11.25	8.95
Employee Benefit expenses	3.30	3.00
Other expenses	0.96	0.96
Gain on Sale of Land		0.35