International Indian School – Dammam

1st Terminal Examination

Subject –Accountancy

Class -12 Set - A

Max. marks – 80

1. State the difference between Fixed Capital account & Fluctuation capital account. 1
2. Where will you record Interest on Drawings when capitals are fluctuating? 1
3. State the provisions of Partnership Act regarding interest on capital if the partnership deed is absent. 1
4. Calculate interest on drawings @ 12% p.a. if Atul withdraws Rs 4000 at the beginning of every month for 6 months. 1
5. State two rights the new partner acquires in admission of the firm 1.
6. How will you calculate sacrificing ratio? 1
7. A,B,C & D are partners sharing in the ratio of 1:2:3:4. C retires. Calculate the new profit sharing ratio. 1
8. Distinction between dissolution of partnership & partnership firm. 1
9. Ram & Mohan are in a firm without a partnership deed. Their capitals are Rs 60,000 & Rs 80,000.Mohan wants that the profits be divided in the proportion of their capitals while Ram does not agree. Solve the dispute among the partners. 1
10. Name any two tools for comparison of financial statements. 1
11. Radha & Shyam were partners sharing profits in the ratio of 3:2. Their capitals are Rs 70000 & Rs 50000 respectively. On 1st January 2011 they admitted Rukmini as a partner for ¼ th the share in profit. Rukmini introduced Rs 40000 as capital. Shyam guaranteed that Rukmini's share of profit plus interest on capital will not be less than Rs.18000.Profits for the year ended 31st December 2011 were Rs 68000 before charging interest on capitals at the rate of 12% p.a. Show the distribution of profits. 3
12. Pawan, Vayu & Sameer are partners sharing profits equally. Goodwill already appears in the books at Rs 21000. They decided that in future Sameer will get 1/5th share in the profits. Pawan & Vayu will continue to share profits equally. Goodwill is valued at Rs. 30000. Give the necessary journal entries. 3
13. Ram, Rahim & Kabir share profits in the ratio of 4:3:3. Rahim retires & Ram & Kabir agreed to share future profits in the ratio of 1:4. Firms goodwill was valued at Rs 60000. Give the journal entries for the treatment of goodwill. 3

14. X,Y & Z are partners sharing profits & losses in the ratio of 3:2:1. On 1st April, 2012 , X retires & Y & Z decided the capital of the new firm shall be fixed at Rs.2,10,000 in the profit sharing ratio.The capital accounts of Y & Z after all adjustments showed balances of Rs. 1,45,000 & Rs 63,000 resp. State the amount of actual cash to be brought in or paid to partners. 3
15. Arun & Arora were partners in a firm sharing profits & losses in the ratio of 5:3. Their fixed capitals were Arun Rs. 60000 & Arora Rs. 80000. They agreed to allow interest on capital @ 12% p.a. & to charge interest on Drawings @ 15% p.a.The profit of the firm for the year ended 31-3-2011 before all adjustments was Rs. 12600. The drawings made by Arun were Rs. 2000 & by Arora Rs. 4000 during the year. Distribute your profits and Show your calculations clearly. The interest on capital will be allowed even if the firm incurs a loss.Prepare the necessary ledger accounts. 4
16. Sita, Salma & Susan were partners sharing profits in the ratio of 5:3:2. Their capitals were Rs 3,00,000 ,Rs 3,00,000 & Rs 2,00,000 resp. Susan retired & Sita & Salma decided to share the profits equally in the future. On the day of retirement goodwill was valued at Rs 60,000. Goodwill already appeared in the books at Rs 20,000 along with a credit balance in the profit & loss account Rs 15,000.Susan requested the firm to pay off her dues immediately as she required money for her fathers operation. The firm accepted her request.

a. Pass the necessary journal entries.

b. Identify the values highlighted in the above problem. (2+2)

17. Prepare a common size statement :

Particulars	2011	2012
Revenue	5,00,000	8,00,000
COGS	70 % of Revenue	
Other expenses	5% of Revenue	
Rate of Income tax	50%	

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18. Prepare a comparative balance sheet:

Particulars	2011	2012
Share capital	25,00,000	25,00,000
Reserves & Surplus	6,00,000	5,00,000
Long term loans	15,00,000	15,00,000
Current liabilities	5,50,000	5,00,000
Totals	51,50,000	50,00,000
Assets		
Fixed Assets	36,00,000	30,00,000
Current Assets	10,50,000	15,00,000
Investments	5,00,000	5,00,000
Totals	51,50,000	50,00,000

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19. X ,Y & Z are partners. On 1st January,2011 Z died ,after all adjustments credit balance to the capital account was Rs.36560. Partners decided that Rs.6560 to be paid to his executor immediately & balance transferred to the executors loan account. Payment to be made in three equal installments yearly along with interest of 12% p.a. the 1st installment was paid on 1st January 2012. Prepare Z's executor loan account. 4

20. a) A & B are partners sharing profits in the ratio of 2:1. They admit C for ¼ th share in profits. C brings Rs 30,000 for capital & Rs 6000 out of his share of Rs 12000 for goodwill. Give the journal entries for recording of goodwill.

    b) A & B are partners with capitals of Rs. 13000 & Rs.9000 resp. They admit C as a part ner for 1/5 th share in profits of the firm. C brings Rs. 8000 as his capital. Give journal entries to record goodwill. (2+2)

21. X,Y & Z are partners sharing profits in the ratio of 4:5:6. Y retires and surrenders 1/5 of his share in the favour of X and the remaining in the favour of Z. The goodwill of the firm is valued at 2 years purchase of super profit of last 3 years. The profits for the last 3 years are Rs 40000, Rs 50,000 , Rs 75,000. The normal profits of a similar firm are Rs.35,000. Goodwill appears in the balance sheet at Rs.50,000. The profits for the first year after Y's retirement was Rs. 80,000. Pass the necessary journal entries to adjust goodwill & to distribute profits. 6

22. Rohit & Suresh are in partnership sharing profits in the ratio of 2 : 3. On 31st march they agreed to dissolve the business. Pass the necessary journal entries at the time of dissolution assuming all assets & liabilities (except cash) have been transferred to Realisation :

a) Realisation Expenses amounted to Rs 1000.
b) Debtors Rs. 20,000 were taken over by Rohit for Rs. 18,000.
c) An unrecorded asset was taken over by Suresh for Rs 3,000.
d) Liabilities worth Rs 24,000 were settled at Rs 22,000.
e) Loan to Rohit was adjusted through his Capital Account Rs 15,000.
f) Deferred Revenue Advertising Expenses appeared in the books at Rs.60,000. 6

23. M,N & O were partners sharing profits & losses equally. Their Balance sheet on 31-12-2009 was as follows :

Liabilities	Rs.	Assets	Rs.
Capitals:		Plant & machinery	60000
M	70000	Stock	30000
N	70000	Debtors	95000
O	70000	Bank	40000
Reserve	30000	Cash	35000
Creditors	20000		
	260000		260000

N died on 14th March, 2010. According to the partnership deed the executors were entitled to :

a. Interest on capital @ 5% p.a.
b. Share of goodwill calculated on the basis of twice of the average profits of the past three years
c. Share of profits on the basis of average profits of 3 years.

Profits for 2007,2008 & 2009 were Rs.80,000 Rs. 90,000 Rs. 1,00,000 resp. Prepare N's Capital Account to be rendered to the executors. (6)

24. Ajit , Brijesh & Chandini are partners sharing profits & losses in the ratio of 3:1:1. In spite of repeated reminders by the authorities they kept dumping hazardous material in the nearby river. The court ordered for the dissolution of the partnership firm on 31st March ,2012. The position of their financial position was as follows :

Liabilities	Rs	Assets	Rs
Creditors	12,000	Cash	6400
		Debtors	
Loan	3,000	48,400	
		Less : Provision	
Capitals:		2400	46000
Ajit	55000	Stock	15600
Brijesh	20000	Furniture	2000
		Other Sundry	
Chandini	14000	assets	34000
	104,000		104000

Additional Information :

a. Ajit was to take over furniture at Rs 1600 & debtors amounting to Rs 40,000 at Rs 34,200.The creditors of Rs 12,000 were to be paid by him at this figure.
b. Brijesh was to take over all the stock at Rs 14,000 & some of the Sundry Assets at Rs. 14,400 (being 10% less than the book value).
c. Chandini took over the remaining assets at book value.
d. The expenses of dissolution were Rs 540. The remaining debtors were sold for 50% of the book value.

Prepare the Realisation Account, Partners Capital Account & Cash Account . Also identify the value being conveyed in the question. (8)

25. A & B are partners sharing profits & losses in the ratio of 3 : 2. On 31st March 2011 the balance sheet was as follows :

Liabilities	Rs	Assets		Rs
Bank Overdraft	15000	Cash		2000
		Debtors		
Employees Provident Fund	3000	38000		
Creditors	10000	Less : Provision	2000	36000
Investment Fluctuation Fund	9000	Stock		15000
Workmen compensation fund	1000	Investment		60000
Capital		Furniture		15000
A	80000	Machinery		40000
B	120000	Buildings		65000
		Advertisement Suspense A/c		5000
	238000			238000

On 1st April 2011 they admitted C for 1/5th share in profits which he acquires wholly from B. The other terms of agreement were :

a. C to bring Rs. 60,000 as his capital & his proportionate share of goodwill in cash .
b. Goodwill of the firm was valued at Rs. 1,20,000.
c. Provision for doubtful debts was found in excess by Rs.500.
d. Investments to be valued at their market value which was Rs.56000.
e. Furniture's to be valued at Rs.12000.
f. Rs.3000 for damages claimed by a customer has been disputed by the firm. It was agreed at Rs.1500 by a compromise between the customer & firm.
g. Buildings were found undervalued by Rs.16000 & machinery was overvalued by Rs.500.
h. Capitals of A & B to be adjusted in the new profit sharing ratio through adjustment in cash.

Prepare the necessary ledger accounts & Balance sheet of the new firm. 8

Or

25. The Balance sheet of X, Y and Z who were sharing profits as 5:3:2 stood as follows as on March 31,2012:

Liabilities		Rs	Assets	Rs
Capital A/c s			Cash at Bank	40,000
X	40,000		Sundry Debtors	80,000
Y	62,000		Stock	1,00,000
Z	33,000	1,35,000	Fixed Assets	50,000
			Advertisement Ex	
Profit and Loss A/C		85,000	Expenditure	10,000
Employees' Provident Fund		10,000		
Sundry Creditors		50,000		
		2,80,000		2,80,000

X retired on March 31st 2012 and Y and Z continued to share profits in ratio 2:3 respectively. It was decided to make the following adjustments on the retirement of X :

a. Goodwill of the firm is to be calculated @ 2 years purchase of the last 3 years profits and losses which were 2010- Rs 60,000; 2011 – Rs 25,000 (Loss) ; 2012– Rs 85000.
b. Depreciate Fixed Assets by 5 %.
c. Make a Provision for doubtful debts at 5 % for debtors.
d. A liability for damages included in Creditors , for Rs 10,000 is finally settled at Rs 8000.
e. A provision for repair Bills Rs 1000 is to be made.

In order to pay X on his retirement Y and Z were to contribute such an amount that there capital are proportionate to the profit sharing ratio and leave a balance of Rs 15,000 in the bank account. Prepare Ledger Account and balance sheet after X's retirement. 8