INTERNATIONAL INDIAN SCHOOL – DAMMAM
FIRST TERMINAL EXAMINATION–2014 -15

CLASS : XII | MAX. MARKS : 80
SUB : ACCOUNTANCY | PART – A | TIME : 3 Hrs.

General Instructions : SET - A

i) This question paper contains three parts A,B and C .
ii) Part A is compulsory for all candidates.
iii) Candidates can attempt only one part of the remaining parts B & C
iv) All parts of the questions should be attempted at one place.

Q.1 Write the average period to be considered for calculation of interest on drawings if a partner Withdraws Rs.1,000 in the middle of every month throughout the year. 1

Q.2 Write two situations when the balance of fixed capital account changes. 1

Q.3 Why does a firm revaluate its assets and reassess its liabilities on admission of a partner ?1

Q.4 Give two circumstances in which gaining ratio is applied . 1

Q.5 Why is a deceased partner entitled to a share of goodwill of the firm ? 1

Q.6 Write two points of difference between sacrificing ratio and gaining ratio. 1

Q.7 Calculate goodwill at one and half year's purchase of the average profit of last 5 years. The firm earned profit during the first three years as Rs.60,000, Rs.54,000 and Rs.27,000 and suffered a loss of Rs.6,000 and rs.15,000. 3

Q.8 a) A and B are partners sharing in the ratio of 5:3. They admit C for 1/3rd share, half of which he acquires in equal proportions from both A & B and remaining half is given by A alone. What is sacrificing ratio between A and B ?

b) X,Y and Z share profits & losses in the ratio of 3:2:1 respectively. X retires and surrenders 1/3rd from his share to Y and the remaining share in favor of Z. What will be the new profit sharing ratio ? (2+2 = 4)

Q.9 A, B and C are partners, sharing profits in the ratio of 4:3:2. D is admitted for $2/9^{th}$ share of profits brings Rs.1,65,000 as his capital and Rs.55,000 for his share of goodwill. The new profit sharing ratio among partners will be 3:2:2:2. Give journal entries to record the goodwill. 4

Q.10 Ram, Raheem & Robert are partners sharing profits & losses in the ratio of 5:3:2. The Capital accounts on Dec.31, 2012 showed balances of Rs.60,000, 40,000 and Rs.30,000respectively after taking into consideration the profit for the year 2012 which was Rs.40,000 and drawings of the partners which were Rs.8,000, Rs.5,000 and Rs.3,000. It was subsequently discovered that following omissions were made :

i) Partners were entitled to receive interest @12% p.a.
ii) Interest on drawings was also to be charged @10% for the average period of six months.
iii) Ram was entitled to an annual salary of Rs.4,000 and Raheem had to receive a commission of Rs.3,000.

You are required to make necessary correction by passing a single adjustment entry. 4

Q.11 P ,Q and R were partners in a firm sharing profits in the ratio of 6:5:4. Their capitals were P Rs.2,00,000 , Q Rs.1,60,000 , R Rs.1,20,000 respectively. On April 2012 P retired and the new Profit sharing ratio between Q and R was decided as 1:4. On P's retirement the goodwill of the firm was valued at Rs.1,80,000. Showing your calculations clearly, pass necessary journal entry for the treatment of goodwill on P's retirement. 4

Q.12 W and D were partners sharing profits & losses in 2:3 ratio. On April 1, 2013 they decided to share profits equally. On that date goodwill of the firm was determined at Rs.1,20,000 and revaluation profit amounted to Rs.60,000. You are required to record necessary entries in the books of the firm on change of profit sharing ratio. 4

Q.13 X,Y and Z are partners sharing profits in the ratio of 20%,10% and 10% respectively. After all adjustments on X's retirement with respect to general reserve, goodwill and revaluation, the balance in their capital accounts stood at Rs.70,000, Rs.60,000 and Rs.50,000. It was decided that amount payable to X will be brought in by Y and Z in such a way, so as to make their capitals in proportionate to their profit sharing ratio. Calculate the amount to be brought in by Y and Z and record necessary journal entries for the same. Also record necessary entry for payment to X. 6

Q.14 Rehman and Ram commenced business in partnership on April 1, 2011 sharing profits in 3:2 ratio. They contributed Rs.80,000 and Rs.20,000 respectively as their capital. In addition, Rehman advanced Rs.30,000 on October 1, 2011 as loan to the firm. Rehman met with a car accident on Nov. 1, 2011 and could not attend business for a long. The firm decided to give him Rs.15,000 to meet his medical expenses. The firm also decided to allow 8% interest on loan advanced by him to the firm. On March 31, 2012 Rehman died and Ram decided to continue partnership with his wife to provide financial aid to Rehman's family.

a) Prepare Profit and Loss Appropriation A/C when interest on capital to be provided @10% p.a. Net Profit earned during the year Rs.1,20,000.

b) Identify atleast2 to 3 values which according to you are highlighted in the above problem. (4+2 = 6)

Q.15 M, N and S were partners sharing profits and losses in the ratio of 2:2:1 respectively. On March 31,2013 their Balance Sheet was as under :

Liabilities	Amount	Assets	Amount
Capitals :		Goodwill	5,000
M	2,80,000	Land & Building	3,60,000
N	3,00,000	Debtors	2,80,000
S	1,00,000	Stock	1,30,000
		Cash	4,60,000
Reserve Fund	3,00,000		
Creditors	2,50,000		
B/P	5,000		
	12,35,000		12,35,000

S died on July 1, 2013. It was agreed between her executors and the remaining partners that :

a) Goodwill of the firm be valued at 3 years purchase of average profits for the last 3 years. The average profits were Rs. 5,00,000.
b) Interest on capital be provided @ 12% p.a.
c) Her share in the profits up to the date of death will be calculated on the basis of average profits for the last three years.
d) Rs. 1,87,000 be paid to the executors of S immediately and remaining to be transferred to the loan A/C of S's executors.

Prepare S's Capital A/C and her executors A/C. 6

Q.16 The following is the balance sheet of A & B, as on December 31, 2012, who share profits & losses in 3:2 ratio.

Balance Sheet

LIABILITIES	AMOUNT (Rs.)	Assets	Amount (Rs.)
Capital A/Cs : A 10,000 B 10,000	20,000	Plant & Machinery	10,000
General Reserve	15,000	Premises	8,000
Workmen's compensation Fund	5,000	Investment	51,000
Creditors	10,000	Debtors 9,000 Less : Provision 1,000	8,000
Employees Provident Fund	31,000	Stock	21,000
Bills payable	26,000	Cash	9,000
Total	1,07,000		1,07,000

On Jan.1, 2012 they agreed to admit C into partnership on the following terms :

i) The value of premises would be increased by Rs.10,000

ii) Provision is no more required.

iii) The value of stock would be increased to Rs.25,000

iv) The liability against workmen's compensation fund is determined at Rs.3,000

v) C brought in as his share of goodwill Rs.10,000 in cash

vi) C would bring in further cash as would make his capital equal to 25% of the total capital of the new firm after above revaluation and adjustments are carried out.

Prepare Revaluation Account, Partners' capital Account and the Balance Sheet of the firm after C's admission. 8

OR

Amar, Akbar and John were partners sharing profits & losses in the ratio of 5:3:2. On Dec. 31, 2012 their Balance sheet was as under :

Liabilities	Amount (Rs.)	Assets	Amount(Rs.)
Capitals :		Leasehold	1,25,000
Amar1,50,000		Patents	30,000
Akbar 1,25,000		Machinery	1,50,000
Jonn75,000	3,50,000	Stock	1,90,000
Creditors	1,55,000	Goodwill	15,000
Workmen's comp. Reserve	30,000	Cash at bank	40,000
Contingency Reserve	15,000		
	5,50,000		5,50,000

John retired on Jan. 1, 2013. It was agreed that ;

i) Goodwill of the firm is to be valued at Rs.1,75,000

ii) Machinery be valued at Rs.10,000 less ; patents at Rs.10,000 more ; leasehold at Rs.1,50,000 on this date.

iii) Mr. John was paid the available cash balance immediately and remaining was paid in three equal yearly installment together with 10% interest p.a.

Prepare Revaluation Account, Partners' Capital Account , Balance Sheet of the new firm and John's Loan A/C till the loan is paid off.

PART – B

Q.17 Classify the following into operating, investing and financing activities : 1
I) purchase of machinery II) Interest on investment received

Q.18 State with one reason whether 'cash withdrawal from Bank' will result in inflow,outflow or no flow of cash. 1

Q.19 What is meant by financial statement analysis ? State any three tools of analyzing financial Statement. 3

Q.20 Prepare comparative Income Statement from the following information : 4

Particulars	2012 (Rs.)	2011 (Rs.)
Revenue from operations	1,10,000	1,00,000
COGS	74,800	70,000
Office &Administrative Expenses	3,960	3,000
Selling & Distribution expenses	7,600	6,000
Non- operating income	500	500
Income Tax	12,070	10,750

Q.21 From the following Balance Sheets of Shahnaz Ltd. ,prepare common size Balance Sheets:

Equity & Liabilities :	2012	2013
I) Shareholders' Fund :		
Share Capital	16,20,000	18,00,000
II) Non current liabilities:		
Debentures	3,60,000	4,95,000
III) Current Liabilities :	1,35,000	1,35,000
Total	21,15,000	24,30,000
Assets :		
I) Non Current Assets :		
Land & Building	10,80,000	13,50,000
Plant & machinery	4,50,000	6,30,000
Investments	3,60,000	2,70,000
II) Current Assets :	2,25,000	1,80,000
Total	21,15,000	24,30,000

Q.22 Prepare a Cash Flow Statement on the basis of the information given in the B/S of Libra Ltd. 6

Particulars	Note No.	31.3.2013 (Rs.)	31.3.2012 (Rs.)
EQUITY & LIABILITIES			
1.**Shareholders' Funds**			
a) Share Capital		8,00,000	6,00,000
b) Reserves & Surplus	1	4,00,000	3,00,000
2.**Non- Current Liabilities** :			
Long Term Borrowings		1,00,000	1,50,000
3. **Current Liabilities** :			
a) Trade Payables		40,000	48,000
Total		13,40,000	10,98,000
ASSETS			
1. Non Current Assets			
a) Fixed Assets : Tangible Assets		8,50,000	5,60,000
b) Non- Current Investments		2,32,000	1,60,000
2. Current Assets			
a) Inventories		76,000	82,000
b) Trade Receivables		38,000	92,000
c) Cash & cash equivalents		94,000	70,000
d) Current Investments (Marketable)		50,000	1,34,000
Total		13,40,000	10,98,000

Notes to Accounts :

Particulars	31.3.2012 (Rs.)	31.3.2013 (Rs.)
1. Reserves & Surplus Balance in Statement of Profit & Loss	4,00,000	3,00,000

Q.23 From the following particulars, Prepare Cash Flow Statement : 6

Particulars	Note No.	31.3.2012 (Rs.)	31.3.2013 (Rs.)
EQUITY & LIABILITIES			
1.**Shareholders' Funds**			
c) Share Capital		2,00,000	2,40,000
d) Reserves & Surplus	1	1,20,000	1,50,000
2.**Non- Current Liabilities** :			
10% Debentures		1,00,000	90,000
3. **Current Liabilities** :			
a) Trade Payables		1,80,000	2,20,000
b) Short –Term Provisions – Proposed Dividend		20,000	30,000
Total		6,20,000	7,30,000
ASSETS			
3. Non Current Assets			
c) Fixed Assets		3,60,000	4,10,000
d) Trade Investments		40,000	50,000
4. Current Assets			
e) Inventories		1,00,000	1,40,000
f) Trade Receivables		80,000	98,000
g) Cash & cash equivalents		3,000	32,000
h) Other C. A. : Underwriting commission		37,000	------
Total		6,20,000	7,30,000

Notes to Accounts

Particulars	31.3.2012 (Rs.)	31.3.2013 (Rs.)
2. Reserves & Surplus		
General Reserve	1,00,000	1,20,000
Balance in Statement of Profit & Loss	20,000	30,000
	1,20,000	1,50,000

Additional Information :

i) Depreciation charged on fixed assets amounted to Rs.50,000 .

ii) A piece of machinery costing Rs.12,000 was sold for Rs.8,000. Accumulated depreciation thereon Rs.7,000.

iii) Debenture interest paid was Rs.10,000.

PART – CCOMPUTERISED ACCOUNTING