BVN

Name Ansh Seth Class & Section XII E Roll No. 20

FIRST TERMINAL EXAMINATION-2015-2016

Class-XII

Subject-Accountancy

Time Allowed : 3 Hrs. **M.M. : 80**

Please check the total marks

Do not write any answers on the question paper.

General instructions:

1. *All parts of a question to be attempted together.*
2. *Show working notes clearly.*
3. *Proper presentation is must. Draw formats, write narrations etc.*

1. Under what two circumstances can the fixed capital account change ? (1)

2. Distinguish between Capital Reserve and Reserve Capital on the basis of meaning. (1)

3. What is meant by Private Placement of shares ? (1)

4. What is meant by Employess Stock Option Plan ? (1)

5. What do you mean 'Purchased Goodwill'. Is it recorded in the books ? (1)

6. Differentiate between Sacrificing ratio and Gaining Ratio. (1)

7. Teena Ltd. purchased the following assets & liabilities of Reena Ltd:

   Assets : Building ₹3,00,000, Machinery ₹70,000, Furniture ₹30,000

   Liabilities : Creditors ₹20,000.

   The purchase price was agreed at ₹4,25,000 which is to be paid by the issue of shares of ₹100 each at a premium of ₹25. Give journal entries. (3)

8. A, B and C are partners sharing profits and losses in the ratio of 5:3:2. C retires selling his share of profits to A and B for ₹ 6,400, ₹ 3840 paid by A and ₹ 2,560 paid by B. The profits for the first year after C's retirement were ₹ 1,00,000. Journalise. (3)

9. A and B are partners sharing profits and losses in the ratio of 2:1. They admit C into patnership, C paying only ₹60,000 out of his share of premium of ₹1,08,000 for 1/6th share of profit. Goodwill appears in the books at ₹3,00,000. New profit sharing ratio is 2:3:1. Give necessary journal entries. (3)

10. Lohia Ltd. forfeited 400 shares of ₹10 each issued to Dinkar at a premium of ₹4 per share payable with allotment. Dinkar had applied for 600 shares. He paid only application money of ₹5 per share. Out of these 260 shares were reissued at ₹7 per share as fully paid. Give necessary journal entries for forfeiture and re-issue. (3)

11. A firm has earned an average profit of ₹55,000 during the last years and the normal rate of return in similar type of business is 10%. Find out the goodwill by capitalisation method assuming that the firm owns total assets worth ₹5,50,000 including therein a goodwill of ₹50,000 and the firm has to pay ₹1,00,000 for outsiders liabilities. (3)

12. Rahim Ltd. forfeited 200 shares of ₹25 each (₹20 called up) held by Karim, for non-payment of allotment money of ₹10 per share (including ₹5 as premium) and the first call of ₹6 per share. Out of these 120 shares were reissued to Ram as ₹20 called for ₹16 per share. Give journal entries for forfeiture and re-issue. (3)

13. Three Advocates viz. Rohan, Mohan and Sohan form a partnership, profit sharing ratio being 3:3:2. It was agreed that:

(i) Sohan's share of profit guaranteed to be not less than ₹25,000.

(ii) Mohan assures that the gross fee earned by him for the firm shall be equal to his average gross fee of preceeding four years when he was carrying on the profession alone.

200000

8

25000

The profits for the first year of partnership is ₹1,50,000. Gross fee earned by Mohan for the firm is ₹32,000. Gross fee earned by Mohan during last four years were ₹25,000 , ₹35,000 , ₹80,000 and ₹60,000 respectively. Prepare Profit and Loss Appropriation A/C. (4)

20000

14. Naveen, Seerat and Heena were partners in a firm manufacturing blankets. They were sharing profits in the ratio of 5:3:2. Their capitals on 1st April, 2012 were ₹2,00,000, ₹3,00,000 and ₹6,00,000 respectively. After the floods in Uttaranchal, all partners decided to help the flood victims personally.

For this Naveen withdrew ₹10,000 from the firm on 1st September, 2012. Seerat, instead of withdrawing cash from the firm took blankets amounting to ₹12,000 from the firm and distributed to the flood victims. On the other hand, Hina withdrew ₹2,00,000 from her capital on 1st January, 2013 and set up a centre to provide medical facilities in the flood affected area.

The partnership deed provides for charging interest on drawings @ 6% p.a. After the Final Accounts were prepared, it was discovered that interest on drawing had not been charged. Pass the necessary adjusting journal entry and show the working notes clearly. Also state any two values that the partners wanted to communicate to the society. (4)

13320 × 5 = 6660 12000

16 × 3 2664

2664 3996 9336

18000

15. (a) A, B and C are sharing profits in the ratio of 4:3:2. They admit D as a partner with 1/6 th share in profit. D gets 1/5th of his share from A and the remaining equally from B and C. Find out New Ratio and sacrificing ratio.

(b) B, C and D are partners sharing profits in the ratio of 5:2:1. B retires and surrenders 1/4th from his share to C and remaining in favour of D. Find new ratio and gaining ratio. (2+2=4)

16. Journalise the following transactions:

(i) Paid to a partner, Ravi ₹ 19,600 in full settlement of his loan amount of ₹ 20,000.

(ii) Book value of Furniture was ₹ 30,000. Half of it was taken over by creditors of ₹ 12,000 and remaining hald realised 10% less.

(iii) Realisation expenses amounted to ₹20,000. ₹8,000 were to be borne by the firm and the balance by Ramesh, a partner, which were paid by the firm.

(iv) Sarthak paid the realisation expenses of ₹16,000 out of his private funds, who was to get a remuneration of ₹15,000 for completing dissolution process and was responsible to bear all realisation expenses. (4)

17. A, B and C were partners. B died and the amount due to his executor's was ₹60,400 out of which ₹20,400 was paid immediately on the date of death. i.e. 31st March 2010 (Year ending is the calender year).

The remaining amount was to be paid in four equal half-yearly instalments carrying interest @ 6% p.a. Prepare B's Executor's A/C upto 31st December 2011. (4)

18. Khanna, Seth and Mehta were partners in a firm sharing profits in the ratio of 3:2:5. On 31.12.2010 their Balance sheet was as under:

Liabilities	₹	*Assets*	₹
Capitals		Goodwill	3,00,000
Khanna 3,00,000		Land and Building	5,00,000
Seth 2,00,000		Machinery	1,70,000
Mehta 5,00,000	10,00,000	Stock	30,000
General Reserve	1,00,000	Debtors	1,20,000
Loan from Seth	50,000	Cash	45,000
Creditors	75,000	Profits and Loss A/C	60,000
	12,25,000		12,25,000

On 14th March 2011, Seth died. The partnership deed provided for the following:

(i) Balance in capital Account.

(ii) Share of profit or loss upto date of death on the basis of last years profit or loss.

(iii) Assets were revalued as follows:

Land and Building was to be appreciated by 1,20,000, Machinery was to be depreciated to ₹1,35,000 and Stock to ₹25,000.

A provision of 2½% for bad and doubtful debts was to be created on debtors.

Prepare Revaluation A/C and Partners Capital A/Cs. (6)

19. A, B and C were partners sharing profits in the ratio of 3:1:1. On 31st March, 2011 their Balance sheet was as follows:

Liabilities	₹	Assets	₹
Creditors	6,000	Cash	3,200
Loan	1,500	Debtors 24,200	
Capital A/Cs		Less Provision 1,200	23,000
A 27,500		Stock in trade	7,800
B 10,000		Furniture	1,000
C 7,000	44,500	Sundry Assets	17,000
	52,000		52,000

It is agreed that:

(i) A is to take over Furniture at ₹800 and Debtors amounting to ₹20,000 at ₹17,200 , the creditors of ₹6,000 to be paid by him at this figure.

(ii) B is to take over all the stock in trade at ₹7,000 and some of the Sundry Assets at ₹ 7,200 (being 10% less than book value). $x \times \frac{10}{100} = 7200$

(iii) C is to take over the remaining Sundry Assets at 90% of the book value less 10% as discount and assume the responsibility for the discharge of loan together with interest of ₹30 which has not been recorded in the books.

$x - x \times \frac{10}{100}$

(iv) The expenses of dissolution were ₹270. The remaining debtors were sold to debt collecting agency for 50% of the book value.

Prepare Realisation A/C. (6)

Q20. A,B, and C were equal partners. Their Balance Sheet as at 31st March, 2008 was an under :

Liabilites	₹	Assets		₹
Bills payable	20,000	Bank		20,000
Creditors	40,000	Stock		20,000
General Reseve	30,000	Furniture		28,000
Profit & loss A/C	6,000	Debtors	45,000	
Capitals :		Less : Provision	5,000	40,000
A 60,000		Land & Buildings		1,20,000
B 40,000				
C 32,000	1,32,000			
	2,28,000			2,28,000

B retired on 1st April 2008. A and C decided to continue the business sharing profit and losses in the ratio 3:2. Following terms were agreed: 19200

(a) Goodwill of the firm was valued at ₹ 57,600.

(b) Reserve for doubtful debts to be maintained at 10% on debtors.

(c) Land building to be increased to ₹ 1,32, 000

(d) Furniture to be reduced by ₹ 8000.

(e) Rent outstanding (not provided for as yet) was ₹ 1,500.

Remaining partners decided to bring sufficient cash in the business to pay off B and to maintain a bank balance of ₹ 24800. Their capitals were to be readjusted in their new profit sharing ratio.

Prepare Revaluation A/c and Partners Capital Accounts. (8)

Q21. The Balance Sheet of Ram and Shyam who were sharing profit in the ratio of 3:1 as at 31st March 2012 was as follows :

Liabilities	₹	Asset	₹
Creditors	28,000	Cash at Bank 109000	20,000
Employees Provident Fund	12,000	Debtors 65,000	
		Less : Provision 5,000	60,000
General Reserve	20,000		
Capitals		Stock	30,000
Ram 60,000		Investment	50,000
Shyam 40,000	1,00,000		
	1,60,000		1,60,000

245000

They decided to admit Mohan on 1st April 2012 for $\frac{1}{5}$ th share on the following terms:

(i) Mohan shall bring ₹ 60,000 as his share of premium.

(ii) That unaccounted accrued income of ₹ 1000 be provided for.

(iii) The market value of investment was ₹ 45,000.

(iv) A debtor whose dues of ₹ 5000 were written off as bad debts paid ₹4,000 in full settlement.

(v) Mohan is to bring in proportionate capital. Prepare Revaluation A/C and Partners. Capital A/Cs and Balance Sheet of the new firm. (8)

Q22. Shagoon India Ltd. issued for public subscription 40,000Equity shares of ₹10 each, at a premium of ₹2 per share payable as under :

On application ₹2 per share, on allotment ₹5 (including premium), on first call ₹ 2 per share and on second call ₹3 per share.

Applications were received for 60,000 shares. Allotment was made on pro-rata basic to the applicats for 48,000 shares, remaining applications being refused. Money overpaid on application was applied towards amount due on allotment. Ravi to whom 1,600 shares were allotted failed to pay the allotment and the two calls. His shares were forfeited and half of the shares were re-issued to Ramesh for ₹12 per share as fully paid.

(i) Pass journal entries.

(ii) State the value reflected by making pro-rata allotment of shares. (8)