# INTERNATIONAL INDAIN SCHOOL BURAIDAH TERM EXAMINATION- (2019-20)

SUBJECT: ACCOUNTANCY / CLASS: XII/SET-B

Date: 23/06/19/ Duration: 3 Hours / Max. Marks: 80

# **General Instructions**

A)All questions are compulsory.

- B) Draw proper format wherever required.
- C) Use of calculator is not allowed.

(20x1=20)

- 1. Which account will be debited when realization expenses are paid by cash?
- 2. What are two methods of maintaining capital account of partners ?
- 3. What is profit and loss appropriation account?
- 4. What is meant by a gaining partner?
- 5. State one right acquired by a newly admitted partner.
- 6. What are super profits ?
- 7. When an asset is taken over by a partner, why is his capital account debited?
- 8. In case of dissolution of a firm which liabilities are to be paid first
- **9.** A and B share profits and losses in the ratio 3 : 1. C is admitted into partnership for 1/4 share. Calculate the sacrificing ratio of A and B.
- 10. A firm's profit for the last three years are Rs.5,00,000; Rs.4,00,000 and Rs.6,00,000. Calculate the value of goodwill on the basis of 4 years purchase of the average profits for the last three years .
- 11. Minimum number of persons to form a partnership is .........
- 12. Debit balance of profit and loss denotes .........
- 13. Profit on revaluation account is shared in the .....ratio.
- 14. X,Y and Z sharing profits 3:2:1, Y retires the new ratio between X and Z will be .....
- 15. What is meant by 'unlimited liability of a partner'?
- 16. Define partnership deed.
- 17. What do you mean by guarantee of profit to a partner?
- 18. Define goodwill.
- 19. If partner's capital are fixed where will you record interest on drawings?
- 20. How is a new partner admitted to a firm ?

(3x2=6)

- 21. Sunflower and Rose started partnership business on April 01,2017 with capitals of Rs.2,50,000 and Rs.1,50,000. Interest on capitals to be allowed 10 % p.a. Calculate interest on capitals as on March 31 2018.
- 22. Define partnership and its essential features.

- 23. In the absence of partnership Deed, specify the rules relating to the following:
  - (a) Sharing of profit and losses. (b) Interest on partner's loan
  - (c) salary to a partner (d) Interest on partner's capital
- 24. Menon and Thomas are partners in a firm. They share profits equally. Menon's monthly drawings are Rs.2000. interest on drawings to be charged @10% p.a. Calculate interest on Menon's drawings for the year 2006, assuming that the money is withdrawn (i) in the beginning of every month (ii) in the middle of every month.
- 25. Manisha and Sonia are partners sharing profits in the ratio of 3:2:1. Manisha retires and goodwill of the valued at Rs.1,80,000. Aparna and Sonia decided to share future profits in the ratio of 3:2. Pass necessary journal entries.
- 26. Distinguish between dissolution of partnership and dissolution of partnership firm.
- 27. Alka, Harpeetand, Shreya are partners sharing profits in the ratio of 3:2:1. Alka retires and her share is taken up by Harpeet and Sreya in the ratio of 3:2. Calculate the new profit sharing ratio.

(6x3=18)

- 28. Anjumanju and Mamta are partners whose fixed capitals were Rs.10,000; Rs.8,000 and Rs.6,000 respectively. As per partnership agreement, there is a provision for allowing interest on capital @5%p.a but entries for the same have not been made for the last three years. The profit sharing ratio during these years remained as follows: 2004 4:3:5 2005 3:2:1 2006 1:1:1:1. Make necessary and adjustment entry at the beginning of the fourth year i.e. Jan 2007.
- **29.** A business has earned average profits of Rs.1,00,000 during the last few years. Find out the value of goodwill by capitalization method, given that the assets of the business are Rs.10,00,000 and its external liabilities are Rs.1,80,000. The normal rate of return is 10%.
- **30.** Mahesh and Dinesh share profits and losses 2: 1. From jan01, 2012 they admitted Rakesh into their firm who is to be given a share of 1/10 of the profits with a guaranteed minimum of Rs.25,000. Mahesh and Dinesh continue to share profits as before but agree to bear any deficiency on account of guarantee to Rakesh in the ratio of 3: 2 respectively. The profit of the firm for the year ending December 31,2012 amounted to Rs.1,20,000. Prepare Profit and Loss Appropriation Account.

(8x2=16

**31.** Anup and sumit are equal partners in a firm. They decided to dissolve the partnership on 31<sup>st</sup> December, 2012, the balance sheet is as under:

Balance Sheet As at 31<sup>st</sup> December, 2012

| Liabilities      | Amt (Rs) | Assets         | Amt (Rs) |
|------------------|----------|----------------|----------|
| Sundry Creditors | 27,000   | Cash at bank   | 11,000   |
| Reserve Fund     | 10,000   | Sundry Debtors | 12,000   |
| Loan             | 40,000   | Plants         | 47,000   |
| Capital          |          | Stock          | 42,000   |
| Anup 60,000      |          | Leasehold Land | 60,000   |
| Sumit 60,000     | 1,20,000 | Furniture      | 25,000   |
|                  | 1,97,000 |                | 1,97,000 |

sets were realized as follows

hold land - Rs. 72,000

Furniture - Rs. 22,500

Sundry debtors - Rs. 10,500

ck - Rs. 40,500

Plant - Rs. 48,000.

ne creditors were paid Rs.25,500 in full settlement. Expenses of realization amount to Rs. 2,500. Prepare RealisationAccount, Bank Account Partners capital Accounts to close the books of the firm.

### OR

Ashu and Harish are partners sharing profits and losses in the ratio 3: 2. They decided to dissolve the firm on 31<sup>st</sup> December, 2012. Their balance sheet on the above date was

Balance Sheet As at 31<sup>st</sup> December, 2012

| Liabilities    | Amt (Rs) | Assets       | Amt (Rs) |
|----------------|----------|--------------|----------|
| Capitals:      |          | Building     | 80,000   |
| Ashu 1,08,000  |          | Machinery    | 70,000   |
| Harish 54,000  | 1,62,000 | Furniture    | 14,000   |
| Creditors      | 88,000   | Stock        | 20,000   |
| Bank Overdraft | 50,000   | Investments  | 60,000   |
|                |          | Debtors      | 48,000   |
|                |          | Cash in Hand | 8,000    |
|                | 3,00,000 |              | 3,00,000 |

Ashu is to take over the building at Rs. 95,000, machinery and furniture are taken over by Harish at value of Rs. 80,000. Ashu agreed to pay the creditors and Harish agreed to meet bank over draft. Stock and investments are taken by both partners in profit sharing ratio. Debtors realized for Rs. 46,000, expenses of realization amounted to Rs. 3,000. Prepare necessary ledger account.

32. Dinesh, Alvin and Pramod are partners in a firm sharing profits and losses in the ratio of5:3:2. Their Balance Sheet as at March 31, 2018 was as follows: -

## Balance Sheet of Dinesh, Alvin and Pramod

| Liabilities                      | Amount (□)       | Assets                               | Amount (□)       |
|----------------------------------|------------------|--------------------------------------|------------------|
| Sundry Creditors                 | 50,000           | Debtors                              | 15,000           |
| General Reserve<br>Bills Payable | 40,000<br>10,000 | Fixed Assets Investments             | 67,000<br>40,000 |
| Dinesh's Capital                 | 30,000           | Stock                                | 25,500           |
| Alvin's Capital                  | 40,000           | Cash in Hand                         | 36,000<br>14,000 |
| Pramod's Capital                 | 30,000           | Revenue Expenditure<br>Dinesh's Loan | 2,500            |
|                                  | 2,00,000         |                                      | 2,00,000         |

Dinesh died on July 1, 2018, The executors of Dinesh are entitled to:-

i. His share of goodwill. The total goodwill of the firm valued at  $\Box 50,000$ .

His share of profit up to his date of death on the basis of actual sales till date of death. Sales for the year ended March 31, 2018 was  $\Box$  12, 00,000 and profit for the same year was  $\Box$  2,00,000. Sales shows a growth trend of 20% and percentage of profit earning remains the same.

iii. Investments were sold at par. Half of the amount due to Dinesh was paid to his executors and for the balance, they accepted a Bills Payable.

Prepare Dinesh's Capital account to be rendered to his executors.

## OR

Radha, Sheela and Meena are partners sharing profits and losses in the ratio 3:2:1. On 31<sup>st</sup> March, 2007, Sheela retires. On that date balance sheet was as follows:

# Balance sheet as 1st April, 2007

| Liabilities         | Amt (Rs) | Assets           | Amt (Rs) |
|---------------------|----------|------------------|----------|
| Trade creditors     | 3,000    | Cash in hand     | 1,500    |
| Bills payable       | 4,500    | Cash at Bank     | 7,500    |
| Expenses Owing      | 4,500    | Debtors          | 15,000   |
| Capital Reserve     | 13,500   | Stock            | 12,000   |
| Capital A/c s       |          | Factory Premises | 22,500   |
| Radha 15,000        |          | Machinery        | 8,000    |
| Sheela 15,000       |          | Loose Tools      | 4,000    |
| Meena <u>15,000</u> | 45,000   |                  |          |
|                     | 70,500   |                  | 70,500   |

#### terms were

- (i) Goodwill of the firm was valued at Rs.13,000
- (ii) Expenses owing to be brought down to Rs.3,750
- (iii) Machinery and loose tools are to be valued at 10% less than their book value.
- (iv) Factory premises are to be re valued at Rs.24,300

Prepare Revaluation account ,partners capital account and Balance Sheet of the firm after retirement of Sheela.