

Quarterly Examination - 2017-2018

ACCOUNTS

Time : 3 hrs. 15 min.

F. M. : 80

Std. : XII

SECTION A - PART I (12 Marks)

- QI. 1. Interest paid on loan from a partner is debited to Profit & Loss Account or Profit & Loss Appropriation Account. Give reason.
2. When is it that the Capital Account of a partner does not show a debit balance inspite of regular and consistent losses year after year?
3. Give the adjustment entry and closing entry for recording commission allowed to a partner when the firm follows fixed capital method.
4. What is purchased goodwill?
5. What is the nature of Revaluation Account? Why is the gain or loss on revaluation not transferred to incoming Partners Capital Account.
6. Pass journal entries :
- a. Unrecorded liability towards suppliers for Rs. 3000.
- b. A provision for doubtful debts @ 10% was made on Sundry Debtors (Debtors 50,000)

PART II (12 X 4)

(48)

- QII. a. X and Y are partners in a firm sharing profits & losses in the ratio of 3:2. Following is the Balance Sheet of the firm as at 31.3.2014

(10)

Liabilities	Amt.	Assets	Amt.
Sundry Creditors	110,000	Bank	71000
Employees Provident Fund	8000	Debtors	22000
General Reserve	20000	– P.B.D.	<u>1000</u> 21000
Workmen Compensation Reserve	25000	Stock	11000
Capital A/s		Advertisement Expenses	5000
X	15000	Land & Building	68000
Y	10000	Plant & Machinery	12000
	<u>1,88,000</u>		<u>1,88,000</u>

They agree to admit Z with effect from 1st April 2014 for 1/6th share in Profit on the following terms :

1. Value of Land & Building to be increased by Rs 3000.

2. Value of Stock to be increased by Rs. 2500
3. Provision for doubtful debts to be increased by Rs 1500
4. Liability of Workers Compensation Reserve was determined to be Rs. 12000.
5. Z has to bring 16000/- towards his capital and partners decided to readjust their Capital Accounts on the basis of profit sharing ratio through cash.
6. Z failed to bring his share of premium of Rs 20,000.

b. What is hidden goodwill? How is it calculated? (2)

QIII. a. M and N are partners sharing profits and losses in the ratio of 3:2. They admit Q into partnership for 1/4th share. Q brings his share of goodwill in cash. Goodwill for this purpose shall be calculated at 2 years purchase of the average normal profit of past three years. Profits for the last 3 years :

2013 : Profit Rs. 50,000 (including profits on sale of assets Rs. 5000) (3)

2014 : Loss Rs 20,000 (including loss by fire Rs. 30000)

2015 : Profit Rs. 70000 (including insurance claim received Rs 18000 and interest on investments and dividend received Rs. 8000)

b. A, B and C are partners sharing profit and losses in the ratio of 5 : 3 : 2. goodwill is appearing in the books at Rs 50000. D is admitted to the partnership, the new profit sharing ratio among A, B, C and D is 3 : 3 : 2 : 2. Give the journal entries for Goodwill if the new partner brings in Rs. 10,000 for capital and cash for his share of goodwill. The goodwill of the firm is valued at Rs 120,000. (4)

c. Abhay and Beena are partners in a firm and admit Chetan as a partner with 1/4th share in the profits of the firm. Chetan brings Rs. 200,000 as his share of capital. The value of the total assets of the firm is Rs. 5,40,000 and outside liabilities are valued at Rs 100,000 on that date. Calculate goodwill and pass the necessary entry. (3)

d. X and Y are partners sharing profits and losses in the ratio of 7:5. They admit Z for 1/2 share of the future profits. X and Y in future will share the profit & losses equally. Calculate new ratio and sacrificing ratio. (2)

QIV. Rahim and Sudesh, the two partners of a business firm, agreed to appropriate the profits of their firm on the following terms :

1. Interest is payable on capital at 5% p.a.
2. Rahim will be entitled to a salary of Rs. 500 per month.
3. Interest on loan to be given by the firm to partners at 10% p.a.
4. Interest on drawings at 5% p.a.
5. Sudesh will get commission @ 1% on the sales made during the year.

6. Rahim is entitled to a rent of Rs 25000 per year for using his premises. The net profit of the firm for the year ended 31.3.2013 was Rs 1.80,000 before taking into account any of the above terms :

	Rahim (Rs)	Sudesh (Rs)
Capital 1-4-12	1,50,000	1,40,000
Loan advanced 1-10-2012	–	1,00,000
Drawings	40,000	30,000

Sales of the firm during the year Rs. 700,000. Prepare P/L Appropriation account and Partners Capital Account. (8)

- b. Alex, John and Sam are partners in a firm. Their capital accounts on 1-4-2011 Rs. 1,00,000, 80,000 and 60,000 respectively. Each partner withdrew Rs. 5000 during the year. As per the provisions of their deed –

- John was entitled to a salary of Rs 1000 per month
- Interest on capital 10% p.a.
- Interest on drawings 4% p.a.
- Profits & Losses will be shared in the ratio of capitals.

Net profit of Rs 75000 for the year ended 31.3.2012 was divided equally amongst the partners without providing for the terms of the deed.

You are required to pass a single adjusting entry. (4)

- QV. a. The following balances have been extracted from the books of MMC Ltd. Prepare a proper Balance Sheet of the Co. as per schedule III. (8)

	Rs.
Share Capital (Equity Shares of Rs. 10 each fully paid up)	10,00,000
Securities Premium	1,00,000
12% debentures	4,00,000
Trade Payables	2,00,000
Proposed dividend	50,000
Statement of Profit & Loss (Debit balance)	30,000
Investment in Govt. Bonds	4,00,000
Work-in Progress	1,00,000
Patents	40,000
Unclaimed dividend	10,000
Trade receivables	20,000
Plant & Equipment	6,00,000
Furniture & Fixtures	1,00,000
Office equipment	2,00,000
Stock in Trade	2,60,000
Stores & Spare parts	40,000
Expenses on issue of debentures	20,000
Public deposits	50,000

b. Under what heads and sub heads the following items will appear in the B/S as per Schedule III Part-I of the Co.'s Act 2013.

1. Share Forfeited Account

2. Unclaimed dividends

3. Discount on issue of debentures

4. Bills receivables

5. Preliminary Expenses

6. Live Stock

7. Fixed Deposits from public

8. Sinking Funds

(4)

QVI. a. P, Q and R are partners in a firm. Their profit sharing ratio is 3:2:1. However R is guaranteed a minimum amount of Rs. 10,000 as share of profit every year. Any deficiency arising on that account shall be met by P. The profits for the two years ending 31.12.2015 and 2016 were Rs. 30,000 and Rs. 90,000 respectively. Prepare P/L Appropriation A/c for two years. (4)

b. Pass journal entries :

1. If there is a loss of 10,000/- on revaluation

2. There was a general reserve of Rs. 1,20,000 and a debit balance of Rs. 30,000 in profit & loss account at the time of admission of C. A and B were the old partners.

3. The outstanding liability includes Rs. 2000 due to Mr. R. which is paid by Partner X privately.

4. Balance Sheet shows Workmen Compensation Fund as Rs. 5000. The liability against Workmen Compensation Fund is determined as Rs. 2000 only. A and B are the partners. (4)

c. P and Q are partners sharing profits and losses in the ratio of 2:1. They admit R into business. R pays only Rs 4000 for premium out of his share of Rs. 12,000 for 1/3rd share. Goodwill appears in the books Rs. 30,000. R's capital 25,000 brought in by him in cash. Pass necessary journal entries. (4)

PART B (Any two)

- Q1. From the following Balance Sheets of V. S. Ltd. as on 31.3.2015 and 2016 prepare a Comparative Balance Sheet. (10)

V.S. Ltd.

Balance Sheet as at	31.3.2015	31.3.2016
Share Capital	3,00,000	3,60,000
Reserves & Surplus	1,60,000	2,00,000
Short term borrowing	28,000	28,000
Trade Payables	6,000	2,000
Long term borrowings	2,62,000	3,78,000
	<u>7,56,000</u>	<u>9,68,000</u>
Current investments	30,000	58,000
Inventory	1,10,000	1,08,000
Cash & Cash equivalents	80,000	1,00,000
Trade receivables	56,000	52,000
Tangible assets	4,60,000	6,40,000
Intangible assets	20,000	10,000
	<u>7,56,000</u>	<u>9,68,000</u>

- Q2. a. Following is the statement of Profit & Loss for the year ended 31.12.14 & 31.12.15.

	<u>2014</u>	<u>2015</u>
Revenue from operations	10,00,000	12,50,000
Other income	1,50,000	2,00,000
Cost of material consumed	4,00,000	5,00,000
Purchase of stock in trade	3,00,000	4,00,000
Changes in inventories W.I.P.	1,00,000	1,00,000
Employee Benefit Expense	2,00,000	2,00,000
Other expenses	50,000	75,000
Tax rate	10%	15%

(5)

b. From the following data prepare a Common Size Balance Sheet of Teak Wood Ltd.

	<u>31.3.13</u>	<u>31.3.12</u>
Share Capital	3,00,000	2,40,000
Reserve Surplus	80,000	70,000
Trade Payables	1,00,000	1,10,000
Trade receivables	1,90,000	1,80,000
Short Term Provisions	40,000	15,000
Fixed assets	2,90,000	2,30,000
Long Term Provision	80,000	65,000
Current Investments	10,000	8,000
Inventory	1,01,000	72,000
Cash & Cash Equivalents	9,000	10,000

a. A company's inventory turnover is 5 times. Inventory at the end of the year is Rs. 4000 more than inventory at the beginning of the year. Revenue from operations during the year (all credit) were Rs. 300000. Rate of gross profit is 25% on cost of revenue from operations. Current liabilities at the end of the year were Rs 50000. Quick ratio is 1:1. Calculate

1. Cost of revenue from operations
2. Opening Inventory
3. Closing Inventory
4. Quick Assets
5. Current Assets at the end.

(8)

b. What is Proprietary ratio? What does it indicates?

(2)

Downloaded From www.icseboard.org