

INTERNATIONAL INDIAN SCHOOL, RIYADH
Post Box No.89788, Riyadh – 11692 (K.S.A)

FIRST TERM EXAMINATION, JUNE – 2015

Std.: XII

Subject : Accountancy

Maximum Marks : 80

Time : 3 Hours

General Instructions:

- 1) Marks are indicated against each question.
- 2) Draw proper and neat format.
- 3) Write the correct number of the question against each number.

- 1) Who should compensate to whom in case of a change in the profit sharing ratio of existing partners. (1)
- 2) What is meant by a partner and a firm? (1)
- 3) Write the two main rights acquired by a newly admitted partner (1)
- 4) Why is the balance at bank never transferred to the realization account on the dissolution of a firm? (1)
- 5) Mention the special features of goodwill (1)
- 6) L & M are partners in a firm sharing profits in the ratio of 3:2. S Joins the firm on 3/7th share which he takes 2/7 from L and 1/7 from M. Calculate the new profit sharing ratio. (3)
- 7) P & Q are partners in firm sharing profits and losses in the ratio of 1:2. They admit R as a new for 1/5th share. The new profit sharing ratio 5:3:2. The goodwill of the firm is valued at ₹1,80,000. Goodwill already appears in the books at ₹60,000. R brings in ₹5,80,000 as his capital, but is unable to bring in his share of goodwill in cash. Give the necessary journal entries. (3)
- 8) Differences between dissolution of partnership and dissolution of partnership firm (3 points each) (3)
- 9) S, K & R are partners in a firm, sharing profits in the ratio of 3:2:1 respectively. R wants that he should share profits of the firm equally in future. He further wants that change in the profit sharing ratio should be applicable retrospectively for the last three years. Other partners have no objection to this. The profits for the last three years were ₹60,000, ₹47,000 and ₹55,000. Record the adjustment by means of journal entry. (4)

- 10) A partnership firm earned net profit during the last three years 2007-2008 ₹1,90,000, (4)
2008-2009 ₹2,20,000, 2009-2010 ₹2,50,000. Capital employed in the firm throughout
the above mentioned period has been ₹4,00,000. 15% is considered as a fair return on
the capital. Remuneration of all the partners during this period is estimated to be
₹1,00,000 p.a. Calculate the value of the goodwill on the basis of capitalization of super
profit method.
- 11) X, Y & Z are partners sharing profits and losses in the ration of 5:3:2. They decided to (4)
share future profits and losses in the ratio of 2:3:5 with effect from 01-Apr-10. They
decided to record the effect of the following, without affecting their book values.
Profit and loss account (credit) ₹24,000. Advertisement suspense account ₹12,000
- 12) A & B entered into partnership on 01-Apr-09 without any partnership deed. They (6)
introduced capitals of ₹5,00,000 and ₹3,00,000 respectively. On 31-Oct-09 A
advanced ₹2,00,000 by way of loan to the firm without any agreement as to interest.
Profit and loss account for the year ended 31-Mar-10 showed a profit ₹4,30,000 but
the partners could not agree upon the amount of interest of loan to be charged and
the basis of division of profits. Pass a journal entry for the distribution of profits
between the partners and prepare the capital accounts of both the partners and loan
account of A.
- 13) The balance sheet of X, Y & Z who were sharing profits in the ratio of 5:3:2 as at (6)
31-Mar-13.

Balance Sheet of X, Y & Z as on 31-Mar-13

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	50,000	Cash at bank	50,000
General reserve	85,000	Sundry debtors	90,000
Employees provident fund	10,000	Stock	90,000
X's capital : 40,000		Fixed assets	50,000
Y's capital : 52,000			
Z's capital : 43,000	1,35,000		
	2,80,000		2,80,000

X retired on 31-Mar-13 and Y & Z decided to share the profits in future in the ratio of 2:3 respectively. The other terms on retirement were as follows:

- Goodwill of the firm is to be valued at ₹80,000
- Fixed assets are to be valued at ₹47,500
- Make a provision for doubtful debts at 6% on debtors
- A liability for claim included in creditors for ₹12,000 is settled at ₹10,000

The amount to be paid to X by Y & Z in such a way that their capitals are proportionate to their profit sharing ratio and leave a balance of ₹20,000 in the bank account. Prepare profit and loss

adjustment account, partner's capital accounts and balance sheet.

- 14) What journal entries would be passed for the following transactions on the dissolution of partnership firm, after transferring various assets (other than cash) and third party liabilities to the realization account. (6)
- Debtors ₹19,300 were realized by a debt collection agency for ₹18,000
 - An unrecorded asset realized ₹17,000
 - A liability appearing in the books was settled at ₹3,700
 - Expenses of realization ₹7,400 were to be borne by Khan a partner. Khan used firm's cash for paying these expenses.
- 15) Following is the balance sheet of X & Y who had been sharing profits in proportion of $\frac{3}{4}$ and $\frac{1}{4}$ on 31-Dec-09. (8)

Balance Sheet of X & Y as on 31-Dec-09

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	15,000	Cash	11,250
Employees provident fund	3,750	Bill receivable	3,500
Workmen's compensation reserve	2,000	Debtors	8,000
Investment fluctuation reserve	1,000	Stock	10,000
X's capital	16,500	Furniture	14,000
Y's capital	8,500		
	46,750		46,750

They agreed to take Z into partnership on 1-Jan-10 on the following terms:

- That Z pays ₹5,000 as his capital for $\frac{1}{5}$ th share in the future profits
- That a goodwill of the firm is value @ ₹10,000 but no goodwill is to appear in the books
- Stock and furniture be reduced by 10% and provision of 5% for doubtful debts be created on debtors
- That the capital accounts of the partners be readjusted on the basis of their profit sharing ratio and any excess or deficiency be transferred to their current accounts.

Prepare revaluation accounts, partner's capital account and balance sheet.

or

A & B are partners sharing profits in the ratio of 3:2. Their balance sheet as on 31-Mar-13 was as follows: (8)