

PON VIDYASHRAM GROUP OF CBSE SCHOOLS



VACATION HOME TEST (2017-2018)

STD XII

ACCOUNTANCY

PART A--- ACCOUNTING FOR PARTNERSHIP FIRMS AND COMPANIES.

1) A, B, C and D are partners in a firm sharing profits in the ratio of 4:3:2:1. On 1<sup>st</sup> January, 2015 they admitted E as a new partner for 1/10<sup>th</sup> share in the profits. E brought Rs.10,000 for his share of goodwill premium which was recorded in the books by the accountant. The accountant showed goodwill at Rs. 1,00,000 in the books. Was the accountant correct in doing so.

Give reason in support of your answer.

1

2) ABC Ltd. Purchased for cancellation its own 5,000, 9% Debentures of 100 each for Rs.95 per debenture. The brokerage charges Rs.15,000 were incurred. Calculate the amount to be transferred to capital reserve.

1

3) Which Companies are exempted from creating Debenture Redemption Reserve as per Indian Companies (shares & debentures) rules 2014?

1

4) X, Y and Z are partners, decided that no interest on drawings is to be charged from any partner. But after one year Z wants that interest on drawings should be charged for every partner. State how Z can do this?

1

5) Total creditors amounted to Rs.5,00,000. Investments valued at Rs.2,00,000 were not shown in the books of accounts. One of the creditors took these investments in full satisfaction of his debt of Rs.2,20,000. Remaining creditors were paid at 5% discount. Pass entry for payment.

1

6) E Ltd had allotted 10,000 shares to the applicants of 14,000 shares on prorata basis. The amount payable on application was Rs.2. F applied for 420 shares. What will be the number of shares allotted and the amount carried forward for adjustment against allotment money due from F in case of Pro-rata allotment?

1

7) Explain with an imaginary example how issue of debenture as collateral security is shown in the balance sheet of a company when it is recorded in the books of accounts.

3

8) On 1<sup>st</sup> April, 2014, a firm had assets of Rs.1,00,000 excluding stock of Rs.20,000. Partners capital accounts showed a balance of Rs.60,000. The current liabilities were Rs.10,000 and the balance constituted the reserve. If the normal rate of return is 8%, the 'goodwill' of the firm is valued at four years purchase of Super profit, Find the average profit of the firm.

3

9 King Ltd took over Assets of Rs.50,00,000 and liabilities of Rs.12,00,000 of Queen Ltd. King Ltd paid the purchase consideration by issuing 20,000 equity shares of 100 each at a premium of 10% and Rs.22,00,000 by Bank Draft. Calculate Purchase consideration and pass necessary Journal entries in the books of King Ltd. 3

10) Little Comforts Ltd is in a carpet weaving business and in the process of setting up a new unit. It decided to set up the new unit in Tamil Nadu with a view to help the people through employment who lost heavily in the floods. It also decided to adopt a school in the area and donated school furniture initially as it was completely destroyed. Little Comforts Ltd had an authorized capital of Rs.5,00,000 divided into equity shares of Rs.10 each. The company offered for subscription Rs.3,00,000 shares. The issue was fully subscribed. The amount payable on application was Rs.2 per share. Rs.4 per share were payable each on allotment and first and final call. A share holder holding 300 shares failed to pay the allotment. His shares were forfeited. The company did not make the first and final call. Show how the share capital will be shown in the company's Balance Sheet. 3

11) K,L and M were partners. They started a business in one of the remote tribal areas of North-east India. They were interested in the development of the tribal community by providing good education and health. On 31<sup>st</sup> March 2013, K, L and M had capitals of Rs.3,00,000, Rs.2,00,000 and Rs.1,00,000 respectively. The Partnership Deed provided that interest on capital will be allowed @6% p.a. Drawings for the year were: K –Rs.20,000, L –Rs.15,000 and M – Rs.5,000. It was found that the interest on capital for the year ended 31<sup>st</sup> March 2013 was not allowed. The profit earned by the firm for the year ended 31<sup>st</sup> March 2013 was Rs.1,80,000. Showing your working notes clearly, pass necessary adjustment entry. Also identify any two values highlighted in the above question. 4

12) (a) A ,B and C are partners in the ratio of 3:2:1. C died on 30<sup>th</sup> June ,2011 Accounts are closed on 31<sup>st</sup> March every year. Sales for the Year ending 31<sup>st</sup> March 2011 amounted to Rs.90,00,000. Sales from 1<sup>st</sup> April 2011 to 30<sup>th</sup> June 2011 amounted to 36,00,000. The profits for the year amounted to Rs.4,50,000. Calculate the deceased partner's share in the current years profits.

(b) There is no earning member in C's family and hence it is agreed to take C's daughter into Partnership with 1/10<sup>th</sup> share of profits. You are required to identify the virtues involved in making such decision.

( c ) P,Q ,R and S were partners sharing profits in the ratio of 2:3:5:2. S retires and his share is acquired by Q and R in the ratio of 3:2. Calculate the new ratio. (2+2) 4

13) X Ltd. Issued Rs8,00,000 9% debentures of Rs. 100 each on 1<sup>st</sup> October 2011, due to be redeemed on 1<sup>st</sup> October,2015 at a premium of 5%. The company decided to create the required minimum DRR as per Companies Act 2013. The company invested the required amount in a fixed deposit in a bank on 30<sup>th</sup> April, 2015 earning Interest at 10% p.a. (TDS be 10%) . Pass Necessary journal entries for issue and redemption of debentures. 6

4) Balance Sheet of Rani, Adi and Manu who were sharing profits in the ratio of 7:3:4 as on 31<sup>st</sup> March 2015 was as follows:

Liabilities		Rs.	Assets		Rs.
General Reserve		28,000	Cash		40,000
Bills Payable		82,000	Stock		70,000
Loan		22,000	Debtors		57,000
Capital a/cs:			Building		1,50,000
Rani	75,000		Manu's Loan		40,000
Adi	85,000				
Manu	65,000	2,25,000			
		3,57,000			3,57,000

Manu died on 1<sup>st</sup> Sep 2015. The partnership deed provided the following on the death of a partner:

- Goodwill of the firm was to be valued at two years purchase of average profit for the last three years which was Rs.70,000
- Manu's share of profit or loss till the date of his death was to be calculated on the basis of sales. Sales for the year ended 31<sup>st</sup> Mar 2015 amounted to Rs.8,00,000 and that from 1<sup>st</sup> April to 1<sup>st</sup> Sep 2015 to Rs.4,00,000. The profit for the year ended 31<sup>st</sup> March 2015 was Rs.2,24,000.
- Interest on capital was to be provided @8% p.a
- According to Manu's will the executors should donate his share to 'Matri-Chhaya, an orphanage for girls.

Prepare Manu's Capital Account to be rendered to his executors.

6

15) Bhuvan, Suraj and Ibrahim were partners in a firm sharing profits in the ratio of 3:2:1. On 30<sup>th</sup> June 2014 they decided to dissolve the firm. Following was the balance sheet of the firm as on that date.

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Creditors	50,400	Cash	13,700
Investment fluctuation fund	10,000	Stock	20,100
Reserve fund	12,000	Debtors	62,600
Capital A/cs		Investments	16,000
Bhuvan- 30,000		Furniture	20,000
Suraj 20,000			
Ibrahim 10,000	60,000		
	1,32,400		1,32,400

The assets were realized and the Liabilities were paid off as follows.

- Stock was taken over by suraj for Rs.17,500 and furniture was taken over by Ibrahim at book value.
- Investments were taken over by Bhuvan for Rs.18,000.
- Rs.60,500 were realized from the debtors.
- Creditors were settled in full and realisation expenses were Rs.4,500.

Pass necessary journal entries till the capital accounts are settled.

6

