Sample Question Paper
Accountancy (055)
Class XII

Time Allowed: 3 Hours	**Max. Marks: 80**

Part A: Accounting for Partnership Firms and Companies

Q.1 Distinguish between Fixed and Fluctuating Capital Accounts. (1)

Q.2 How does the market situation affect the value of goodwill of a firm? (1)

Q.3 State the meaning of sacrificing ratio. (1)

Q.4 State any two occasions on which a firm can be reconstituted. (1)

Q.5 A partnership deed provides for the payment of interest on capital but there was a loss instead of profits during the year 2010-2011. At what rate will the interest on capital be allowed? (1)

Q.6 What is meant by minimum subscription? (1)

Q.7 When is 'Partner's Executors' account prepared? (1)

Q.8 Jain Ltd. purchased building for 10, 00,000 Rs from Gupta Ltd. 10% of the payable amount was paid by cheque drawn in favour of Gupta Ltd. The balance was paid by issue of Equity shares of 10 Rs. each at a discount of 10%. Pass the necessary Journal entries in the books of Jain Ltd. (3)

Q.9 X Ltd. redeemed 100, 6% Debentures of 100 Rs each by converting them into Equity Shares of 100 Rs each. The 6% Debentures were redeemable at 10% premium for which the Equity Shares were issued at 25% premium. Pass the necessary Journal entries for the redemption of above mentioned debentures in the books of X Ltd. (3)

Q.10 Heera Ltd. invited applications for issuing 7,500, 12% debentures of 100 Rs each at a premium of 35 Rs per Debenture. The full amount was payable on application. Applications were received for 10,000 Debentures. Applications for 2500 Debentures were rejected and the application money was refunded. Debentures were allotted to the remaining applicants. Pass necessary Journal entries for the above transactions in the books of Heera Ltd. (3)

Q.11 Arun and Arora were partners in a firm sharing profits in the ratio of 5:3. Their fixed capital on 1st April 2010 were: Arun 60,000 Rs and Arora 80,000 Rs. They agreed to allow interest on capital @ 12% p,a. and to charge interest on drawings @ 15% p.a. The profit of the firm for the year ended 31st March, 2011 before all adjustments was 12,600. The drawings made by Arun were 2,000 Rs and by Arora 4,000 Rs during the year. Prepare Profit and Loss Appropriation Account of Arun and Arora . Show your calculations clearly. The interest on capital will be allowed even if the firm incurs loss. (4)

Q.12 A,B,C and D are partners sharing profits in the ratio of 3:3:2:2 respectively. D retires and A,B and C decide to share the future profits in the ratio of 3:2:1. Goodwill of the firm is valued at Rs 6, 00,000. Goodwill already appears in the books at 4, 50,000. The profits for the first year after D's retirement amount to 12, 00,000. Give the necessary

Journal entries to record the goodwill and to distribute the profits. Show your calculations clearly. (4)

Q.13 A business has earned average profits of 1,00,000 during the last few years and the normal rate of return in similar business is 10%. Find out the value of goodwill by:

(i) Capitalisation of super profit method and

(ii) Super profit method if goodwill is valued at 3 years purchase of super profit.

The assets of the business were 10, 00,000 and its external liabilities 1, 80,000. (4)

Q.14 After doing their graduation Shabir suggested to his classmate, David to form a partnership to sell low cost school uniforms to the students belonging to low income group who have been admitted to the private schools of the city as per the provisions of Right to Education Act 2009. David agreed to the proposal and requested to admit his friend Charu, a visually handicapped unemployed person also to be member of the proposed firm. All of them agreed to form a partnership firm but they were not having enough capital to invest. Shabir, therefore, persuaded a rich friend of his, Rafiq who hailed from Assam to be a partner and contribute the required capital. All of them formed a partnership on the following terms:

(i) Shabir will contribute 1,00,000; David 50,000; Rafiq 10,00,000 and Charu will be partner without capital.

(ii) Profit will be shared equally.

(iii) Interest on capital will be allowed @ 5% p.a.

The profits of the firm for the year ended 31^{st} March 2012 were 1, 50,000.

(a) **Identify any four values which according to you motivated them to form the partnership firm.** (2)

(b) Prepare Profit and Loss Appropriation Account of the firm for the year ending 31^{st} March 2012. (4)

Q.15 X,Y and Z were partners in a firm. Their capitals on 1-04-2011 were : X 2,00,000 ; Y 2,50,000 ; and Z 3,00,000. The partnership deed provided for the following:

(i) They will share profits in the ratio of 2:3:3

(ii) X will be allowed a salary of 12,000 p.a.

(iii) Interest on capital will be allowed @ 12% p.a.

During the year X withdrew 28,000 Rs; Y 30,000 Rs; Z 18,000 Rs. For the year ended 31-3-2012, the firm earned a profit of 5, 00,000.

Prepare profit and loss appropriation account and partner's capital accounts. (4)

Q.16 Ram, Mohan and Sohan were partners sharing profits and losses in the ratio of 5:3:2. On 31^{st} March 2012 their balance sheet was as under:

Liabilites		Amount	Assets	Amount
Capital A/c:			Leasehold	1,25,000
Ram	1,50,000		Patents	30,000
Mohan	1,25,000		Machinery	1,50,000
Sohan	75,000	3,50,000	Stock	1,90,000
Creditors		1,55,000	Cash in Hand	40,000
Workmen Compensation Reserve		30,000		
		5,35,000		5,35,000

Sohan died on 1^{st} August 2012. It was agreed that:

(i) Goodwill of the firm is to be valued at 1,75,000 Rs.
(ii) Machinery be valued at 1,40,000; Patents at 40,000; Leasehold at 1,50,000 on this date.
(iii) For the purpose of calculating Sohan's share in the profits of 2012-2013; the profit should be taken to have accrued on the same scale as in 2012-2013, which were 75,000.

Prepare Sohan's Capital Account and Revaluation Acount. (6)

Q.17 Srijan Ltd. Issued 10,00,000 new capital divided into Rs 100 shares at a premium of Rs 20 per share payable as under:

On Application	Rs 10 per share
On Allotment	Rs 40 per share (including premium of Rs. 10 per share)
On first and Final Call	Balance

Over payments on application were to be applied towards sums due on allotment and First and Final call. Where no allotment was made money was to be refunded in full.
The issue was oversubscribed to the extent of 13,000 shares. Applicants for 12,000 shares were allotted only 2,000 shares and applicants for 3,000 shares were sent letters of regret and application money was returned to them.
All the money due was duly received.

(i) Which value has been affected by rejecting the applications of the applicants who had applied for 3,000 shares? Suggest a better alternative for the same.
(ii) Give the Journal entries to record the above transactions (including cash transactions) in the books of the company.

Or

Sangita Ltd. Invited applications for issuing 60,000 shares of Rs 10 each at par. The amount was payable as follows:

On Application	Rs 2 per share
On Allotment	Rs 3 per share
On First and Final Call	Rs 5 per share

Applications were received for 92,000 shares. Allotment was made on the following bases:

(i) To applicants for 40,000 shares — Full
(ii) To applicants for 50,000 shares — 40%
(iii) To applicants for 2,000 shares — Nil. Most of this category had applied for less than 5 shares each.

Rs 1,08,000 was realised on account of allotment (excluding the amount carried from application money) and 2,50,000 on account of call.
The directors decided to forfeit shares of those applicants to whom full allotment was made and on which allotment money was overdue.

(i) Which value has been affected by the rejection of application of category (iii) applicants? Suggest a better alternative for the same.
(ii) Pass the Journal entries in the books of Sangita Ltd. to record the above transactions.
(8)

Q.18 B and C were partners sharing profits in the ratio of 3:2. Their Balance sheet as on 31st March 2011 was as follows:

Balance Sheet of B and C
as on 31st March 2011

Liabilities		Amount	Assets	Amount
Capital A/c			Land and Building	80,000
B	60,000		Machinery	20,000
C	40,000	1,00,000	Furniture	10,000
Provision of Bad Debts		1,000	Debtors	25,000

Creditors	60,000	Cash Profit and Loss A/c	16,000 10,000
	1,61,000		1,61,000

D was admitted to the partnership for 1/5th share in the profits on the following terms:

(i) The new profit sharing ratio was decided as 2:2:1
(ii) D will bring 30,000 as his capital and 15,000 for his share of goodwill.
(iii) Half of goodwill amount was withdrawn by the partner who sacrificed his share of profit in favour of D.
(iv) A provision of 5% for bad and doub

Value Based Question (Circular No. Acad. 47/2012 dated August 12,2012)

Q.1 Amit and Sumit are equal partners. They decided to admit their college friend, Geeta as a partner who is handicapped. Identify the value involved in this decision.

Q.2 X Ltd. decided to reserve 10% jobs in the company for the children of employees of the company. Point out the value involved in this decision.

Q.3 J.P. Ltd. is engaged in manufacturing cycles. It decided to take group insurance policy for its employees. The terms of the policy include free hospitalization and re- imbursement of all medical expenses. Indicate the values involved in this decision of the company.

Q.4 Beta Ltd. raised funds by issuing 13% debentures whereas return on capital employed is 10%. Do you think that company has ignored any value while raising funds?

Q.5 Exe Ltd. issued 4,000 , 10% debentures of 100 Rs. Each which are repayable at par after 5 years. However, company gave an offer to debenture holders to get their debentures converted into equity shares after 2 years. Identify the value involved if any in this decision of the company.

Paper Submitted By:

Name: Gurmeet Singh

Email gssinghclasses@gmail.com