The Lawrence School Sanawar
Half Yearly Examination 2009
Class - XII Accountancy

Time Allowed : 3hrs. M.M: 80

General Instructions:
i) This question paper contains two parts A and B.
ii) All parts of the questions should be attempted at one place.
iii) All questions are compulsory.
iv) All working is to be shown neatly and completely.

(PART-A)

Q.1 State any four contents of 'Partnership Deed'. (2)

Q.2 What is 'Joint Life Policy'? (2)

Q.3 Distinguish between Gain ratio and Sacrificing ratio? (2)

Q.4 Give two circumstances under which fixed capitals of partners may change. (2)

Q.5 Distinguish between fixed capital and fluctuating capital. (2)

Q.6 On March 31,2003, after the close of books of accounts, the capital account of Ram, Shyam and Mohan showed balance of Rs. 24000, Rs.18000 and Rs.12000. But it was later discovered that interest on capital@5% had been omitted. The profit for the year ended March 31,2003, amounted to Rs.36000 and the partners drawings had been Ram. Rs.3600, Shyam Rs.4500 and Mohan Rs.2700. The profit sharing ratio of Ram, Shyam and Mohan was 3:2:1. Calculate interest on capital. (4)

Q.7 Vinod is a partner in a firm. He withdraws the following amounts during the year 2002:

February 1	Rs. 4000
May 1	Rs.10000
June 30	Rs. 4000
October 31	Rs.12000
December 31	Rs. 4000

Interest on drawings is to be charged @7 ½ p.a. Calculate the amount of interest. (3)

Q.8 What is the purpose of salary to a partner? (4)

Q.9 X and Y are partners in a firm sharing profits and losses in ratio of 3:2. They admit Z as new partner for 1/5th share. The goodwill of the firm is valued at Rs. 10,000. Goodwill already appears in the books Rs.5000. Z brings in 60% of his share of goodwill and Rs.40000 as his capital in cash. The amount of goodwill brought in cash is withdrawn by the concerned partners to the extent of 30% of what is credited to them. The profits for the first year of new partnership amount to Rs.20000. (4)

Q.10 Lokesh and Azad are partners sharing profits in the ratio 3:2 with capitals of Rs.50000 and Rs.30000. Interest on capital is agreed @6% p.a. Azad is allowed a salary of Rs.2500 p.a. During 2002, the profits for the year prior to the calculation of interest on capital but after charging Azad's salary amounted to Rs.12500. A provision of 5% of profits is to be made in respect of manager's commission. Prepare an account showing the allocation of profits and partner's capital accounts. (4)

Q.11 Aman, Babita and Suresh are partners in a firm. Their profit sharing ratio is 2:2:1. However, Suresh is guaranteed a minimum amount of Rs.10000 as share of profit every year. Any deficiency arising if any, on that account shall be met by Babita. The profits for two years ending December 31,2000 and 2001 were Rs.40000 and Rs.60000. (3)

Q.12. Govind , Krishan and Ram were partners , balance sheet as on 31st March 2007 was as follows:

Liabilities		Amount	Assets	Amount
Sundry creditors		30000	Cash at bank	30000
Outstanding salary		7500	Sundry Debtors	105000
Employees provident fund		30000	Investments	75000
Profit and loss		112500	Plant and Machinery	540000
Workmen's Compensation fund		60000		
Loan		120000		
Capitals	Govind	105000		
	Krishan	135000		
	Ram	150000		
		750000		750000

Krishan retires on the obove date. Following terms were agreed at the time of retirement:

i) Provision for doubtful debts was made at 6% on debtors.
ii) Goodwill of the firm is valued at Rs.90000.
iii) Depreciation of Rs.60000 was charged on plant and machinery
iv) Investments were taken over by krishan at Rs.90000.
v) Claim for workmen's compensation was Rs.24000.
vi) Krishan was paid at the time of retirement which was contributed by Govind and Ram in such a manner as to make their capital proportional to their profit sharing ratio.

Prepare Revaluation A/c, Capital A/c's , Bank A/c and Balance sheet. (8)

(PART-B)

Q.13 What do you mean by Executor? (2)

Q.14 Distinguish between Sacrificing ratio and New profit sharing ratio. (2)

Q.15 (i) Ram and Shyam are partners sharing profits in ratio 3:1.They agreed to admit Mohan for ¼ share which he acquires in ratio of 2:1 from Ram and Shyam. Calculate new ratio.

(ii) X and Y are partners in a firm sharing profits in ratio of 3:2. Z is admitted for 1/8 share. It is decided that X and Y will share profits in future in ratio 4:3. Calculate new and sacrificing ratio.

(iii) X, Y and Z are partners in ratio of 3:2:1. W is admitted with 1/6 share in profits. Z would retain his original share. Find out new profit ratio. (1½ +1½ +1 = 4)

Q.16 E and F were partners in a firm sharing profits in the ratio of 3:1. They admitted G as new partners on 1.3.2005. for 1/3 share. It was decided that E, F and G will share future profits equally. G brought Rs. 50000 in cash and Machinery Rs. 70000 for his share of profit as premium for goodwill. Show your calculation clearly, and pass entries. (3)

Q.17 A and B are partners in a firm their ratio is 5:3. They admit C into partnership for ¼ share. A and B decide to share profits equally in future. C brings in Rs.20000 as his capital and Rs.10000 as premium. Show your working clearly and give necessary journal entries. (3)

Q.18 A, B and C are in partnership sharing profits as 4:2:2. The goodwill was to be valued on the death of any partner on the basis of such partner's share of 2 year's profits, calculated on the average of 5 year's profits immediately preceding the year of death less 10%. The firm's profits were Rs.15000 in1985, Rs.25000 in 1986, Rs. 40000 in 1987 and loss of Rs. 5000 in 1988 and Rs.2000 in 1989. The deceased partner's share of profits for the period of his life-time in the year of death was to be based on the average of the profits of the previous 3 year's plus 10%.
A died on March 14,1990. His capital A/c showed a credit of Rs.10000 on 1st Jan.1990 and he had drawn Rs. 1500 since that date. Show the amount of goodwill and share of profits payable to him. Prepare A's capital account which is to be surrendered to his executor. (6)

Q.19 A, B and C are in partnership sharing profits in the ratio 5:3:2. The B/S of the firm as on April 1,2002 was as follows:

Liabilities	Amount	Assets	Amount
Capital Accounts:		Bills Receivable	15,000
A 40,000		Machinery	82,000
B 61,000		Furniture	4,000

C 24,000 Reserve Sundry creditors Profit and Loss A/c Bills Payable	125000 30,000 50,000 28,000 5,000	Sundry Debtors 70,000 Less: provision 3,000 Stock Cash at Bank	 67,000 20,000 50,000
	2,38,000		2,38,000

On April 1,2002, B retired. A and C decided to share profits in ratio 3:2. and it was agreed:
a) The machinery was to be revalued at Rs. 85,000.
b) The stock to be reduced by Rs.1000.
c) The furniture was to be reduced to Rs.1600.
d) The provision for doubtful debts would be 6%.
e) A provision of Rs 800 was to be made of outstanding expenses.
f) A liability on account of damages of Rs. 7,000 included in creditors is settled at Rs.12000. Goodwill was to be valued at three year's purchase of average profits. Average profit of last three year's is 10000. B's A/c will be settled immediately on his retirement and the continuing partners will contribute cash in such a manner so that their capitals become proportionate to their new profit sharing ratio. For the purpose of payment to B, existing bank balance may be utilized after keeping Rs.40,000 as working capital. Record necessary journal entries, and prepare partner's capital A/c and Balance sheet. (6)

Q.20 The B/S of Alka and Bandana carrying on business in partnership and sharing profits in ratio of 2/3 and 1/3, stood as follows:

Liabilities	Amount	Assets	Amount
Alks's capital Bandana's capital Reserve Creditors	51,450 36,750 1,500 10,300	Machinery Furniture Debtors Stock Cash	50,000 3,000 18,000 27,000 2,000
	1,00,000		1,00,000

They admitted Chandan into partnership for 1/5 share on the following terms:
a) The goodwill of the firm is to be valued at two year's profits calculated on the average of the 1st three year's profits, which amounted to Rs.20, 000. Rs.15, 000. And Rs.22, 000.
b) Chandan is to bring in cash for the amount of goodwill.
c) Chandan is to bring capital in proportion to profit sharing arrangement with other partners.
Give journal entries, partner's capital A/c and Balance sheet. (6)

Q.21 The following is the balance sheet or Ram, Mohan and Sohan as on 31st Dec.2003. (8)

Liabilities	Amount	Assets	Amount
Sundry Creditors Workmens Compensation Reserve	10,000 7,500	Preliminary Exp. Tools	5,000 3,000

Ram's capital Mohan's capital Sohan's capital	20,000 10,000 10,000	Furniture Stock Debtors Cash at Bank Cash in hand	13,000 16,000 12,000 8,000 500
	57,500		57,500

Ram, Mohan and Sohan shared profits in the ratio of 2:2:1. Sohan died on 31st Marh 2004. Under the Partnership agreement the executor of Sohan entitled to:
a) Amount standing to the credit of his capital Account.
b) Interest on capital @6%.
c) Share of goodwill on the basis of twice the average of past 3 year's profits.
d) Share of profit from the closing of last financial year to date of death on the basis of average profits of past 3 year's. Profits for 2001,2002 and 2003 were Rs.10000, Rs.15000 and Rs.20000. Sohan's executor was paid Rs.1400 on 1st April 2004 and the balance in four equal yearly instalments from 31.3.2005 with interest @6%p.a. Pass necessary journal entries and draw up Sohan's Account and Executor A/c till it is finally paid.