

Delhi Public School, Jammu
Assignment For Half Yearly (2018-19)

Subject: Accountancy

Class: XII

General Instructions:

1. This question paper contains two parts A and B.
2. Both the parts are compulsory for all.
3. All parts of a question should be attempted at one place.
4. Marks are indicated against each question.
5. All workings are a part of the answer.

Part A-Accounting for Partnership Firms

1. What is meant by unlimited liability of a Partner? 1
2. A, B and C are partners in a firm sharing profits & losses in the ratio of 3:2:1. They admitted D as a new partner for $\frac{1}{8}$ th share in profits, which he acquired $\frac{1}{16}$ th from B and $\frac{1}{16}$ th from C. Calculate the new profit sharing ratio of A, B, C and D. 1
3. A and B are partners in a firm sharing profits in the ratio of 3:2. Mrs. A has given a loan of Rs.20,000 to the firm and the firm also obtained a loan of Rs.10,000 from B. The firm was dissolved and its assets were realised for Rs.25,000. State the amount and order of payment of Mrs.A's loan and B's loan with reason, if there were no creditors. 1
4. Distinguish between 'Dissolution of Partnership' and 'Dissolution of Partnership Firm' on the basis of Economic Relationship. 1
5. Balance Sheet of a firm shows workmen compensation reserve of Rs.50,000. There is a workmen compensation liability of Rs.10,000. State the ratio and amount of workmen compensation reserve that will be distributed to the partners. 1
6. Geet, Meet and Preet were partners sharing profits in the ratio of 2:1:1. Geet died in an accident. At the time of her death, there were unrecorded Machinery of Rs.60,000 and unrecorded loan of Rs.10,000 and bills payable of Rs.15,000. Give the journal entry for recording the profit or loss on revaluation in the books of the firm. 1
7. Kumar and Raja were partners in a firm sharing profits in the ratio 7:3. Their fixed capitals were Kumar Rs.9,00,000 and Raja Rs.4,00,000. The partnership deed provided for the following but the profit for the year was distributed without providing for :
 - a) Interest on capital @ 9% p.a.
 - b) Kumar's salary Rs.50,000 per year and Raja's salary Rs.3,000 per month.The profit for the year ended 31st March, 2016 was Rs.2,78,000. You are required to make necessary corrections in the books of account by passing an adjustment entry. 3
8. A firm's average profits are Rs.7,00,000 which includes overvaluation of Stock of Rs.50,000. Capital invested in the business is Rs.55,00,000 and the normal rate of return 10%. Calculate goodwill at four times the super profit. 3

9. A, B and C are sharing profits in the ratio of 3:2:1. C dies on 30th June, 2016. Accounts are closed on 31st March every year. Sales for the year ending 31st March, 2016 amounted to Rs.90,00,000 and sales from 1st April 2016 to 30th June 2016 amounted to Rs.36,00,000. The profit for the year 31st March, 2016 amounted to Rs.4,50,000. It is also decided by A and B to take C's daughter into partnership for 1/10th share as there is no earning member in his family. Calculate the deceased partner's profit and pass the necessary journal entry for transferring the same. You are also required to identify the values involved in making such decision by A and B to take C's daughter into partnership. (2+1=3)
10. Balance Sheet of X and Y who share profits and losses in the ratio of 3:2 as at 31st March, 2016 was:

Liabilities	Amount	Assets	Amount
S. Creditors	1,00,000	Cash at Bank	10,000
Reserve	60,000	Debtors	50,000
Profit & Loss A/c	25,000	Stock	70,000
X's Capital A/c	48,000	Furniture	20,000
Y's Capital A/c	32,000	Plant	1,00,000
		Advertisement Expenditure	15,000
	<u>2,65,000</u>		<u>2,65,000</u>

They admit Z as a partner from 1st April, 2016 for 1/5th share in the profits of the firm. Z brings in Rs.50,000 as

his capital. Give necessary journal entries at the time of admission.

3

11. A, B, C and D were partners sharing profits in the ratio 3:3:3:2. On 1st April, 2015, D retired owing to his ill health. It was decided by A, B and C that in future their profit sharing ratio would be 3:2:1. Goodwill of the firm is valued at Rs.6,00,000. Goodwill already appeared in the Balance Sheet at Rs.50,000. Complete the following Journal entries in this regard:

Date	Particulars	L.F.	Dr. (Rs.)	Cr.(Rs.)
April 1	A's Capital A/cDr.			
	B's Capital A/cDr.		
	C's Capital A/cDr.		
	D's Capital A/cDr.		
	To	
	(Being.....)		
	<u>A's Capital A/cDr.</u>			
	B's Capital A/c.....Dr.		
	To C's Capital A/c		
	To D's Capital A/c		
(Being.....)			

4

12. Parth and Shivalika were partners in a firm sharing profits in the ratio of 3:2. The balance sheet of the firm on 31st March, 2015 was as follows:

Liabilities	Rs.	Assets	Rs.
Sundry Creditor	80,000	Bank	1,72,000
Shivalika's sister's Loan	20,000	Debtors	27,000
Capital A/cs:		Stock	50,000
Parth 1,75,000		Furniture	2,20,000

Shivalika	1,94,000	3,69,000	
	-----	4,69,000	4,69,000

On the above date, the firm was dissolved. The assets were realized and the liabilities were paid off as follows: a) 50% of the furniture was taken over by Parth at 20% less than book value. The remaining furniture was sold for Rs.1,05,000. b) Debtors realized Rs.26,000. c) Stock was taken over by Shivalika for Rs.29,000. d) Shivalika's sister's loan was paid off with interest of Rs.2,000. Expenses on realization amounted to Rs.5,000. Prepare necessary accounts. 6

13. Arun, Varun and Karan were partners of a firm sharing profits in the ratio of 4:3:3. Their Balance Sheet was as follows as on 31st March, 2015:

Liabilities	Rs.	Assets	Rs.
Sundry Creditor	17,000	Cash	8,000
Bills Payable	12,000	Debtors	13,000
Karan's Loan	28,000	B/R	9,000
Capital A/cs:		Furniture	27,000
Arun 70,000		Machinery	1,25,000
Varun 68,000	1,38,000	Karan's Cap.	13,000
-----	1,95,000		1,95,000

On 30.9.2015, Karan died. The Partnership Deed provided for the following to the Executors of the deceased partner:

- His share in the goodwill of the firm calculated on the basis of three years purchase of the average profits of last four years. The profits of the last four years were Rs.1,90,000; Rs.1,70,000; Rs.1,80,000 and Rs.1,60,000 respectively.
- His share in the profits of the firm till the date of his death calculated on the basis of average profits of the last four years.
- Interest @ 8% p.a., on the credit balance, if any, in his Capital Account.
- Interest on his loan @ 12% p.a.

Prepare Karan's Capital Account to be presented to his executors, assuming that his loan and interest on loan were transferred to his Capital Account. 6

14. A, B and C were partners in a firm sharing profits in the ratio of 3:2:1. On 31st March, 2016 their Balance Sheet was as under:

Liabilities	Rs.	Assets	Rs.
Sundry Creditor	84,000	Bank	17,000
General Reserve	21,000	Debtors	23,000
Capital A/cs:		Stock	1,10,000
A 60,000		Furniture & Fittings	10,000
B 40,000		Machinery	35,000
C 20,000	1,20,000	Investments	30,000
-----	2,25,000		1,95,000

On the above date, D was admitted as a new partner and it was decided that:

- The new profit sharing ratio between A, B, C and D will be 2:2:1:1.
- The Market Value of investments was Rs.24,000.

- iii) Goodwill of the firm was valued at Rs.90,000 and D brought his share of goodwill premium in cash.
- iv) Machinery will be reduced to Rs.29,000.
- v) A creditor of Rs.3,000 was not likely to claim the amount and hence be written off.
- vi) D will bring proportionate capital so as to give him $\frac{1}{6}$ th share in the profits of the firm.
- Prepare Revaluation A/c, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm.

15. X, Y and Z were partners in a firm sharing profits in the ratio of 5:3:2. On 31st March, 2016 their Balance Sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Sundry Creditor	21,000	Cash in Hand	16,000
Investment Fluctuation Res.	10,000	Debtors 40,000	
Profit & Loss A/c	40,000	Less Prov. 3,000	37,000
Capital A/cs:		-----	
A 50,000		Stock	15,000
B 40,000		Motor Vans	20,000
C 20,000	1,10,000	Machinery	12,000
-----		Investments	19,000
		Land & Building	62,000
	<u>1,81,000</u>		<u>1,81,000</u>

On the above date, Y retired and X and Z agreed to continue the business on following terms:

- i) Goodwill of the firm was valued at Rs.51,000.
- ii) There was a claim of Rs.4,000 for Workmen's Compensation.
- iii) Provision for Bad Debts was to be reduced by Rs.1,000.
- iv) Y will be paid Rs.8,200 in cash and the balance will be transferred in his loan account which will be paid in four equal yearly instalments together with interest @ Rs.10% p.a.
- v) The new profit sharing ratio between X and Z will be 3:2 and their capitals will be in their new profit sharing ratio. The capital adjustments will be done by opening current accounts. Prepare Revaluation A/c, Partners' Capital Accounts and Balance Sheet of the reconstituted firm. **8**
16. Ankur, Bhavna and Disha are partners in a firm. On April 1st, 2011, the balance in their Capital Accounts stood at Rs.14,00,000, Rs.6,00,000 and Rs.4,00,000 respectively. They shared profits in the proportion of 7:3:2 respectively. Partners are entitled to interest on capital @ 6% p.a. and salary to Bhavna @ Rs50,000 p.a. and a commission of Rs.3,000 per month to Disha as per the provisions of partnership Deed. Bhavna's share of profit (excluding interest on capital) is guaranteed at not less than Rs.1,70,000 p.a. Disha's share of profit (including interest on capital but excluding commission) is guaranteed at not less than Rs.1,50,000 p.a. Any deficiency arising on that account shall be met by Ankur. The profits of the firm for the year ended 31st March, 2012 amounted to Rs.9,50,000. Prepare 'Profit & Loss Appropriation Account.'
17. Raj, Shammi and Shashi are partners sharing profits and losses in the ratio of 2:1:1 with capitals amounted to Rs.93,750; Rs.50,000 and RS.37,500 respectively and their Current A/cs show the following balances as Raj Rs.12,400; Shammi Rs. 5,600 (Dr.) and Shashi Rs.3,200 as on 31st March

2014. The accounts for 2014-15 showed a net profit of Rs.56,500 before taking into account interest on capital and drawings @ 4% p.a. and 6% p.a. respectively. Drawings made by the partners: Raj Rs.10,000; Shammi Rs.12,000 and Shashi Rs.8,000. Interest on drawings was Raj Rs.548; Shammi Rs.440 and Shashi Rs.340. Before closing the accounts, it was noticed that Life Insurance Premium of Raj Rs.1,750 was paid by the firm during the year was charged to Trade Expenses and personal expenses paid by Shammi for Rs.3,400 was debited to Trade expenses. Rent of building Rs.10,000 was yet to be charged and depreciation for the same Rs.2,500 was also not charged while calculating the profit of the year. Prepare Profit & Loss Appropriation Account for the year and the Partners' Current Accounts. 8

Part B---Analysis of Financial Statement

18. Mention the Tools of Analysis for Financial Statements. 1
19. Mention the Sub Headings of shareholder's Funds. 1
20. Explain any four objectives of Analysis of Financial Statements. 4
21. (a) Under what sub heads and heads the following items will appear in the Balance Sheet as per Part I of Schedule III of the Companies Act, 2013.: 1. Brands; 2. Preliminary expenses; 3. Matured Debentures; 4. Sinking Fund
- (b) Distinguish between Intra- Firm and Inter-Firm analysis. (2+2=4)
22. The motto of Yashnica Ltd. an advertising co. is 'Service with dignity'. Its management and workforce is hard working, honest and motivated. The net profit of the company doubled during the year ended 31st March 2015. Encouraged by its performance company decided to give one month extra salary to all its employees. Following is the Statement of P&L of the company.

**Yashnica Ltd.
Statement of P&L**

Particulars	Note No.	2015-16	2014-15
Revenue from operations		15,00,000	10,00,000
Less Employees benefit expenses		7,00,000	6,00,000
Profit before tax		8,00,000	4,00,000
Tax @ 25%		2,00,000	1,00,000
Profit after tax		6,00,000	5,00,000

Prepare comparative statement of P&L.

(4)

23. Following are the Balance Sheets of Kavish Ltd:

Particulars	Note No.	31 st March, 2016	31 st March, 2015
I. Equity and Liabilities			
1. Shareholders' Funds			
a. Share Capital		14,00,000	10,00,000
b. Reserves & Surplus (P&L Balance)	1	5,00,000	4,00,000
2. Noncurrent Liabilities			
Long term Borrowings		5,00,000	1,40,000

3. Current Liabilities			
Trade Payables		1,00,000	60,000
Short Term Provisions		80,000	60,000
Total	2	25,80,000	16,60,000
II. Assets			
1. Noncurrent Assets			
Fixed Assets			
i. Tangible	3	16,00,000	9,00,000
ii. Intangible	4	1,40,000	2,00,000
2. Current Assets			
a. Inventories		2,50,000	2,00,000
b. Trade Receivables		5,00,000	3,00,000
c. Cash & cash equivalents		90,000	60,000
Total		25,80,000	16,60,000

You are required to prepare Common Size Balance Sheet of the company.