Roll Number		

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INDIAN SCHOOL MUSCAT
HALF YEARLY EXAMINATION

ACCOUNTANCY

CLASS: XII — Sub. Code: 055 — Time Allotted: 3 hours

16.09.2019 — Max. Marks: 80

General Instructions:
1. All questions are compulsory.
2. Please write question number before attempting a question.
3. Attempt all parts of a question at one place.
4. Use of calculators or any other calculating device not allowed.
5. Show clearly working notes wherever necessary.

1. Not-for-Profit Organisation prepare. 1
   (a) Income and Expenditure Account (b) Trading and Profit and Loss Account
   (c) only the Trading Account (d) None of the above

2. Subscriptions received in advance by a club are shown 1
   (a) In the credit side of the Income and Expenditure Account
   (b) in the asset side of Balance Sheet
   (c) in the liabilities side of Balance Sheet
   (d) in the payment side of Receipts and Payments Account

3. Income and Expenditure Account shows 1
   (a) Cash in hand (b) Surplus or Deficit
   (c) Capital Account (d) None of these

4. The opening balance of Tournament Fund was ₹16,400. During the year, donations received towards this fund amounted to ₹7,700, amount spent on matches was ₹6,150 and interest received on Tournament Fund Investment was ₹2,000. The closing balance of Tournament Fund will be : 1
   (a) ₹28,250 (b) ₹32,250 (c) ₹19,950 (d) ₹15,950

5. State true or false. 'Payment of honorarium is a capital expenditure.' 1

6. In a non-profit organisation, Entrance Fee is treated as ____________ receipt. 1

7. On which basis of accounting, Receipts and Payments Account is prepared? 1

8. In the absence of partnership deed, the profits of a firm are divided among the partners: 1
   (a) In the ratio of capital
   (b) Equally
   (c) In the ratio of time devoted for the firm's business
   (d) According to the managerial abilities of the partners

9. For a partnership firm, interest on capital is: 1
(a) An expense (b) An income (c) A loss (d) None of these

10. Salary or commission to a partner is an______________ of profit. 1

11. In the Balance Sheet prepared after new partnership agreement, assets and liabilities are recorded at: 1
(a) Original Value (b) Revalued Value
(c) At Realisable Value (d) At Historical Cost

12. A, B and C are partners sharing profits in the ratio of 4:3:2. D is admitted for 1/3rd share in future profits. What is the sacrificing ratio? 1
(a) 4:3:2 (b) 1:1:1 (c) 2:3:4 (d) 5:4:3

13. When a new partner brings his share of goodwill in cash, the amount is debited to: 1
(a) Premium A/c (b) Cash A/c
(c) Capital A/c of old partners (d) Capital A/c of new partner

14. On retirement of a partner increase in the value of assets is recorded in: 1
(a) Revaluation Account (b) Cash Account
(c) Old Partners' Capital Account (d) None of the above

15. In the absence of any provisions in the partnership deed, interest on amount remaining unpaid to the executor of deceased partner: 1
(a) Will not be allowed (b) Will be allowed @ 6% p.a.
(c) Will be allowed even if there are no losses (d) Will be allowed @ 5% p.a.

16. Sacrificing Ratio is the difference between: 1
(a) New Ratio and Old Ratio (b) Old Ratio and New Ratio
(c) New Ratio and Gaining Ratio (d) Old Ratio and Gaining Ratio

17. Any change in the relationship of existing partners which results in an end of the existing agreement and enforces making of new agreement is called: 1
(a) Revaluation of Partnership (b) Reconstitution of Partnership
(c) Realisation of Partnership (d) None of the above

18. At the time of dissolution, all assets are transferred to Realisation Account at their: 1
(a) Realised Value (b) Market Value
(c) Book Value (d) Cost or Market Value whichever is less.

19. Investments of ₹2,00,000 were not shown in the books. At the time of dissolution, one of the creditors took this investments in full settlement of his debt of ₹2,20,000. How much amount will be payable to that creditor. 1
(a) ₹20,000 (b) ₹2,20,000 (c) ₹4,20,000 (d) Nil

20. When the firm is dissolved, General Reserve is transferred to _________ in the profit sharing ratio. 1

21. How the following items for the year ended 31st March, 2018 will be presented in the financial statements of Aisko Club: 3

Particulars	Dr. ₹	Cr. ₹
Tournament Fund		1,50,000
Tournament Fund Investment	1,50,000	
Income from Tournament Fund Investments		18,000
Tournament Expenses	12,000	

OR

There are 300 members of a club each paying ₹500 per annum. Subscriptions received during the year is ₹1,00,000. Subscriptions received in advance in the beginning of the year is ₹25,000 and at the end of the year is ₹10,000. Calculate Subscriptions outstanding at the end of the year.

22. Sahil, Babita and Vishal are partners in a firm sharing profits and losses in the ratio 5:4:2. On 1st April, 2019, they decided to share profits in future in the ratio of 4:3:2. On this date General Reserve was ₹34,900 and loss on revaluation of assets and liabilities was ₹5,200. It was decided that adjustment should be made without altering the figures of assets and liabilities in the Balance Sheet. Make adjustment by passing a single journal entry. 3

23. Calculate the amount to be debited to Income and Expenditure Account from the following information for 2018-19. 4

Particulars	1st April, 2018 (₹)	31st March, 2019 (₹)
Stock of Stationery	30,000	5,000
Creditors for Stationery	20,000	13,000

Amount paid for Stationery during the year 2018-19 is ₹1,08,000.

24. Average profit of the firm is ₹1,50,000. Total tangible assets in the firm are ₹14,00,000 and outside liabilities are ₹4,00,000. In the same type of business, the normal rate of return is 10% of capital employed. Calculate the value of goodwill by Capitalisation of Super Profit Method. 4

OR

The average net profits expected from a firm in future is ₹68,000 per year and capital invested in the business by the firm is ₹3,50,000. The rate of interest expected from capital invested in this class of business is 12%. The remuneration of the partners is estimated to be ₹8,000 for the year.

You are required to find out the value of goodwill on the basis of two years' purchase of super profits.

25. Verma and Sharma are partners in a firm sharing profits and losses in the ratio of 5:3. They admitted Ghosh as a new partner for one-fifth share of profits. Ghosh is to bring in ₹20,000 as capital and ₹4,000 as his share of goodwill premium. Give the necessary journal entries: 4

(a) When the amount of goodwill is retained in the business.

(b) When goodwill is paid privately.

26. Shirish, Harit and Asha were partners in a firm sharing profits in the ratio of 5:4:1. Shirish died on 30th June, 2018. On this date their Balance Sheet was as follows: 4

Balance Sheet of Shirish, Harit and Asha
As at 31st March, 2018

Liabilities		₹	Assets	₹
Capitals:			Plant and Machinery	5,60,000
Shirish	1,00,000			
Harit	2,00,000			
Asha	3,00,000	6,00,000		
Profits for the year 2017-18		80,000	Stock	90,000
Bills Payable		20,000	Debtors	10,000
			Cash	40,000
		7,00,000		**7,00,000**

According to the partnership deed, in addition to deceased partner's capital, his executor is entitled to:

(i) Share in profits in the year of death on the basis of average of last two years' profit. Profit

for the year 2016-17 was ₹60,000.
(ii) Goodwill of the firm was to be valued at 2 years' purchase of average of last two years' profits.
Prepare Shirish's Capital Account to be presented to his executor.

27. The firm of Manjeet, Sujeet and Jagjeet was dissolved on 31st March, 2018. It was agreed that Sujeet will take care of the dissolution related activities and will get 10% of the value of assets realised. Sujeet agreed to bear the realisation expenses. Assets realised ₹10,00,750 and realisation expenses were ₹90,000, which were paid from the firm's cash. ₹4,50,000 were paid to the creditors in full settlement of their claim. 4
Pass necessary journal entries for the above transactions in the books of the firm.

28. Following is the Receipts and Payments Account of an Entertainment Club for the period of April 1, 2016 to March 31, 2017. 6

Receipts	₹	Payments	₹
To Balance b/d Cash at Bank	87,500	By Salaries	1,50,000
To Subscriptions : 2015-16 12,500 2016-17 1,00,000 2017-18 10,000	1,22,500	By Foodstuffs for Restaurant	60,000
To Sale of Furniture (Book Value ₹8,000)	10,000	By Subscription for Periodicals	14,500
To Sale of Foodstuffs	1,00,000	By Printing and Stationery	13,000
To Sale of Old Periodicals and Newspapers	3,200	By Sports Expenses	50,000
To Hire of Ground used for Marriage	48,750	By 8% Investments (31.3.2017)	1,00,000
To Donation for Sports Fund	25,000	By Balance c/d Cash at Bank	26,500
To Locker Rent	17,050		
	4,14,000		**4,14,000**

Additional Information:
(i) Advance Subscription on 31st March, 2016 : ₹7,000
Subscription in arrear on 31st March, 2017 : ₹13,000
(ii) Locker Rent ₹ 3,050 was outstanding for the year 2015-16 and ₹1,500 for 2016-17.
(iii) Opening Stock of Printing and Stationery ₹2,000 and Closing Stock of Printing and Stationery is ₹ 3,000 for the year 2016-17.
(iv) On 1st April, 2016 other balances were as under :
Furniture ₹1,00,000
Sports Fund ₹ 15,000
(v) Depreciate Furniture @ 12.5% p.a.
Prepare Income and Expenditure Account for the year ending 31st March, 2017.

29. A and B are partners sharing profits in the ratio of 3:2 with capitals of ₹50,000 and ₹30,000 respectively. Interest on capital is agreed @ 6% p.a. B is to be allowed an annual salary of ₹2,500. During the year ended 31st March, 2019 the profits of the year prior to calculation of interest on capital but after charging B's salary amounted to ₹12,500. A provision of 5% of the profits is to be made in respect of manager's commission. 6
Prepare Profit and Loss Appropriation Account and Partners' Capital Account.

OR

Anand, Bhuvan and Charan were partners. Their capitals were Anand -₹30,000; Bhuvan-₹20,000 and Charan- ₹10,000 respectively. According to the Partnership Deed, they are

entitled to an interest on capital at 5% p.a. In addition, Bhuvan was entitled to draw a salary of ₹500 per month. Charan was entitled to a commission of 5% on the profits after charging interest on capital, but before charging salary payable to Bhuvan. Net profit for the year ₹30,000 was distributed in the ratio of capitals without above appropriations. The profit was to be shared in the ratio 2:2:1.
Pass necessary adjustment entry showing the workings clearly.

30. Akul, Bakul and Chandan were partners in a firm sharing profits in the ratio of 2:2:1. On 31st March, 2018 their Balance Sheet was as follows: 6

Balance Sheet of Akul, Bakul and Chandan
As on 31st March, 2018

Liabilities	₹	Assets	₹
Sundry Creditors	45,000	Cash at Bank	42,000
Employees Provident Fund	13,000	Debtors 60,000 Less: Provision for Doubtful Debts 2,000	58,000
General Reserve	20,000	Stock	80,000
Capitals : Akul 1,60,000 Bakul 1,20,000 Chandan 92,000	3,72,000	Furniture	90,000
		Plant and Machinery	1,80,000
	4,50,000		**4,50,000**

Bakul retired on the above date and it was agreed that:
(i) Plant and Machinery were undervalued by 10%.
(ii) Provision for Doubtful Debts was to be increased to 15% on debtors.
(iii) Furniture was to be decreased to ₹87,000.
(iv) Goodwill of the firm was valued at ₹3,00,000 and Bakul's share was to be adjusted through the Capital Accounts of Akul and Chandan.
(v) Capital of the new firm was to be in new profit sharing ratio of the continuing partners.
Prepare Revaluation Account and Partners' Capital Accounts.

31 Sanjana and Alok were partners in a firm sharing profits and losses in the ratio 3:2. On 31st March, 2018 their Balance Sheet was as follows: 8

Balance Sheet of Sanjana and Alok
As on 31st March, 2018

Liabilities	₹	Assets	₹
Creditors	60,000	Cash	1,66,000
Workmen's Compensation Fund	60,000	Debtors 1,46,000 Less Provision for Doubtful Debts 2,000	1,44,000
Capitals : Sanjana 5,00,000 Alok 4,00,000	9,00,000	Stock	1,50,000
		Investments	2,60,000
		Furniture	3,00,000
	10,20,000		**10,20,000**

On 1st April, 2018 they admitted Nidhi as a new partner for 1/4th share in the profits on the

following terms:
(i) Goodwill of the firm was valued at ₹4,00,000 and Nidhi brought the necessary amount in cash for her share of goodwill premium, half of which was withdrawn by the old partners.
(ii) Stock was to be increased by 20% and furniture was to be reduced to 90%.
(iii) Investments were to be valued at ₹3,00,000. Alok took over investments at this value.
(iv) Nidhi brought ₹3,00,000 as her capital and the capitals of Sanjana and Alok were adjusted in the new profit sharing ratio.
Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm on Nidhi's admission.

OR

Swayam and Suraj were partners sharing profits equally. Their Balance Sheet as at 31st March, 2019 was:

Liabilities	₹	Assets	₹
Creditors	50,000	Cash	12,000
Bills Payable	15,000	Cash at Bank	15,000
Outstanding Expenses	3,000	Debtors 20,000 Less: Provision for Doubtful Debts 500	19,500
Capital A/cs: Swayam 60,000 Suraj 40,000	1,00,000	Stock	20,000
		Furniture	10,000
		Machinery	18,000
		Land and Building	73,500
	1,68,000		**1,68,000**

Shahad is admitted as a partner from 1st April, 2019 on the following terms:
(i) Shahad will get 1/5th share in profits and he will bring ₹20,000 as his capital and ₹5,000 as his share of goodwill. Goodwill brought by Shahad will be withdrawn by Swayam and Suraj.
(ii) Provision for Doubtful Debts should be brought up to 5% on debtors.
(iii) Machinery be reduced by ₹2,000 and Furniture by 12.5%.
(iv) Stock be valued at ₹23,000; Land and Building be appreciated by 20% and Investments of ₹2,000 which did not appear in books should be recorded.
(v) Out of the amount of Insurance Premium which was debited to Profit and Loss Account, ₹5,000 be carried forward as unexpired insurance and a bill of ₹5,000 for Electricity Expenses was not accounted.
Record necessary Journal Entries.

32. Michael, Jackson and John were partners in a firm sharing profits in the ratio of 3:1:1. On 31st March, 2017, they decided to dissolve their firm. On that date their Balance Sheet was as follows: 8

Balance Sheet of Michael, Jackson and John
As at 31st March, 2017

Liabilities	Amount	Assets	Amount
Creditors	11,500	Bank	6,000
Loan	3,500	Debtors 48,400 Less: Provision for Doubtful Debts 2,400	46,000
Capitals: Michael 50,000 Jackson 25,000	89,000	Stock in trade	16,000

John 14,000			
		Furniture	2,000
		Sundry Assets	34,000
	1,04,000		**1,04,000**

It was agreed that:

(i) Michael was to take over Furniture at ₹2,600 and Debtors amounting to ₹40,000 at ₹34,400; The Creditors of ₹10,000 to be paid to him at this figure.

(ii) Jackson was to take over all the stock in trade at ₹14,000 and some of the Sundry Assets at ₹28,000 (being 10% less than book value).

(iii) John was to take over the remaining Sundry Assets at 90% of the book value and assumed the responsibility for the discharge of the Loan.

(iv) The remaining Debtors were sold to a debt collecting agency for 50% of the book value. The expenses of dissolution ₹600 were paid by John.

Prepare Realisation Account, Bank Account and Partners' Capital Account.

OR

A, B and C were partners sharing profits and losses in the ratio of 2:2:1. Their Balance Sheet as at 31st March, 2018 was as follows.

Balance Sheet of A, B and C
As at 31st March, 2018

Liabilities	Amount	Assets	Amount
Capitals: A 7,50,000 B 3,00,000 C 2,50,000	13,00,000	Debtors 1,95,000 Less Provision for Bad Debts 5,000	1,90,000
Creditors	2,00,000	Cash at Bank	3,00,000
		Stock	3,00,000
		Fixed Assets	7,10,000
	15,00,000		**15,00,000**

On the above date, they dissolved the firm and the following amounts were realised:

Fixed Assets ₹6,75,000; Stock ₹3,39,000; Debtors ₹1,35,000; Creditors were paid ₹1,85,000 in full settlement of their claim. Expenses on Realisation amounted to ₹19,000.

Pass necessary Journal Entries on the dissolution of the firm.

End of the Question Paper