KENDRIYA VIDYALAYA, IIT-CHENNAI
CUMULATIVE TEST-PRACTICE PAPER

CLASS:XII SUBJECT:Accountancy

Session: 2015-16

(ACCOUNTING FOR PARTNERSHIP FIRMS AND COMPANIES)

1. State any one difference between fixed capital method and fluctuating capital method. (1)
2. Give two circumstances in which the sacrificing ratio may be applied. (1)
3. Veeru, Sonu and Kavita formed a partnership firm. Veeru and Sonu desire that Kavita should not participate in the conduct of business of the firm. Which value has been adversely affected in this case? (1)
4. Write any one difference between sacrificing ratio and gaining ratio. (1)
5. How the "Earning Capacity of a business" is assessed by financial statement analysis? (1)
6. What is meant by dissolution of partnership? (1)
7. Give the formula for calculating gaining ratio of a partner in a partnership firm. (1)
8. At what rate interest on calls-in-advance may be paid by a company according to Table F of schedule I of the company's Act 2013? (1)
9. What do you mean by over subscription? (1)
10. In the absence of any provision in the partnership deed, at what rate is the working partner entitled for remuneration? (1)
11. What is meant by convertible preference shares? (1)
12. Name any two items that can be disclosed under "intangible assets". (1)
13. What is meant by 'Issue of Debentures as a collateral security'? (1)
14. Which companies are exempted from creating "Debenture Redemption Reserve" by the SEBI? (1)
15 What is the nature of Interest on Debentures? (1)
16. Mention, in brief SEBI guideline regarding debenture redemption reserve. (1)
17. Ram, Rahim andKarim are partners in a firm. They have no agreement in respect of the profit sharing ratio, interest on capital, interest on loans advanced by partners and remuneration payable to partners. In the matter of distribution of profits they have put forward the following claims:
    i) Ram who has contributed the maximum capital demands interest on the capital at 12% p.a. and the share of profit in the capital ratio. But Rahim and Karim do not accept it.
    ii) Rahim has devoted full time to manage business and demands salary at the rate 0f 500 per month. But Ram and Karim do not agree with him.

    How shall you settle the disputes. Also state the value which is not followed by them. (3)
18. Fill in the missing figures in the following journal entries. (3)

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Sundry Assets A/c Dr ____________ Dr To Sundry Liability A/c To Rama Ltd. (__________________________)		20,00,000 ________	 3,80,000 16,80,000
	__________________________ Dr To 8% debentures A/c To ____________ A/c (Issue of _________ debentures of Rs.100 each at 5% premium)		________	 ________ ________

19. **Shubh Limited has the following balances appearing in its Balance Sheet:**

Particulars	Rs.
Security Premium	22,00,000
9% debentures	120,00,000
Underwriting Commission	10,00,000

The company decided to redeem its 9% Debentures at a premium of 10%. You are required to suggest the ways in which the company can utilize the securities premium amount. **(3)**

20. **Mohan and Naresh are partners sharing profit and loss in the ratio of 3:2. They admitted Suresh a specially abled unemployed engineering graduate as a partner for 1/4th share. Mohan and Naresh decide to share equally in future. You are required to calculate new profit sharing ratio and sacrificing ratio.** **(3)**

21. **A company took a loan of Rs.5.00.000 from State Bank of India and issued 10% Debentures of Rs.8,00,000 of Rs.100 each as a collateral security. Explain how will you deal with issue of debentures in the books company.** **(3)**

22. **Fill in the missing figures in the following accounts:** **(3)**

Profit and Loss account for the year ended 31st March 2014

Particulars	Rs	Particulars	Rs.
To Manager's Commission 10 % of Rs.____________	6,000	By profit for the year	_________
To Net profit transferred to profit and loss appropriation A/c	________		
	________		_________
	________		_________
	________		_________

Profit and Loss Appropriation Account for the year ended 31st March 2014

Particulars		Rs	Particulars	Rs
To Interest on capitals @ 8% p.a:			By Profit and Loss A/c	_________
X	12,000			
Y	8,000			
	_______	_______		
To Salary to Y		_______		
To Profit transferred to capital A/c s				
X (3/5)	15,000			
Y (2/5)	10,000			
	_______	_______		
		________		_________
		________		_________
		________		_________

23. **Distinguish between Shares and Debentures.** **(3)**

24. **A.B and C are part ners in a firm. They had omitted interest on capital @ 10% p.a. for three years ended 31st March, 2014. Their fixed capitals on which interest was to be calculated throughout were:**

A	Rs.1,00,000
B	Rs. 80,000
C	Rs. 70,000

Give the necessary adjusting journal entry with working notes.

25. **A, B and C were partners in a firm sharing profits in the ratio of 6 : 5 : 4. Their capitals were A, Rs. 1,00,000, B, Rs. 80,000 and C, Rs. 60,000 respectively. On first April 2009 C retires from the firm and the new profit sharing ratio between A and B was decided as 11 : 4. On C's retirement the goodwill of the firm was valued at Rs. 90,000. Showing your calculations clearly, pass necessary journal entry for the treatment of goodwill on C's retirement.** **(4)**

26. **Ashish, Manu and Naveen after completing their computer engineering decided to start the business of developing computer software. They entered into partnership for this purpose on 1st April, 2013. Identify any four values which according to you motivated them to form the partnership firm.** **(4)**

27. **Pass necessary journal entries for the following transactions on the dissolution of the firm of T and P after the various assets (other than cash) and outside liabilities have been transferred to Realisation Account.**
    (i) Bank loan Rs.34,00 was paid.
    (ii) Furniture worth Rs.70,000 was taken over by partner T at Rs.43,000
    (iii) Partner P agreed to pay a creditor Rs.7,500
    (iv) A computer previously written off fully, realized Rs.3,900. **(4)**

28. **What entries shall be passed for the issue of debentures, when debentures are issued at par and redeemable at a premium, If a debenture of Rs.100 is issued at Rs.100 and is redeemable at Rs.105?** **(4)**

29. **PS Ltd., forfeited 500 equity shares of Rs.100 each for the non payment of first call of Rs.30 per share. The final call of Rs.10 per share was not yet made. The forfeited shares were re-issued for Rs.65,000 fully paid up. Pass necessary journal entries in the books of the Company.** **(4)**

30. **S. Ltd decided to set up a manufacturing firm in the rural area of Jharkhand, where people have very few job opportunities. Following is the Comparative Balance Sheet of the Company.**

COMPARATIVE BALANCE SHEET OF R.P.LTD.
as at 31st March 212 & 2013

Particulars	Note No.	31.03.2012	31.03.2013	Absolute change (Increase or Decrease)	Percentage change (Increase or Decrease)
1		2	3	4	5
		A	B	B-A = C	C/AX100 = D
		Rs	Rs	Rs	Rs
EQUITY AND LIABILITIES:					
Shareholders Funds:					
(i) Share Capital		15,00,000	....	....	20.00
(ii) Reserve and Surplus		....	....	75,000	50.00
Non-Current Liabilities:					
Long term borrowings.		4,20,000	....	(1,20,000)	(------)
Current Liabilities:					
(a) Short-term borrowings		....	....	(45,000)	(10.00)
(b) Trade payables		1,35,000	....	15,000	11.11
TOTAL		....	....	....	....

You are required to fill in the missing figures in the comparative Balance Sheet. **(4)**

31. **Pass the necessary journal entries for the issue and redemption of Debentures in the following case:**
    (i) 10,000, 10% Debentures of Rs.100 each issued at 20% premium repayable at par. **(4)**

32. ABC Ltd is a leading manufacturing company, encouraged by the spurt in its profits, company decided to give 15% interim dividend to the equity shareholders of the company. Prepare the comparative statement of Profit and Loss of the company. (4)

Comparative Statement of Profit and Loss for the year ended 31st March 2012 and 2013

Particulars	Note No	2011-12	2012-13
i. Revenue from operations		25,00,000	37,50,000
ii. Add: other income		1,00,000	75,000
Total revenue i + ii		26,00,000	38,25,000
Iii. Less: expenses		15,00,000	22,50,000
Profit before tax		11,00,000	15,75,000
Less: Tax		2,00,000	2,50,000
Profit after Tax		9,00,000	13,25,000

33. A, B and C are partners in a firm. Their profit sharing ratio is 3 : 2 : 1. However, C is guaranteed a minimum amount of Rs.10,000 as share of profit every year. Any deficiency arising on that account shall be met by A. The profit for the two years ending 31st December 2011 and 2012 were Rs.30,000 and Rs.90,000 respectively. Prepare Profit and Loss Appropriation Account for the two years. (6)

34. Durga Ltd had issued Rs.5,00,000, 7 % debentures of Rs.100 each redeemable at a premium of 6 % on March 31st 2015. Assume that required investment was made in 10% government securities on 30th April of the financial year in which redemption is due. Debentures were redeemed on due date. Pass journal entries for redemption for debentures. (6)

35. Arjun, Bhim and Nakul are partners sharing profits and losses in the ratio of 14 : 5 : 6 respectively. Bhim retires and surrenders his 5/25th share in favour of Arjun. The goodwill of the firm is valued at 2 years purchase of super profits based on average profits of last three years. The profits for the last 3 years are Rs.50,000, Rs.55,000 and Rs.60,000 respectively. The normal profits for the similar firm are Rs.30,000.Goodwill already appears in the books of the firm at Rs.75,000. The profit for the first year after Bhim's retirement was Rs.1,00,000. Give the necessary Journal entries to adjust Goodwill and distribute profits showing your workings. (6)

36. (a) Deepak Ltd. forfeited 200, 8% preference shares of Rs.100 each issued at a premium of Rs.5 per share for the nonpayment of final call of Rs.30 per share. Out of the forfeited shares, 150 shares were issued as fully paid up at such a price thatRs.9,000 was transferred to capital reserve. Pass necessary journal entries. (4)

(b) Reliance Ltd, provided Rs.10,00,000 for using scientific techniques of disposal and treatment of wastes. Which values have been served by this decision? (2)

37. Ram, Mohan and Sohan were partners sharing profits and losses in the ratio of 5 : 3 : 2. On 31st March, 2006 their Balance Sheet was as under :

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Capital			Leasehold	1,25,000
Ram	1,50,000		Partners	30,000
Mohan	1,25,000		Machinery	1,50,000
Sohan	75,000		Stock	1,90,000
		3,50,000	Cash at Bank	40,000
Creditors		1,55,000		
Workmen's Compensation Reserve		30,000		
		5,35,000		5,35,000

Sohan died on 1st August 2006, It was agreed that :

(i) Goodwill of the firm is to be valued at Rs.1,75,000

(ii) Machinery be valued ar Rs.1,40,000; Patents at Rs.40,000; Leaeshold at Rs1,.50,000 on this date.

(iii) For the purpose of calculating Sohan's share in the profits of 2006-07, the profits should be taken accrued on the same scale as in 2005-06, which were Rs.75,000. (6)

Also identify the value being highlighted here.

38. Z Ltd. purchased furniture for Rs.99,000 from Y Ltd. The payment to Y Ltd. was made by issue of Equity shares of Rs. 10 each. Pass necessary journal entries in the books of Z Ltd. for the above transactions when :

(i) Shares were issued at 10% premium and

(ii) Shares were issued at 10% discount. (6)

39. Rajat and Ravi are partners in a firm sharing profits and losses in the ratio of 7 : 3. Their Balance Sheet as at 31st March, 2007 is as follows :

Liabilities		Rs.	Assets	Rs.
Creditors		60,000	Cash in hand	36,000
Reserve		10,000	Cash at Bank	90,000
Capital Accounts			Debtors	44,000
Rajat	1,00,000		Stock	50,000
Ravi	80,000	1,80,000	Furniture	30,000
		2,50,000		2,50,000

On 1st April, 2007, they admit Rohan on the following terms :

(i) Goodwill is valued at Rs.40,000 and Rohan is not bring in the necessary amount in cash as premium for goodwill and Rs.60,000 as Capital for 1/4 share in profits

.(ii) Stock is to be reduced by 40% and furniture is to reduced to 40%.

(iii) Capitals of the partners shall be proportionate to their Profit Sharing Ratio taking Rohan's Capital as base. Adjustments of Capitals to be made by cash.

Prepare Revaluation Account, Partners' Capital Accounts and Cash Account.

(OR)

Ram and Mohan were partners in a firm sharing profits in the ratio of 3 : 2. They admitted Sohan as a new partner for 1/3rd share in the profits. Sohan is t bring Rs.30,000 for goodwill and such an amount as his capital, so that his capital will be equal to 1/3rd of the total capital of the new firm. On 31.3.2008 the Balance Sheet of Ram and Mohan was as follows :

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Creditors		30,000	Cash	1,00,000
Bills Ppayable		10,000	Debtors	30,000
Reserves		30,000	Stock	50,000
Capitals :			10% Govt. Bonds	20,000
Ram	1,35,000		Furniture	10,000
Mohan	1,25,000	2,60,000	Machinery	1,20,000
		3,30,000		3,30,000

It was decided to :

(i) Revalue stock at Rs.45,000.

(ii) Depreciate furniture by 10% and machinery by 5% and

(iii) Make provision of Rs.3,000 on sundry debtors for bad and doubtful debts.

Prepare Revaluation Account, Partners Capital Accounts and the Balance Sheet of the new firm. (8)

40. In 2010 ,Raghav Ltd., was registered with an authorized capital of Rs.1,00,000 in Equity Shares of Rs 10 each. Of these ,4,000 equity Shares were issued as fully paid to vendors for the purchase of Plant and Machinery and the remaining 6,000 Shares were subscribed for by the public for cash. During the first year ,Rs6 per Equity Share was called up on these 6,000 Shares, payable Rs3 on application,Re1 on allotment and Rs2 on the first call.

The amount received in respect of these shares were as follows:

On 5,000 Shares, the full amount called.
On 600 Shares, Rs4 per Share.
On 400 Shares, Rs3per Share.

The company forfeited all those Shares on which only Rs 3 had been received and reissued them at Rs 4 per Share, Rs 6 called up.

Journalise the transactions in the books of the company and prepare a calls-in-arrear Account. (8)

41. Following was the Balance Sheet of A, B and C as on 31st March ,2012:

Liabilities	Rs	Assets	Rs
Creditors	50,000	Bank	20,000
Bills payable	10,000	Debtors	30,000
B's Loan	8,000	Stock	20,000
David's Loan	12,000	Furniture	15,000
Workmen Compensation reserve	20,000	Land and Building	2,45,000
Capitals		B's Capital	20,000
A 1,00,000			
B 1,50,000			
________	2,50,000		------------
	3,50,000		3,50,000
	=======		=======

The firm was dissolved on the above date on the following terms:

(i) Debtors realized Rs 28,000; and creditors and Bills Payable were paid at a discount of 10%.
(ii) Stock was taken over by C for Rs 15,000 and furniture was sold to N for Rs 12,000.
(iii) Land and Building was sold for Rs 2,80,000.
(iv) David's loan was paid by a cheque for the same amount.
(v) There was an unrecorded asset of Rs 20,000 which was sold for Rs 14,000.
(vi) The firm had a Joint life policy of Rs 5,00,000 with a surrender value of Rs 86,000.The Policy was surrendered at its Surrender value.

Prepare Realisation Account. (8)

42. MCS Ltd. issued 40,000 shares of Rs.10 each payable at Rs.2 per share on application, Rs.4 per share on allotment and the balance in two equal instalments. Applications were received for 80,000 shares and the allotment was made as follows :

(a) Applicants of 50,000 shares were allotted 30,000 shares.
(b) Applicants of 30,000 shares were allotted 10,000 shares.

Neeraj to whom 600 shares were allotted from category (a) failed to pay the allotment money. Pass the necessary Journal entries upto allotment only. (OR)

(a) A company on non-receipt of first call money of Rs.2 per share and final call money of Rs.3 per share from Mukesh, debited calls-in-arrears account by Rs.2,000 and Rs.3,000 respectively. After due notice, shares of Rs.10 each were forfeited from Mukesh.Out of which 600 shares were reissued to Puneet for Rs.8 per share fully paid. Make journal entries regarding forfeiture and reissue of shares in the books of company.

(b) Mr.Arjun was the holder of Rs.200 shares of Rs.10 each in RSS Ltd. upon which Rs.5 per share had been called up but he had paid only Rs.2.50 per share thereon. The company forfeited his shares and afterwards sold them to Karambir credited as Rs.5 per share paid for Rs.900. Give necessary Journal entries for forfeiture and reissue of shares, in the books of Company. (8)

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