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INDIAN SCHOOL MUSCAT FIRST PERIODIC ASSESSMENT

ACCOUNTANCY

CLASS: 12

Code: 055

Time Allotted: 50mts.

14.04.2019

Max .Marks: 20

GENERAL INSTRUCTIONS:

- 1) All questions are compulsory.
- 2) Draw proper formats using scale and pencil.

1. How does the factor 'efficiency of management' affect the Goodwill of a firm? 1

2. Calculate interest on drawings of Mr. Shyam @ 10% p.a. for the year ended 31st March, 2018 if he withdrew ₹.6,000 in the beginning of each quarter. 1

3. What do you mean by Number of years purchase? 1

4. X, Y and Z are partners in a firm. They admitted W their landlord as a partner in the firm. W brings sufficient amount of capital and goodwill premium for his share in the profits. W had given a loan of ₹.1,00,000 @ 10% p.a. interest to the partnership firm before he became the partner. Now the accountant of the firm is emphasizing that the interest on loan should be paid @ 6%p.a. Is he right in doing so? Give reason in support of your answer. 1

5. State any two circumstances, when need for valuation of goodwill of a firm may arise. 1

6. A, B and C were partners. Their capitals were A - ₹.60,000; B - ₹.40,000 and C - ₹.20,000 respectively. According to the Partnership Deed, they were entitled to an interest on capital @ 5% p.a. In addition, B was also entitled to draw a salary of ₹.1,000 per month. C was entitled to a commission of 5% on the profits after charging interest on capital, but before charging the salary payable to B. The net profit for the year were ₹.60,000 distributed in the 3

ratio of capitals without providing for any of the above adjustments. The profits were to be shared in the ratio of 5:3:2.

Pass necessary adjustment entry showing the workings clearly.

OR

Riya , Miya and Piya are partners in a firm. Their capital accounts stood at ₹.6,00,000; ₹.5,00,000 and ₹.4,00,000 respectively on 1st April 2018. They shared Profits and Losses in the proportion of 4:2:3. Partners are entitled to interest on capital @ 8% per annum and salary to Miya and Piya @ ₹.7,000 per month and ₹.10,000 per quarter respectively as per the provision of the Partnership Deed.

Piya's share of profit (excluding interest on capital but including salary) is guaranteed at a minimum of ₹.1,10,000 p.a. Any deficiency arising on that account shall be met by Riya.

The profit for the year ended 31st March 2019 amounted to ₹.4,24,000.

Prepare Profit and Loss appropriation account for the year ended 31st March 2019.

- 7 X and Y are partners sharing profits and losses in the ratio of 3:2. They admit Z into partnership for 1/4th share in goodwill. Z brings in his share of goodwill in cash. Goodwill for this purpose is to be calculated at two years purchase of the average normal profit of past three years. Profits of the last three years ended 31st March were: 4
- 2016- Profit ₹.1,00,000 (including profit on sale of assets ₹.10,000)
- 2017- Loss ₹.40,000 (including loss by fire ₹.60,000)
- 2018- Profit ₹.1,40,000 (including insurance claim received ₹.36,000 and interest on investments and Dividend received ₹.16,000)
- Calculate value of goodwill.

OR

Average profit of the firm is ₹. 3,00,000. Total tangible assets in the firm are ₹.28,00,000 and outside liabilities are ₹.8,00,000. In the same type of business the normal rate of return in similar business is 10%. Find the value of goodwill by Capitalization of Super Profit Method.

- 8 Rohan and Mohan entered into partnership on 1st April, 2018 and contributed ₹.4,00,000 and ₹.3,00,000 respectively as their capitals. On 1st October, 2018 Rohan provided ₹.1,00,000 as loan to the firm. As per the provisions of the Partnership Deed: 8
- a) 20% of profits before charging Interest on Drawings but after making appropriations to be transferred to General Reserve.

- b) Interest on capital @ 12% p.a. and Interest on Drawings @ 10% p.a.
- c) Rohan to get monthly salary of ₹.10,000 and Mohan to get salary of ₹.45,000 per quarter.
- d) Rohan is entitled to a commission of 5% on sales. Sales for the year were ₹.7,00,000.
- e) Profit and loss to be shared in the ratio of their capital contribution up to ₹.3,50,000 and above equally.

The profits for the year ended 31st March, 2019 before providing for any interest was ₹.9,22,000. The drawings of Rohan and Mohan were ₹.2,00,000 and ₹.2,50,000 respectively.

Prepare necessary ledger accounts

OR

Anita and Binita are partners sharing profits and losses in the ratio of 3:1. On 1st April, 2018 their Fixed capitals were Anita ₹.1,00,000 and Binita ₹.60,000. During the year ended 31st March, 2019 they earned a net profit of ₹.1,00,000. The terms of partnership are :

- a) Interest on capital is to be allowed @ 6%p.a.
- b) Anita will get a commission @ 2% on turnover.
- c) Binita will get a salary of ₹.1,000 per month.
- d) Binita will get commission of 5% on profits after deduction of all expenses including such commission. Partners drawings for the year were: Anita ₹.16,000 and Binita ₹.12,000. Turnover for the year was ₹.6,00,000.

After considering the above facts, you are required to prepare the necessary ledger accounts.