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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. State any two circumstances, when need for valuation of goodwill of a firm may arise. 1
2. Calculate interest on drawings of Mr. Soman @ 10% p.a. for the year ended 31<sup>st</sup> March, 2018 1  
if he withdrew ₹.6,000 at the end of each quarter.
3. How does the factor 'efficiency of management' affect the Goodwill of a firm? 1
4. X, Y and Z are partners in a firm. They admitted W their landlord as a partner in the firm. W 1  
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.
5. What do you mean by Number of years purchase? 1
6. Ameena, Beena and Davina are partners in a firm. Their capital accounts stood at ₹.4,00,000; 3  
₹.3,00,000 and ₹.2,00,000 respectively on 1<sup>st</sup> April 2018. They shared profits and losses in  
the ratio of 3:2:1 respectively. Partners are entitled to interest on capital @ 6% per annum  
and salary to Beena and Davina @ ₹.2,000 per month and ₹.3,000 per quarter respectively as  
per the provisions of Partnership Deed.  
Beena's share of profit including interest on capital but excluding salary is guaranteed at a

minimum of ₹.41,000 p.a. Any deficiency arising on that account shall be met by Davina. Profit for the year ended 31<sup>st</sup> March 2019 amounted to ₹.1,56,000. Prepare Profit and Loss Appropriation Account.

**OR**

A, B and C were partners. Their capitals were A - ₹.1,20,000; B - ₹.80,000 and C - ₹.40,000 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 ₹.2,000 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 ₹.1,20,000 distributed in the 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.

7. 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. 4

**OR**

X and Y are partners sharing profits and losses in the ratio of 3:2. They admit Z into partnership for 1/4<sup>th</sup> 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 31<sup>st</sup> March were:

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.

8. Rohan and Mohan entered into partnership on 1<sup>st</sup> April, 2018 and contributed ₹.4,00,000 and ₹.3,00,000 respectively as their capitals. On 1<sup>st</sup> October, 2018 Rohan provided ₹.1,00,000 as loan to the firm. As per the provisions of the Partnership Deed: 8
- 20% of profits before charging Interest on Drawings but after making appropriations to be transferred to General Reserve.
  - Interest on capital @ 12% p.a. and Interest on Drawings @ 10% p.a.
  - 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 31<sup>st</sup> 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 1<sup>st</sup> April, 2018 their Fixed capitals were Anita ₹.1,00,000 and Binita ₹.60,000. During the year ended 31<sup>st</sup> 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.