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INDIAN SCHOOL MUSCAT SECOND PERIODIC TEST



ACCOUNTANCY

CLASS: XII

Sub. Code: 055

Time Allotted: 50mts

16.09.2018

Max. Marks:20

General Instructions:

- 1) All questions are compulsory.**
- 2) Please draw proper columns with pencils.**

- 1 Differentiate between 'Dissolution of Partnership and Dissolution of partnership firm on the basis of 'Economic relationship'. 1
- 2 Pass the necessary journal entry if Sarthak paid the realization expenses of ₹.16,000 out of his private funds, who was to get a remuneration of ₹.15,000 for completing dissolution process and was responsible to bear all the realization expenses. 1
- 3 Following is the Balance Sheet of Preeta, Reeta and Seeta who are sharing profits in the ratio 2:1:2 as on 31st March 2017. 4

Liabilities	₹.	Assets	₹.
Creditors	76,000	Building	4,80,000
Bills Payable	4,000	Stock	1,30,000
Capitals:		Debtors	60,000
Preeta 2,88,000		Cash at Bank	10,000
Reeta 1,84,000		Profit and Loss Account	1,20,000
Seeta 2,48,000	7,20,000		
	8,00,000		8,00,000

Preeta died on 30th September 2017. She had withdrawn ₹.44, 000 from her capital on July 1, 2017. According to the partnership agreement, she was entitled to interest on capital @8% p.a. Her share of profit till the date of death was to be calculated on the basis of the average profits of the last three years. Goodwill was to be calculated on the basis of three times the average profits of the last four years. The profits for the years ended 2013-14, 2014-15 and 2015-16 were ₹. 60,000, ₹.1,40,000 and ₹. 1,60,000 respectively. Prepare Preeta's account to be rendered to her executors.

- 4 N, S and G were partners in a firm sharing profits and losses in the ratio of 2:3:5. On 31.3.2016 their Balance Sheet was as under : 6

Balance Sheet of N, S and G as on 31.3.2016

Liabilities	Amount ₹.	Assets	Amount ₹.
Creditors	1,65,000	Cash	1,20,000
General Reserve	90,000	Debtors	1,35,000
Capitals		Less : Provision	15,000
N 2,25,000		Stock	1,50,000
S 3,75,000		Machinery	4,50,000
G 4,50,000	10,50,000	Patents	90,000
		Building	3,00,000
		Profit and Loss Account	75,000
	13,05,000		13,05,000

G retired on the above date and it was agreed that

- Debtors of ₹.6,000 will be written off as bad debts and a provision of 5% on debtors for bad and doubtful debts will be maintained.
- Patents will be completely written off and stock, machinery and building will be depreciated by 5%.
- An unrecorded creditor of ₹. 30,000 will be taken into account.
- N and S will share the future profits in 2 : 3 ratio.
- Goodwill of the firm on G's retirement was valued at ₹. 90,000. Pass necessary journal entries for the above transactions in the books of the firm on G's retirement.

- 5 X, Y and Z were partners sharing profits in the ratio of 2:2:1. The Balance Sheet on 31st March, 2010, when they dissolved the firm was as follows: 8

Liabilities	(₹.)	Assets	(₹.)
Bank Loan	11,500	Other Sundry Assets	1,17,000
Creditors	16,000	Furniture	11,000
Profit and Loss A/c	20,000	Debtors	1,24,200
Contingency Reserve	5,000	Less : Provision	1,200
Capitals:		Stock	17,800
X 1,27,500		Cash	13,200
Y 1,10,000		Advertisement Suspense	20,000
Z 17,000	2,54,500	Preliminary Expenses	5,000
	3,07,000		3,07,000

It was agreed that :

- X to take over furniture at ₹.8,000 and debtors amounting to ₹.1,20,000 at ₹.1,17,200 and the creditors of ₹.16,000 were to be paid by him at this figure.
- Y is to take over all stock for ₹.17,000 and some sundry assets at ₹.72,000 (being 10% less than the book value)

(iii) Z to take over remaining sundry assets at 80% of the book value and assume the responsibility of discharge of loan together with accrued interest of ₹.2,300.

(iv) The expenses of realization were ₹.2,700. The remaining debtors were sold to a debt collecting agency at 50% of the value.

Prepare necessary accounts to close the books of the firm.

End of the Question Paper