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## INDIAN SCHOOL MUSCAT SECOND PERIODIC TEST



### ACCOUNTANCY

**CLASS: XII**

**Sub. Code: 055**

**Time Allotted: 50 mts**

**16.09.2018**

**Max. Marks: 20**

**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. Distinguish between 'Dissolution of Partnership' and 'Dissolution of Partnership firm' on the basis of closure of books. 1
2. Why is 'Realisation Account' prepared? 1
3. Following is the Balance Sheet of Sunita, Rashi and Seema who are sharing profits in the ratio 2:1:2 as on 31st March 2017. 4

Liabilities	Rs.	Assets	Rs.
Creditors	38,000	Building	2,40,000
Bills Payable	2,000	Stock	65,000
Capitals:		Debtors	30,000
Sunita           1,44,000		Cash at Bank	5,000
Rashi            92,000		Profit and Loss Account	60,000
Seema           1,24,000	3,60,000		
	4,00,000		4,00,000

Sunita died on 30<sup>th</sup> 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 She had withdrawn 44,000 from her capital on July 1, 2017.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 2012-2013, 2013-14, 2014-15 and 2015-16 were Rs. 1,20,000 Rs. 30,000, Rs. 70,000 and Rs. 80,000 respectively.

**Prepare Sunita's account to be rendered to her executors.**

4. X, Y and Z are partners in a firm sharing profits in proportion of 3:2:1 respectively. The Balance Sheet as on April 1, 2018 was as follows:- 6

Liabilities	Rs.	Assets	Rs.
Employees Provident Fund	12,000	Freehold Premises	40,000
Sundry Creditors		Machinery	30,000
General Reserve	18,000	Furniture	12,000
Capitals	12,000	Stock	22,000
X		Debtors	20,000
Y	30,000	Less: PBDD	1,000
Z	30,000	Cash	7,000
	28,000		
	1,30,000		1,30,000

Z retires from the business and the partners agree that: (a) Machinery has to be depreciated by 10%. (b) Provision for bad debts has to be increased to Rs. 1,500. (c) Furniture was taken over by Z for Rs. 14,000. (d) Goodwill is valued at Rs. 21,000 on Z's retirement. (e) The continuing partners' have decided to adjust their capitals in their new profit sharing ratio after retirement of Z. Surplus or deficit if any, in their capital accounts will be adjusted through their current accounts. **Prepare Revaluation A/c and Partners' Capital A/c's.**

5. Prashant and Rajesh were partners in a firm sharing profits in the ratio of 3 : 2. In spite of repeated reminders by the authorities, they kept dumping hazardous material into a nearby river. The court ordered for the dissolution of their partnership firm on 31<sup>st</sup> March 2018. Parshant was deputed to realise the assets and to pay the liabilities. He was paid Rs.1,000 as commission for his services. The financial position of the firm on 31st March 2018 was as follows: 8

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	80,000	Building	1,20,000
Mrs. Prashant's Loan	40,000	Investments	30,600
Rajesh's Loan	24,000	Debtors	34,000
Investment Fluctuation Fund	8,000	Less : Provision	4,000
Capitals:		Bills Receivable	37,400
Prashant 42,000	84,000	Cash	6,000
Rajesh 42,000		Profit and Loss A/c	8,000
		Goodwill	4,000
	2,36,000		2,36,000

Following was agreed upon:

- (i) Prashant agreed to pay off his wife's loan.
- (ii) Debtors realized Rs.24,000
- (iii) Rajesh took away all investments at Rs.27,000.
- (iv) Building realized Rs.1,52,000.
- (v) Creditors were payable after 2 months. They were paid immediately at 10% discount.
- (vi) Bills receivable were settled at a loss of Rs.1,400.
- (vii) Realisation expenses amounted to Rs.2,500.

**Prepare Realisation A/c, Partners Capital A/c and Cash A/c and identify the value being conveyed.**

**End of the Question Paper**