



INDIAN SCHOOL MUSCAT
SECOND PERIODIC ASSESSMENT
ACCOUNTANCY (CODE: 055)



MAX.MARKS: 20

DATE: 03/05/2021

TIME ALLOWED: 40 MINUTES

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. Marks for questions are indicated against each question
5. Use of calculators or any other calculating device are not allowed.
6. Show clearly working notes wherever necessary.
7. Make your handwriting legible. Scan your answer paper properly and upload it on time.

- 1 Abhi, Bala and Chandan are partners sharing profits and losses equally. They agree to admit 3
 Dharmesh for equal share of profit. For this purpose, the value of goodwill is to be calculated on the
 basis of four years' purchase of average profit of last five years. These profits for the year ended 31st
 March, were:

Year	2016	2017	2018	2019	2020
Profit/Loss (₹)	1,50,000	3,50,000	5,00,000	7,10,000	(5,90,000)

On 1st April, 2019, a car costing ₹ 1,00,000 was purchased and debited to Travelling Expenses
 Account, on which depreciation is to be charged @ 25% p.a. Interest of ₹ 10,000 on Non-trade
 Investments is credit to income for the year ended 31st March, 2019 and 2020.

Calculate the value of Goodwill after adjusting the above.

- 2 Average profit of the firm during the last few years are ₹ 80,000 and the normal rate of return in a 3
 similar business is 10%. If the goodwill of the firm is ₹ 1,00,000 at 4 years' purchase of super profit,
 find the capital employed by the firm.

- 3 Anand, Bhuvan and Charan were partners. Their capitals were Anand - ₹30,000; Bhuvan- ₹20,000 6
 and Charan- ₹10,000 respectively. According to the Partnership Deed, they are entitled to an interest
 on capital at 5% p.a. In addition, Bhuvan was entitled to draw a salary of ₹500 per month. Charan
 was entitled to a commission of 5% on the profits after charging interest on capital, but before
 charging salary payable to Bhuvan. Net profit for the year ₹30,000 was distributed in the ratio of
 capitals without providing for the above appropriations. The profit was to be shared in the ratio 5:2:3.
 Pass necessary adjustment entry showing the workings clearly.

- 4 Samrat and Virat are partners sharing profits and losses in the ratio of 2:1. On 1st April, 2019 their 8
 Capitals were: Samrat ₹ 5,00,000 and Virat ₹ 4,00,000.

Prepare Profit and Loss Appropriation Account and the Partners Capital Accounts at the end of the
 year after considering the following items:

- (a) Interest on Capital is to be allowed @ 5% p.a.
- (b) Interest on the loan advanced by Virat for the whole year, the amount of loan being ₹ 3,00,000.
- (c) Interest on partners drawings @ 6% p.a. Drawings: Samrat ₹ 1,00,000 and Virat ₹ 80,000.
- (d) 10% of the divisible profit is to be transferred to Reserve.

Profit before giving effect to the above, for the year ended 31st March, 2020 is ₹ 7,02,600

Note: Net profit means net profit after debit of interest on loan by the partner.

End of Question Paper