INTERNATIONAL INDIAN SCHOOL, RIYADH

Post Box No.89788, Riyadh – 11692 (K.S.A)

WORK SHEET 2015 - 2016

Std.: XII

Subject : Accountancy

1) 'A' and 'B' were partners in a firm sharing profits in the ratio of 7:3. Their capitals were ₹2,00,000 and ₹1,50,000 respectively. They admitted 'C' on 1st April 2013 as a new partner for 1/6th share in future profits. 'C' brought ₹1,00,000 as her capital. Calculate the value of goodwill of the firm and record journal entries for the above transactions on 'C's admission.

2) Vani and Rani after doing their MBA decided to start a partnership firm to manufacture 'ISI' marked electronic goods for economically weaker section of the society. Vani also expressed her willingness to admit Joby as a partner without capital who is specially able but a very creative and intelligent friend to her. Rani agreed to this. They formed a partnership on 1st April 2012 on the following terms:

    I. Vani will contribute ₹4,00,000 and Rani will contribute ₹2,00,000 as capitals.
    II. Vani, Rani and Joby will share profits in the ratio of 2:2:1
    III. Interest on capital will be allowed @ 6% p.a.

    Due to shortage of capital Vani contributed ₹50,000 in 30th Sept. 2012 and Rani contributed ₹20,000 on 1st Jan. 2013 as additional capitals. The profit of the firm for the year ended 31-Mar-13 was ₹3,37,800.

    a. Identify any two values which the firm wants to communicate to the society.
    b. Prepare profit and loss appropriation account for the year ending 31-Mar-13.

3) Keerthana and Karthika were partners in a firm sharing profits in the ratio of 4:1. On 31-Mar-13 their balance sheet was as follows:

Liabilities	₹	Assets	₹
Creditors	45,000	Cash at bank	55,000
		Debtors	60,000
Workmen's Compensation Fund	40,000	Stock	85,000
karthika's current A/C	65,000	Furniture	1,00,000
		Machinery	1,30,000
Capitals:			
Keerthana	2,00,000	Keerthana's current A/C	20,000
Karthika	1,00,000		
	4,50,000		4,50,000

On the above date the firm was dissolved.

a. Keerthana took over 40% of the stock at 10% less than its book value and the remaining stock was sold for ₹40,000. Furniture realized ₹80,000. Debtors realized ₹55,000.
b. An unrecorded investment was sold for ₹20,000. Machinery was sold at a loss of ₹60,000.
c. There was an outstanding bill for repairs for which ₹19,000 were paid.

Prepare realization account.

4) L, M and N were partners in a firm sharing profits in the ratio of 2:1:1. On 1-Apr-13 their balance sheet was as follows:

Liabilities	₹	Assets		₹
Capitals:				
L	6,00,000	Land		8,00,000
M	4,80,000	Building		6,00,000
N	4,80,000	Furniture		2,40,000
General Reserve	4,40,000			
		Debtors	4,00,000	
Workmen's Compensation Fund	3,60,000	Less: Provision	20,000	3,80,000
Creditors	2,40,000	Stock		4,40,000
		Cash		1,40,000
	26,00,000			26,00,000

On the above date N retired. The following were agreed:

a. Goodwill of the firm was valued at ₹6,00,000
b. Land was to be appreciated by 40%
c. The liabilities for workmen's compensation fund was determined at ₹1,60,000.
d. Capitals of L and M were to be adjusted in their new profit sharing ratio and for this purpose current accounts of the partners will be opened.

Prepare revaluation A/C, capital A/Cs and B/S of the new firm.

5) Prepare cash flow statement:

Liabilities	2005	2006	Assets	2005	2006
Equity share capital	2,00,000	3,00,000	Bank	45,000	-
Pre. Share capital	-	1,00,000	Cash	5,000	-
P/L A/C	1,00,000	2,00,000	Stock	1,00,000	1,70,000
Loan	2,00,000		B/R	50,000	1,00,000
Provision for taxation	30,000	50,000	Fixed assets	4,00,000	7,00,000
B/P	50,000	70,000			
Bank OD	-	1,00,000			
Loan from Rahul	20,000	1,50,000			
	6,00,000	9,70,000		6,00,000	9,70,000

Additional Information:

Net profit for the year after charging ₹50,000 as depreciation was ₹1,50,000. Dividend paid on share was ₹50,000. Tax provision created during the year amounted ₹60,000.

6) A company had a liquid ratio of 1.5 and C.R of 2 and inventory turnover ratio 6 times. It has total current assets of ₹8,00,000 in the year 2003. Find out annual sales if goods are sold at 25% profit on cost.

7) Assuming that the debt-equity ratio is 1:2. State giving reason, whether the ratio will improve, decline or will have no change in case equity shares are issued for cash.

8) Prepare a comparative income statement;

Sales	₹20,00,000	₹30,00,000
G.P.	40%	30%
Indirect Ex.	50% of G.P.	40% of G.P.
Income Tax	50%	50%

9) 20,000 shares of ₹10 each were issued for public subscription at a premium of 10%. Full amount was payable on application. Applications were received for 30,000 shares and the board decided to allot the shares on a pro-rata basis. Pass journal entries.

10) The net profit of X, Y and Z for the year ended 31-Mar-06 was ₹60,000 and same was distributed among them in their agreed ratio of 3:1:1. It was subsequently discovered that the under mentioned transactions were not recorded in the books.

    a. Interest on capital @5% p.a.
    b. Interest on drawings amounting to X ₹700, Y ₹500 and Z ₹300.
    c. Partner's salary X ₹1000, Y ₹1500 p.a.

    The capital accounts of partners were fixed as X ₹1,00,000, Y ₹80,000 and Z ₹60,000. Record the adjustment entry.

11) A, B and C were carrying on partnership business sharing profits in the ratio of 3:2:1 respectively. On 31-Dec-96 the B/S of the firm stood as follows:

Liabilities	₹	Assets	₹
Crs.	27,180	Cash	9,400
Capitals		Drs.	16,000
A	30,000	Stock	23,380
B	20,000	Building	46,000
C	20,000	P/L A/C	2,400
	97,180		97,180

B retired on the above mentioned date on the following terms:

    a. Buildings to be appreciated by ₹14,000
    b. Provision for doubtful debts to be made at 5% on Drs.
    c. Goodwill of the firm is valued at ₹36,000 and adjustment in this respect to be made in the continuing partner's capital accounts without goodwill account.
    d. ₹6,000 to be paid to B immediately and the balance in his capital A/C to be transferred to his loan A/C.

12) Following is the B/S of A, B and C as on 31-Dec-04:

Liabilities	₹	Assets	₹
Crs.	30,000	Tools	10,000
Reserve fund	32,000	Furniture	80,000
Capital:			
A	1,00,000	Stock	60,000
B	50,000	Drs.	60,000
C	50,000	Cash at bank	50,000
		Cash in hand	2,000
	2,62,000		2,62,000

B died on 31-Mar-05. Under the partnership agreement the executor of B was entitled to:

a. Amount standing to the credit of his capital A/C.
b. Int. on capital which amounted to ₹625.
c. His share of goodwill ₹35,000
d. His share of profit from the closing of last financial year to the date of death which amounted to ₹4,375.
e. B's executor was paid ₹18,000 on 1-Apr-05 and the balance was to be paid in four equal yearly installments starting from 31-Mar-06 with interest @6% p.a.

Pass journal entries and draw up B's A/C to be rendered to his executor and B's executor's A/C till it is finally paid.

13) A firm earned net profits during the last five years as follows:

(a) ₹7,000 (b) ₹6,500 (c) ₹8,000 (d) ₹7,500 (e) ₹6,000

The capital investment of the firm is ₹40,000. A fair return on capital in the market is 12%. Find out the value of goodwill of the business, if it is based on three year's purchase of average super profits of the past five years.

Note:
Goodwill = Actual profit – Normal profit
Gaining ratio = New share – Old share
Sacrificing ratio = Old share – New share

14) Raja, Roopa and Mala sharing profits and losses equally have capitals of ₹1,20,000, ₹90,000 and ₹60,000. For the year 1994, interest was credited to them @6% instead of 5% p.a. Give adjusting journal entry.

15) Rajat, Nimesh and Vishesh entered into a partnership on 01-Apr-98 to share profits and losses in the ratio of 4:3:3. Rajat, however, personally guaranteed that Vishesh's share of profit after charging interest on capitals at 5% p.a. would not be less than ₹40,000 p.a. The capital contributions were Rajat ₹3,00,000, Nimesh ₹2,00,000 and Vishesh ₹1,00,000. The profits for the period ended 31-Dec-98 were ₹1,20,000. Show the distribution of profits.

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Prepared by- XI-XII Girls Section