



V & C Patel English School  
Mid-term Exam

Subject: Accountancy

Std: 12

Max. Marks: 80

Date: 13-09-2017

Time: 3hrs.

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General Instructions:

- Number to the right in bold indicate the marks.
- All parts of the questions should be attempted at one place.

1. What is meant by "Unlimited Liability of a Partner"? **1**
2. What is the maximum number of partners that a partnership firm can have? Name the Act that provides for the maximum number of partners in a partnership firm. **1**
3. In the absence of partnership deed (A) what is the ratio in which the profits of a firm are divided among the partners? (B) At which rate interest is allowed on a partner's loan? **1**
4. For what period interest on drawings will be calculated, if a fixed amount is withdrawn on **1**  
(A) 15<sup>th</sup> day of every month  
(B) On last day of every quarter.
5. What is Sacrifice Ratio? Give its formulae. **1**
6. Name any four factors affecting goodwill of a partnership firm. **1**
7. State any 6 items which are shown under the heading reserves and surplus. **1**
8. What is vertical analysis of financial statements? **1**
9. List out the ratios which are calculated to judge long term financial solvency of the enterprise. **1**
10. Give formulae for Debt-Equity Ratio. **1**
11. From the following information prepare comparative balance sheet of ABC Ltd.: **3**

Particulars	2015	2016
Share Holder's Funds	600000	900000
Non-Current Liabilities	300000	300000
Current Liabilities	100000	300000



Non Current Assets	700000	1050000
Current Assets	300000	450000

12. Prepare Common -Size Balance Sheet of ABC Ltd of 2015-16 from the following information :

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Particulars	2015	2016
Share holder's Funds	600000	900000
Non-Current Liabilities	300000	300000
Current Liability	100000	300000
Non-Current Assets	700000	1050000
Current Assets	300000	450000

13. Current Ratio 3:1  
Working Capital 2,00,000  
Stock 2,20,000  
Calculate Liquid Assets.

3

14. Calculate interest on drawings of Mr. Raj @ 9% p.a. for the year ended 31-3-2016 in each of the following alternative cases:  
(A) If he withdrew ₹. 4,000 p.m. in the beginning of every month.  
(B) If he withdrew ₹. 5,000 p.m. at the end of every month.  
(C) If he withdrew ₹. 6,000 p.m.  
(D) If he withdrew ₹. 72,000 during the year.  
(E) If he withdrew ₹. 12,000 in the beginning of each quarter.  
(F) If he withdrew ₹. 10,000 at the end of each quarter.

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15. Net Cash Sales 1,00,000  
Closing Stock 30% of Cost of Goods Sold  
Net Credit Sales 3,00,000  
Sales Return 1,00,000  
Gross Profit 25% on Sales  
Opening Stock  $\frac{1}{3}$ <sup>rd</sup> of value of Closing Stock  
Calculate Stock Turnover Ratio.

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16. Opening Debtors 30,000  
Cash Received from Debtors 2,10,000  
Closing Debtors 45,000  
Sales Return 15,000  
Calculate Debtors Turnover Ratio.

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17.	Sales	5,00,000	
	Purchase Expenses	10,250	
	Opening Stock	76,250	
	Purchases	3,12,000	
	Closing Stock	98,500	
	Administrative Expenses	98,000	
	Interest	12,000	
	Selling and Distribution Expenses	10,000	
	Calculate Operating Ratio.		4

18. A,B and C sharing profits and losses in the ratio of 3:2:1, decide to share future profits and losses in the Ratio of 4:3:2 with effect from 1<sup>st</sup> April,2017. Following is an extract of their Balance Sheet as at 31<sup>st</sup> March, 2017.

Liabilities	Amt(₹.)	Assets	Amt(₹.)
Workmen Compensation Reserve	60,000		

Pass journal entries and also Show the accounting treatment in revaluation account, capital accounts and balance sheet under the following alternative cases

- (A) If there is no other information  
 (B) If a claim on account of workmen's compensation is estimated at ₹. 24,000.  
 (C) If a claim on account of workmen's compensation is estimated at ₹. 60,000.  
 (D) If a claim on account of workmen's compensation is estimated at ₹. 75,000.
19. A, B and C sharing profits and losses in the ratio of 3:2:1, decide to share profits and losses equally with effect from 1<sup>st</sup> April,2017. Following is an extract of their Balance Sheet as at 31<sup>st</sup> March,2017:

(ii) Prepare Profit and Loss Appropriation Account and Partner's Capital Accounts assuming that their capitals are fluctuating.



Liabilities	Amt(₹.)	Assets	Amt(₹.)
Investment Fluctuation Reserve	30,000	Investment	5,00,000
		(At Cost)	

Pass journal entries and also Show the accounting treatment in revaluation account, capital accounts and balance sheet under the following alternative cases

- (A) If there is no other information
- (B) If the market value of investment is ₹. 5,00,000.
- (C) If the market value of investment is ₹. 4,88,000.
- (D) If the market value of investment is ₹. 4,46,000.
- (E) If the market value of investment is ₹. 5,06,000.

20. A, B and C are partners in a firm, On 1<sup>st</sup> April, 2011 the balances in their capital accounts stood at ₹. 8,00,000, ₹. 6,00,000 and ₹. 4,00,000 respectively. They shared profits in the proportion of 5:3:2 respectively. Partners are entitled to interest on capital @5% per annum and salary to B @₹.3,000 per month and a commission of ₹. 12,000 to C as per the provisions of the partnership deed.

A's share of share of profit, excluding interest on capital, is guaranteed at not less than ₹. 25,000 p.a. B's share of profit, including interest on capital but excluding salary, is guaranteed at not less than ₹. 55,000 p.a. Any deficiency arising on that account shall be met by C. The profits of the firm for the year ended 31<sup>st</sup> March, 2012 amounted to ₹. 2,16,000. Prepare "Profit and Loss Appropriation Account" for the year ended 31<sup>st</sup> march, 2012. 4

21. X, Y and Z are partners sharing profits and losses in the ratio of 3:2:1. It was decided that in future Z will get 1/4<sup>th</sup> share in profit, which he acquires from X and Y in the ratio of 1:1. Calculate the new profit-sharing ratio and sacrifice /gain of the partners. 4



22. On March 31<sup>st</sup>, 2014 the balances in the capital accounts of A, B and C after making adjustments for profits and drawings were ₹. 1,60,000, ₹. 1,20,000 and ₹. 80,000 respectively. Subsequently, it was discovered that the interest on capital and drawings had been omitted.

(A) The profit for the year ended 31<sup>st</sup> March, 2014 was ₹. 40,000

(B) During the year, A and B each withdrew a total sum of ₹. 24,000 in equal installments in the beginning of each month and C withdrew a total sum of ₹. 48,000 in equal installments at the end of each month.

(C) The interest on drawings was to be charged @ 5% p.a. and interest on capital was to be allowed @ 10% p.a.

(D) The profit sharing ratio among the partners was 2:1:1

Showing your working notes, pass the necessary rectifying entry.

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23. Sarita and Vandana were partners in a firm sharing profits in the ratio of their capitals contributed on commencement of business which were ₹. 4,00,000 and ₹. 3,00,000 respectively. The firm started business on April 1, 2016. According to the partnership agreement :

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- (i) Every year ₹. 50,000 or 10% of the profit, whichever is more, will be donated for providing school fees of specially abled children.
- (ii) Interest on capital is to be allowed at 12% p.a. and interest on drawings is to be charged at 10% p.a.
- (iii) Sarita and Vandana are to get a monthly salary of ₹. 10,000 and ₹. 15,000 respectively.

The profits for the year ended March 31, 2017 before making above appropriations was ₹. 6,00,000. The drawings of Sarita and Vandana were ₹. 2,00,000 and ₹. 2,50,000 respectively. Interest on drawings amounted to ₹. 10,000 for Sarita and ₹. 12,500 for Vandana.

You are required to:

- (i) Identify the value being highlighted in this case
- (ii) Prepare Profit and Loss Appropriation Account and Partners Capital Accounts assuming that their capitals are fluctuating.



24. The following information relates to a partnership firm:

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- (a) Profits / Losses for the last six years
- |          |               |          |               |
|----------|---------------|----------|---------------|
| 1st year | 20,000 Profit | 4th year | 60,000 Profit |
| 2nd year | 60,000 Profit | 5th year | 50,000 Profit |
| 3rd year | 10,000 Loss   | 6th year | 72,000 Profit |
- (b) Average Capital Employed is ₹. 2,00,000.
- (c) Rate of normal profit is 15%.

Find out the value of goodwill on the basis of

- (i) Four year's purchase of average profits  
(ii) Four year's purchase of super profits  
(iii) On the basis of capitalisation of super profits  
(iii) On the basis of Capitalisation of Profit method

25. A, B and C are partners sharing profits and losses in the ratio of 2:2:1. Their Balance Sheet as at 31<sup>st</sup> March, 2017 was:

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Liabilities	Amt(₹.)	Assets	Amt(₹.)
Bills Payable	40,000	Goodwill	24,000
General Reserve	30,000	Machinery	70,000
Workmen Compensation Reserve	10,000	Investments	80,000
		(Market value 77,000)	
Investment Fluctuation Reserve	5,000	Stock	30,000
Capital A/cs		Debtors	90,000
A	80,000	Less: Provision	
B	1,20,000	for Bad Debts	6,000
C	2,00,000		84,000
		Cash in Hand	1,87,000
		Advertisement	
		Suspense Account	10,000
	<u>4,85,000</u>		<u>4,85,000</u>

From 1<sup>st</sup> April, 2017, the partners decided to share profits equally. They have agreed upon the following terms:

- (A) Goodwill is to be valued at two years purchase of average profit of last 3 completed years. The profits were : 2014-15: 70,000; 2015-16 : 75,000; 2016-17: 80,000.



(B) Machinery is to be depreciated by ₹. 10,000 and stock is found undervalued by ₹. 5,000.

(C) Provision for Doubtful Debts is to be made equal to 10% of the Debtors.

(D) Claim on account of Workmen Compensation is ₹. 6,000.

Determine the sacrifice and gain made by each partner. Also prepare Revaluation Account, Partners Capital Accounts and the Balance Sheet of the new firm.

26. Prepare Common -Size Income Statement of ABC Ltd from the following information : 6

Particulars	2015	2016
Revenue from Operations [% of other income]	250%	250%
Other Income	2,00,000	2,40,000
Cost of Material Consumed [% of operating revenue]	60%	55%
Other Expenses [% of Material Cost]	10%	20%
Tax Rate	30%	30%