



# **D.A.V. PUBLIC SCHOOL, NEW PANVEL**

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## **2017-18 FIRST UNIT TEST PRACTICE PAPER**

### **STD:- XII**

**Sub: - Accountancy**

**Time:- 2 Hours**

**Date:-**

**Marks:- 50**

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#### **GENERAL INSTRUCTIONS:**

- Questions should be attempted in a sequence.
  - Use of abbreviations is not allowed.
  - Support your answers with proper formats and necessary working notes.
  - The question paper contains two parts A and B.
  - All parts of a question should be attempted at one place.
  - Each question carries marks indicated against it.
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#### **Part A**

1. M and N are partners in a firm. M has given loan of ₹8000 to the firm on 1<sup>st</sup> April, 2010. The partnership deed is silent upon the question of provision of interest on partner's loan. Compute the amount of interest payable on the loan advanced by M to the firm, assuming the books are closed on 31<sup>st</sup> December each year. 1M
2. Explain the treatment of goodwill in the books of a firm on the admission of a new partner when goodwill already appears in the Balance Sheet at its full value and the new partner brings his share of goodwill in cash? 1M
3. Javed and Salim share profits and losses in the ratio of 3:2. With effect from 1<sup>st</sup> January, 2004, they agreed to share profits equally. Calculate sacrificing or gaining ratio. 1M

4. Give two circumstances in which the fixed capitals of partners may change.  
1M
5. Ram , Shyam and Mohan are partners in a firm sharing profits and losses in the ratio of 2:1:2. Their fixed capitals were ₹300000, ₹100000 and ₹200000 respectively. Interest on capital for the year 2011 was credited to them @9% p.a. instead of 10% p.a. the profit for the year before charging interest was ₹250000. Pass necessary adjustment entry. 4M
6. A and B are partners in a firm sharing profits and losses in the ratio of 3:2. The following is the balance sheet of the firm as on 31.03.10.

Liabilities	Amount (₹)	Assets	Amount(₹)
Capital :		Sundry Asset	120000
A	90000		
B	30000		
	120000		120000

The profits ₹30000 for the year ended 31.12.10 were divided between partners without allowing interest on capital @12% p.a. and salary to A ₹24000 per annum. During the year A withdrew ₹10000 and B ₹20000. Pass the necessary adjustment journal entry and show your work clearly. 4M

7. After doing their graduation Shabir suggested to his classmate David to form a partnership firm to sell low cost school uniforms to the students belonging to low income group who have been admitted to the private schools of the city as per the provisions of Right to Education Act, 2009. David agreed to the proposal and requested to admit his friend Charu, a visually handicapped unemployed person also to be a member of the proposed firm. All of them agreed to form a partnership firm but they were not having enough capital to invest. Shabir therefore persuaded a rich friend of his, Rafiq, who hailed from Assam to be a partner and contribute the required capital. All of them formed a partnership on the following terms:
1. Shabir will contribute ₹100000, David ₹50000, Rafiq ₹1000000 and Charu will be partner without capital.

2. Profits will be shared equally.
3. Interest on capital will be allowed @5% p.a.

The profits of the firm for the year ended 31<sup>st</sup> March, 2012 were ₹150000.

- a. Identify any two values which according to you motivated them to form the partnership firm.
  - b. Prepare Profit & Loss Appropriation account of the firm for the year ending 31<sup>st</sup> March, 2012. 4M
8. L and M share profits of a business in the ratio of 5:3. They admit N into the firm for a fourth share in the profits to be contributed equally by L and M. On the date of admission, the balance sheet of L and M was as follows: 6M

Liabilities	Amount (₹)	Assets	Amount (₹)
L's capital	30000	Machinery	26000
M's capital	20000	Furniture	18000
Reserve Fund	4000	Stock	10000
Bank loan	12000	Debtors	8000
Creditors	2000	Cash	6000
	68000		68000

Terms of N's admission were as follows:

1. N will bring ₹25000 as his capital.
2. Goodwill of the firm is to be valued at 4 years' purchase of the average super profits of the last three years. Average profits of the last three years are ₹20000, while the normal profits that can be earned on the capital employed are ₹12000.
3. Furniture is to be revalued at ₹24000 and the value of stock to be reduced by 20%.

Prepare Revaluation account and Partners' capital accounts.

9. A firm has two partners X and Y sharing profits in the ratio of 3:2. They admit Z into the firm on 1<sup>st</sup> January, 2011 on that date Balance Sheet was as follows: 8M

Balance Sheet

Liabilities	Amount (₹)	Assets	Amount (₹)
X's Capital	300000	Fixed Assets	360000
Y's Capital	100000	Investments	90000
General Resereve	75000	Debtors	40000
Creditors	70000	Stock	60000
Bills Payable	25000	Cash	20000
	570000		570000

Terms of admission are as follows:

1. Z is to bring ₹200000 as his capital for a 1/6<sup>th</sup> share in future profits and ₹35000 as his share of goodwill.
2. Value of fixed assets and stock are to be reduced by 20% and ₹10000 resp.
3. Capital of the partners shall be proportionate to their profit sharing ratio, taking Z's capital as base. Excess capital is to be withdrawn in cash by the partner concerned and the deficiency is to be made up by bringing in cash.

Prepare Partners' capital accounts and the Balance Sheet of the firm after the adjustments.

**Part B**

10. Under which accounting standard, cash flow statement is prepared? 1M
11. Under what heads the following items on the liabilities side of the Balance Sheet of a company will be resented: - 1M
1. Provision for Taxation
  2. Bills Payable

12. Why is depreciation added back to profit in a cash flow statement? 1M
13. State and explain the external users of Financial Statements. 3M
14. Prepare Comparative Income statement from the following information for the years ended March 31, 2003 and 2004. 4M

Particulars	2003 (₹)	2004(₹)
Net Sales	1000000	1500000
Cost of Goods Sold	60% of sales	60% of sales
Direct Expenses	10000	12000
Indirect Expenses	10% of gross profit	10% of gross profit
Income Tax rate	50%	60%

15. Give the format of the Balance sheet of a company (main headings only) as per the requirement of Schedule VI of the Companies Act, 1956. 4M
16. Prepare Cash Flow Statement from Operating Activity from the following information of Box Ltd... for the year ended March 31, 2004. 6M

**BALANCE SHEETS OF LION LTD. AS ON MARCH 31, 2004**

LIABILITIES	2003(₹)	2004(₹)	ASSETS	2003(₹)	2004(₹)
Share capital	300000	400000	Goodwill	70000	30000
Profit & Loss account	120000	260000	Machinery	300000	320000
General Reserve	60000	95000	12% investments	150000	300000
Tax provision	70000	80000	Stock	35000	185000
Creditors	50000	90000	Debtors	50000	70000
Bills payable	30000	10000	Cash at bank	30000	40000
Depreciation provision	25000	40000	Short term Investment	20000	30000

	655000	975000		655000	975000
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Additional Information:

1. Investment costing ₹50000 were sold for ₹48000 during the year.
2. Tax paid during the year ₹70000
3. Interest received on investment ₹12000.