

SENIOR SECONDARY COURSE

ACCOUNTANCY

Students' Assignment - 5

Maximum Marks : 50

Time : 1½ hours

INSTRUCTIONS

- Answer all the questions on a separate sheet of paper.
- Give the following information on your answer sheet:
 - Name
 - Enrolment number
 - Subject
 - Assignment number
 - Address
- Get your assignment checked by the subject teacher at your study centre so that you get positive feedback about your performance.

Do not send your assignment to National Open School

1. What is partnership? Explain, in brief, any four characteristics of partnership. (5)
2. In the absence of partnership agreement, what are the provisions of Partnership Act in respect of the following : (6)
 - (i) Sharing of profits
 - (ii) Interest on Capital
 - (iii) Interest on Drawings
 - (iv) Interest on partner's loan, and

- (v) Salary and Commission to partner. (5)
3. Differentiate between fixed capital and fluctuating capital. (4)
4. What is sacrificing ratio? How does it differ from gaining ratio. (5)
5. Explain the term 'Goodwill' briefly and state the different methods of valuation of goodwill. (8)
6. The following is the Balance Sheet of Sameer and Sanjay who share the profits in the ratio of 1:2 on 31st December, 1996:

Liabilities	Rs.	Assets	Rs.
Creditors	64,900	Cash in hand	1,000
<u>Capitals:</u>		Debtors	9,900
Sameer 30,000		Stock	20,000
Sanjay <u>21,000</u>	51,000	Plant	30,000
		Buildings	55,000
	<u>1,15,900</u>		<u>1,15,900</u>

They agreed to admit Shrey into partnership on the following terms :

- (i) That Shrey was to be given 1/3rd share in profits and was to bring Rs.21,000 (Rs.15,000 as Capital and Rs.6,000 as his share of goodwill)
- (ii) That the values of stock and plant were to be depreciated by 10%.
- (iii) That the provision of 5% was to be made for doubtful debts.
- (iv) That the building was to be appreciated by Rs.10,000.
- (v) That there was an investment worth Rs.1,000 (not mentioned in the Balance Sheet) was to be taken into account.
- (vi) That the amount of goodwill brought in by Shrey would be withdrawn.

From the above Balance Sheet and the information given, you are required to prepare Revaluation A/c, Capital A/c's and Balance Sheet after the admission of Shrey.

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OR

On 31st December, 1996, the Balance Sheet of Ram, Shyam and Mohan was as follows. They were sharing profits in the ratio of 3:2:1

Liabilities	Rs.	Assets	Rs.
Creditors	2,000	Cash	2,500
Bills Payable	1,400	Debtors	6,000
<u>Capitals:</u>		Car	1,400
Ram 12,000		Machinery	5,000
Shyam 7,500		Stock	4,700
Mohan <u>7,500</u>	27,000	Tools	800
		Building	10,000
	<u>30,400</u>		<u>30,400</u>

On this date, they decided to dissolve the firm.

Assets realised as under:

Stock	Rs. 5,000
Tools	Rs. 500
Machinery	Rs. 7,000
Building	Rs. 12,000
Car	Rs. 1,000
Goodwill	Rs. 6,000
Debtors	Rs. 5,000

All the liabilities were paid in full. The expenses on realisation amounted to Rs.800.

Prepare Realisation A/c, Partners' Capital A/cs and Cash A/c. (12)

7. Can shares be issued at a discount? If so, state the conditions which must be fulfilled for issue of shares at a discount. (4)

8. Shrinivas Ltd issued a prospectus inviting applications for 40,000 shares of Rs.10 each at a premium of Rs.2 per share, payable as follows:

On application	Rs.2 per share
On allotment	Rs.5 per share (including premium)
On first call	Rs.3 per share
On second call	Rs.2 per share

Applications were received for 60,000 shares and allotment was made prorata to the applicants of 48,000 shares, the remaining applications being refused. Money received in excess on application was adjusted towards the amount due on allotment.

Ram, to whom 800 shares were allotted, failed to pay allotment money and on his failure to pay the first call, his shares were forfeited. Shyam, the holder of 200 shares, failed to pay the two calls and so his shares were also forfeited. All these shares were reissued to Ghanshyam credited as fully paid for Rs.8 per share.

Pass necessary Journal entries to record the above transactions in the books of company.

(10)
