

12th Accountancy Examination

Choose the best answer:

1. Opening statement of affairs is usually prepared to find out the
 - a) Capital in the beginning of the year
 - b) Capital at the end of the year
 - c) Profit made during the year
 - d) Loss occurred during the year
2. The excess of assets over liabilities is
 - a) Loss
 - b) Cash
 - c) Capital
 - d) Profit
3. Opening balance of debtors: Rs. 30,000 cash received: Rs. 1,00,000, credit sales: Rs. 90,000; closing balance of debtors is
 - (a) Rs. 30,000
 - (b) Rs. 1,30,000
 - (c) Rs. 40,000
 - (d) Rs. 20,000
4. Income and expenditure account is a
 - (a) Nominal A/c
 - (b) Real A/c
 - (c) Personal A/c
 - (d) Representative personal account
5. Legacy is a
 - (a) Revenue expenditure
 - (b) Capital expenditure
 - (c) Revenue receipt
 - (d) Capital receipt
6. Donations received for a specific purpose is
 - (a) Revenue receipt
 - (b) Capital receipt
 - (c) Revenue expenditure
 - (d) Capital expenditure
7. In the absence of an agreement, partners are entitled to
 - (a) Salary
 - (b) Commission
 - (c) Interest on loan
 - (d) Interest on capital

8. In the absence of an agreement, partners are entitled to
(a) Salary (b) Commission
(c) Interest on loan (d) Interest on capital
9. When a partner withdraws regularly a fixed sum of money at the middle of every month,
period for which interest is to be calculated on the drawings on an average is
(a) 5.5 months (b) 6 months
(c) 12 months (d) 6.5 month
10. The average rate of return of similar concerns is considered as
(a) Average profit (b) Normal rate of return
(c) Expected rate of return (d) None of these
11. When the average profit is Rs. 25,000 and the normal profit is Rs. 15,000,
super profit is
(a) Rs. 25,000 (b) Rs. 5,000
(c) Rs. 10,000 (d) Rs. 15,000
12. Which of the following is true?
(a) Super profit = Total profit / number of years
(b) Super profit = Weighted profit / number of years
(c) Super profit = Average profit – Normal profit
(d) Super profit = Average profit × Years of purchase
13. Revaluation A/c is a
(a) Real A/c (b) Nominal A/c
(c) Personal A/c (d) Impersonal A/c
14. On revaluation, the increase in the value of assets leads to
(a) Gain (b) Loss
(c) Expense (d) None of these
15. Select the odd one out

- (a) Revaluation profit (b) Accumulated loss
- (c) Goodwill brought by new partner (d) Investment fluctuation fund

16. James and Kamal are sharing profits and losses in the ratio of 5:3. They admit Sunil as a partner giving him $\frac{1}{5}$ share of profits. Find out the sacrificing ratio.

- (a) 1:3 (b) 3:1
- (c) 5:3 (d) 3:5

17. On retirement of a partner from a partnership firm, accumulated profits and losses are distributed to the partners in the

- (a) New profit sharing ratio (b) Old profit sharing ratio
- (c) Gaining ratio (d) Sacrificing ratio

18. On retirement of a partner, general reserve is transferred to the

- (a) Capital account of all the partners
- (b) Revaluation account
- (c) Capital account of the continuing partners
- (d) Memorandum revaluation account

19. On revaluation, the increase in liabilities leads to

- (a) Gain (b) Loss
- (c) Profit (d) None of these

20. If the final amount due to a retiring partner is not paid immediately, it is transferred to

- (a) Bank A/c (b) Retiring partner's capital A/c
- (c) Retiring partner's loan A/c (d) Other partners' capital A/c

Answer any seven from the following:

21. What is a statement of affairs?

22. State the meaning of not-for-profit organization

23. What is a partnership deed?
24. State the differences between double entry system and incomplete records.
25. What is acquired goodwill?
26. What is super profit?
27. What is meant by revaluation of assets and liabilities?
28. What is sacrificing ratio?
29. What is meant by retirement of a partner?
30. What is gaining ratio?

Answer any seven from the following:

31. Give four examples for capital receipts of not-for-profit organization
32. What is income and expenditure account?
33. State the differences between fixed capital method and fluctuating capital method.
34. Calculate the value of goodwill at 2 years purchase of average profit when average profit is 15,000.
35. Compute average profit from the following information.
2016: Rs. 8,000; 2017: Rs. 10,000; 2018: Rs. 9,000
36. What are the journal entries to be passed on revaluation of assets and liabilities?
37. Write a short note on accounting treatment of goodwill.
38. List out the adjustments made at the time of retirement of a partner in a partnership firm.
39. Distinguish between sacrificing ratio and gaining ratio.
40. What are the ways in which the final amount due to an outgoing partner can be settled?

Answer any seven from the following:

41.

From the following details, calculate the missing figure:

Particulars	₹
Capital as on 1 st April, 2018	40,000
Capital as on 31 st March, 2019	50,000
Additional capital introduced during the year	7,000
Profit for the year	8,000
Drawings during the year	?

42.

Raju does not keep proper books of accounts. Following details are taken from his records.

Particulars	1.1.2018 ₹	31.12.2018 ₹
Cash at bank	80,000	90,000
Stock of goods	1,80,000	1,40,000
Debtors	90,000	2,00,000
Sundry creditors	1,30,000	1,95,000
Bank Loan	60,000	60,000
Bills payable	80,000	45,000
Plant and machinery	1,70,000	1,70,000

During the year he introduced further capital of ₹ 50,000 and withdrew ₹ 2,500 per month from the business for his personal use. Prepare statement of profit or loss with the above information.

43.

From the information given below, prepare Receipts and Payments account of Coimbatore Cricket Club for the year ending 31st March, 2019.

Particulars	₹	₹	Particulars	₹
Bank overdraft (1.4.2018)		6,000	Honorarium paid	2,800
Cash in hand (1.4.2018)		1,000	Water and electricity charges	700
Wages paid for ground maintenance		2,000	Match expenses	2,600
Subscription received:			Sports material purchased	1,900
Previous year	500		Match fund receipts	5,200
Current year	9,600		Legacies received	2,000
Subsequent year	400	10,500	Cash balance (31.03.2019)	300
Wages yet to be paid		2,200	Donation received for pavilion	2,000
Interest on loan paid		2,000		

44.

Mayiladuthurai Recreation Club gives you the following details. Prepare Receipts and Payments account for the year ended 31st March, 2019.

Particulars	₹	Particulars	₹
Opening cash balance	15,000	Salary of watchman	12,000
Opening bank balance	25,000	Club annual day expenses	15,000
Donations received	48,000	Lighting charges	16,500
Sale of old equipment	26,000	Entertainment expenses	13,500
Refreshment charges	13,000	Billiards table purchased	5,000
Club annual day collections	18,000	Expenses of charity show	3,000
Construction of tennis court	7,000	Sale of investments	12,000
Receipts from charity show	4,000	Closing cash balance	12,000
Rent paid	1,000		

45. Mannan and Ramesh share profits and losses in the ratio of 3:2 and their capital on 1st April, 2018 was Mannan Rs. 1,50,000 and Ramesh Rs. 1,00,000 respectively and their current accounts show a credit balance of Rs. 25,000 and Rs. 20,000 respectively. Calculate interest on capital at 6% p.a. for the year ending 31st March, 2019 and show the journal entries.

46.

Arun and Selvam are partners who maintain their capital accounts under fixed capital method. From the following particulars, prepare capital accounts of partners.

Particulars	Arun ₹	Selvam ₹
Capital on 1 st January, 2018	2,20,000	1,50,000
Current account on 1 st January, 2018	4,250(Dr.)	10,000(Cr.)
Additional capital introduced during the year	Nil	70,000
Withdrew for personal use	10,000	20,000
Interest on drawings	750	600
Share of profit for 2018	22,000	15,000
Interest on capital	1,100	750
Commission	6,900	Nil
Salary	Nil	6,850

47. From the following information relating to a partnership firm, find out the value of its goodwill based on 3 years purchase of average profits of the last 4 years:

(a) Profits of the years 2015, 2016, 2017 and 2018 are Rs. 10,000, Rs. 12,500, Rs. 12,000 and Rs. 11,500 respectively.

(b) The business was looked after by a partner and his fair remuneration amounts to Rs. 1,500 per year. This amount was not considered in the calculation of the above profits.

48. From the following details, calculate the value of goodwill at 2 years purchase of super profit:

(a) Total assets of a firm are Rs. 5,00,000

(b) The liabilities of the firm are Rs. 2,00,000

(c) Normal rate of return in this class of business is 12.5 %.

(d) Average profit of the firm is Rs. 60,000.

49.

Vetri and Ranjit are partners, sharing profits in the ratio of 3:2. Their balance sheet as on 31st December 2017 is as under:

Liabilities	₹	₹	Assets	₹
Capital accounts:			Furniture	25,000
Vetri	30,000		Stock	20,000
Ranjit	20,000	50,000	Debtors	10,000
Reserve fund		5,000	Cash in hand	35,000
Sundry creditors		45,000	Profit and loss A/c (loss)	10,000
		1,00,000		1,00,000

On 1.1.2018, they admit Suriya into their firm as a partner on the following arrangements.

- Suriya brings ₹ 10,000 as capital for 1/4 share of profit.
- Stock to be depreciated by 10%
- Debtors to be revalued at ₹ 7,500.
- Furniture to be revalued at ₹ 40,000.
- There is an outstanding wages of ₹ 4,500 not yet recorded.

Prepare revaluation account, partners' capital account and the balance sheet of the firm after admission.

50. Aravind and Balaji are partners sharing profits and losses in 3:2 ratio. They admit Anirudh into partnership. The new profit sharing ratio is agreed at 1:1:1. Anirudh's share of goodwill is valued at Rs. 20,000 of which he pays Rs. 12,000 in cash. Pass necessary journal entries for goodwill on the assumption that the fluctuating capital method is followed.

51. Ravi and Kumar share profits and losses in the ratio of 7:3. Christy is admitted as a new partner with 3/7 share which he acquires 2/7 from Ravi

and $\frac{1}{7}$ from Kumar. Calculate the new profit sharing ratio and sacrificing ratio.

52. Rajan, Suman and Jegan were partners in a firm sharing profits and losses in the ratio of 4:3:2. Suman retired from partnership. The goodwill of the firm on the date of retirement was valued at Rs. 45,000. Pass necessary journal entries for goodwill on the assumption that the fluctuating capital method is followed.

53.

Chandru, Vishal and Ramanan are partners in a firm sharing profits and losses equally. Their balance sheet as on 31st March, 2018 is as follows:

Liabilities		₹	Assets		₹
Capital accounts:			Furniture		60,000
Chandru	60,000		Machinery		1,20,000
Vishal	70,000		Sundry debtors	33,000	
Ramanan	70,000	2,00,000	Less: Provision for		
Bills payable		80,000	doubtful debts	3,000	30,000
			Bills receivable		50,000
			Cash at bank		20,000
		2,80,000			2,80,000

Ramanan retired on 31st March 2019 subject to the following conditions:

- Machinery is valued at ₹ 1,50,000
- Value of furniture brought down by ₹ 10,000
- Provision for doubtful debts should be increased to ₹ 5,000
- Investment of ₹ 30,000 not recorded in the books is to be recorded now.

Pass necessary journal entries and prepare revaluation account.

54. Vinoth, Karthi and Pranav are partners sharing profits and losses in the ratio of 2:2:1 Pranav retires from partnership on 1st April 2018. The following adjustments are to be made.

- Increase the value of land and building by Rs. 18,000

(ii) Reduce the value of machinery by Rs.15,000

(iii) A provision would also be made for outstanding expenses for Rs. 8,000.

Give journal entries and prepare revaluation account.

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