K. G. S. MATRIC HR SEC SCHOOL TIRUPUR.

SLIP TEST -IV – AUGUST 2022

CLASS:XII   MARKS:25
SUBJECT: ACCOUNTANCY   DATE: 08.08.2022   TIME: 1 HR

I Choose the correct answer;   5x1=5

1) 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

2)Identify the incorrect pair

(a) Goodwill under Average profit method - Average profit × Number of years of purchase

(b) Goodwill under Super profit method - Super profit × Number of years of purchase

(c) Goodwill under Annuity method - Average profit × Present value annuity factor

(d) Goodwill under Weighted average - Weighted average profit × Number of years of profit method
                                                                                                                  purchase

3) Super profit is the difference between

    (a) Capital employed and average profit   (b) Assets and liabilities

    (c) Average profit and normal profit   (d) Current year's profit and average profit

4)_____ goodwill cannot be recorded in the books of accounts.

    A) self-generated. B) Acquired. C) purchased. D) Actual

5)Identify the correct pair

A) Capital employed = Fixed assets + Current assets – Current liabilities

B) capital employed = Super profit × Number of years of purchases

C) capital employed =Average profit × Number of years of purchase

D) None of the above

II Answer the following 3 questions   (3x2=6)

6)The profits and losses of a firm for the last four years were as follows:

2015: ` 15,000; 2016: ` 17,000; 2017: ` 6,000 (Loss); 2018: ` 14,000

You are required to calculate the amount of goodwill on the basis of 5 years purchase of average

profits of the last 4 years.

7) The following are the profits of a firm in the last five years:

2014: ` 10,000; 2015: ` 11,000; 2016: ` 12,000; 2017: ` 13,000 and 2018: ` 14,000

Calculate the value of goodwill at 2 years purchase of average profit of five years.

8)From the following information, find out the value of goodwill by capitalisation method:

(a) Average profit = ` 60,000       (b) Normal rate of return = 10%   (c) Capital employed = ` 4,50,000

III Answer the following 3 questions   (3x3=9)

9)From the following information, calculate the value of goodwill based on 3 years purchase of super profit

  (i) Capital employed: ` 2,00,000   (ii) Normal rate of return: 15%

  (ii) Average profit of the business: ` 42,000

10)From the following information, compute the value of goodwill as per annuity method:

(a) Capital employed: ` 50,000   (b) Normal rate of return: 10%

(c) Profits of the years 2016, 2017 and 2018 were ` 13,000, ` 15,000 and ` 17,000 respectively.

(d) The present value of annuity of ` 1 for 3 years at 10% is ` 2.4868.

11)From the following information, compute the value of goodwill by capitalising super profit:

(a) Capital employed is ` 4,00,000   (b) Normal rate of return is 10%

(c) Profit for 2016: ` 62,000; 2017: ` 61,000 and 2018: ` 63,000

IV Answer the following question   (1x5=5)

12) A)The following particulars are available in respect of the business carried on by a partnership firm:

(i) Profits earned: 2016: ` 25,000; 2017: ` 23,000 and 2018: ` 26,000.

(ii) Profit of 2016 includes a non-recurring income of ` 2,500.

(iii) Profit of 2017 is reduced by ` 3,500 due to stock destroyed by fire.

(iv) The stock was not insured. But, it is decided to insure the stock in future. The insurance premium is estimated to be ` 250 per annum.

You are required to calculate the value of goodwill of the firm on the basis of 2 years purchase of average profits of the last three years.   (OR)

B)From the following information relating to Sridevi enterprises, calculate the value of goodwill on the basis of 4 years purchase of the average profits of 3 years.

(a) Profits for the years ending 31st December 2016, 2017 and 2018 were ` 1,75,000, ` 1,50,000 and ` 2,00,000 respectively.

(b) A non-recurring income of ` 45,000 is included in the profits of the year 2016.

(c) The closing stock of the year 2017 was overvalued by ` 30,000.

ALL THE BEST ☞