

PINDIGUL DISTRICT**QUARTERLY EXAM 2022****12 - STANDARD****ACCOUNTANCY****MARKS : 90****TIME : 3.00 Hours****PART - I****I Choose the correct answer:****(20 X 1 = 20)**

1. Incomplete records are generally maintained by
(a) A company (b) Government (c) Small sized sole trader business (d) Multinational enterprises
2. Which of the following items relating to bills payable is transferred to total creditors account?
(a) Opening balance of bills payable (b) Closing balance of bills payable
(c) Bills payable accepted during the year (d) Cash paid for bills payable
3. What is the amount of capital of the proprietor, if his assets are Rs.85,000 and liabilities are Rs.21,000?
(a) 85,000 (b) 1,06,000 (c) 21,000 (d) 64,000
4. Which of the following should not be recorded in the income and expenditure account?
(a) Sale of old news papers (b) Loss on sale of asset
(c) Honorarium paid to the secretary (d) Sale proceeds of furniture
5. Donations received for a specific purpose is
(a) Revenue receipt (b) Capital receipt (c) Revenue expenditure (d) Capital expenditure
6. Receipts and payments account is a
(a) Nominal A/c (b) Real A/c (c) Personal A/c (d) Representative personal account
7. From which amount interest on capital will be payable to partners.
(a) Capital (b) Drawings (c) Profit (d) Loss
8. In the absence of an agreement, partners are entitled to
(a) Salary (b) Commission (c) Interest on loan (d) Interest on capital
9. Profit after interest on drawings, interest on capital and remuneration is Rs.21,000.
Geetha, a partner, is entitled to receive commission @ 10% on profits after charging such commission. Find out commission.
(a) Rs. 1,050 (b) Rs.2,100 (c) Rs.2,200 (d) Rs.1,500
10. Which of the following statements is true?
(a) Goodwill is an intangible asset (b) Goodwill is a current asset
(c) Goodwill is a fictitious asset (d) Goodwill cannot be acquired
11. Odd one out: (a) Average profit (b) Super profit (c) fixed capital method (d) Capitalisation method
12. 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
13. 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
14. Revaluation A/c is a
(a) Real A/c (b) Nominal A/c (c) Personal A/c (d) Impersonal A/c
15. If the old profit sharing ratio is more than the new profit sharing ratio of a partner, the difference is called
(a) Capital ratio (b) Sacrificing ratio (c) Gaining ratio (d) None of these
16. 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
17. On revaluation, the increase in liabilities leads to
(a) Gain (b) Loss (c) Profit (d) None of these
18. At the time of retirement of a partner, determination of gaining ratio is required
(a) To transfer revaluation profit or loss (b) To distribute accumulated profits and losses
(c) To adjust goodwill (d) None of these
19. A, B and C are partners sharing profits in the ratio of 4:2:3. C retires. The new profit sharing ratio between A and B will be
(a) 4:3 (b) 3:4 (c) 2:1 (d) 1:2

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20. Which of the following is correct pair?

- (a) Admission of New partner - Gaining Ratio
- (b) Retirement of Old partner - Sacrificing Ratio
- (c) Goodwill - Fictitious Assets
- (d) Indian Partnership Act - 1932

II ANSWER ANY 7 QUESTIONS (Q.NO.: 30 IS COMPULSORY) (7 X 2 =14)

21. What is meant by incomplete records?

22. State the meaning of not-for-profit organisations?

23. What is meant by retirement of a partner?

24. How will the following appear in the final accounts of Vedaranyam Sports club.

PARTICULARS	RS.
Opening stock of bats and balls	3,000
Purchase of bats and balls during the year	17,000
Sale of old bats and balls	2,000
Closing stock of bats and balls	4,000

25. Prakash and Supria were partners who share profits and losses in the ratio of 5:3. Balance in their capital account on 1st April, 2018 was Prakash 3,00,000 and Supria 2,00,000. On 1st July, 2018 Prakash introduced additional capital of 60,000. Calculate interest on capital at 6% p.a. for the year ending 31st March, 2019.

26. The following are the profits of a firm in the last five years:

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

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

27. Arul and Anitha are partners sharing profits and losses in the ratio of 4:3. On 31.3.2018, Ajay was admitted as a partner. On the date of admission, the book of the firm showed a general reserve of RS.42,000. Pass the journal entry to distribute the general reserve.

28. Praveena and Dhanya are partners sharing profits in the ratio of 7:3. They admit Malini into the firm. The new ratio among Praveena, Dhanya and Malini is 5:2:3. Calculate the sacrificing ratio.

29. Rosi, Rathil and Rani are partners of a firm sharing profits and losses equally. Rathil retired from the partnership on 1.1.2018. On that date, their balance sheet showed accumulated loss of Rs.45,000 on the asset side of the balance sheet. Give the journal entry to distribute the accumulated loss.

30. From the following particulars ascertain profit or loss.

PARTICULARS	Rs.
Capital as on 1st April 2018	5,00,000
Capital as on 31st March, 2019	8,50,000
Additional capital introduced during the year	1,20,000
Drawings made during the year	70,000

PART -III

III.ANSWER ANY 7 QUESTIONS (Q.NO.: 40 IS COMPULSORY) (7 X 3 =21)

31. From the following details find out total sales made during the year.

PARTICULARS	Rs.
Debtors on 1st January 2018	1,30,000
Cash received from debtors during the year	4,20,000
Returns inward	35,000
Bad debts	15,000
Debtors on 31st December 2018	2,00,000
Cash Sales	4,60,000

32. How will the following items appear in the final accounts of a club for the year ending 31st March 2017?

Received subscription of Rs. 40,000 during the year 2016-17. This includes subscription of Rs. 5,000 for 2015-16 and Rs. 3,000 for the year 2017-18. Subscription of Rs. 1,000 is still outstanding for the year 2016-17.

33. Kavitha is a partner in a firm. She withdraws Rs.2,500 p.m. regularly. Interest on drawings is charged @ 4% p.a. Calculate the interest on drawings using average period, if she draws

(i) at the beginning of every month (ii) in the middle of every month (iii) at the end of every month

34. Seenu and Siva are partners sharing profits and losses in the ratio of 5:3. In the view of Kowsalya admission, they decided

- (a) To increase the value of building by Rs. 40,000.
- (b) To bring into record investments at Rs. 10,000, which have not so far been brought into account.
- (c) To decrease the value of machinery by Rs. 14,000 and furniture by Rs. 12,000.
- (d) To write off sundry creditors by Rs. 16,000.

Prepare revaluation account.

35. Sam and Jose are partners in a firm sharing profits and losses in the ratio of 3:2. On 1st April 2018, they admitted Joel as a partner. On the date of Joel's admission, goodwill appeared in the books of the firm at Rs.30,000. By assuming fluctuating capital method, pass the necessary journal entry if the partners decide to

- (a) write off the entire amount of existing goodwill (b) write off Rs.20,000 of the existing goodwill.

36. Janani, Janaki and Jamuna are partners sharing profits and losses in the ratio of 3:3:1 respectively. Janaki died on 31st December, 2017. Final amount due to her showed a credit balance of Rs.1,40,000. Pass journal entries if,

- (a) The amount due is paid off immediately. (b) The amount due is not paid immediately.
- (c) Rs.75, 000 is paid and the balance in future.

37. State the differences between fixed capital method and fluctuating capital method.

38. State any six factors determining goodwill.

39. Distinguish between sacrificing ratio and gaining ratio.

40. State the differences between receipts and payments accounts and income and expenditure account. EM-P-3

PART -IV

IV. ANSWER ALL THE QUESTIONS.

(7 x 5 = 35)

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

<u>PARTICULARS</u>	<u>1.1.2018</u>	<u>31.12.2018</u>
Cash at bank	80,000	90,000
<u>Stock</u>	<u>1,80,000</u>	1,40,000
Debtors	90,000	2,00,000
Sundry creditors	2,70,000	3,00,000
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. (OR)

(B) Arulappan and Nallasamy are partners in a firm sharing profits and losses in the ratio of 4:1.

On 1st January 2018, their capitals were Rs.20,000 and Rs.10,000 respectively. The partnership deed specifies the following:

(a) Interest on capital is to be allowed at 5% per annum. (b) Interest on drawings charged to Arulappan and Nallasamy are Rs.200 and Rs.300 respectively. (c) The net profit of the firm before considering interest on capital and interest on drawings amounted to Rs.18,000.

Give necessary journal entries and prepare Profit and loss appropriation account for the year ending 31st December 2018. Assume that the capitals are fluctuating.

42.(A) From the following particulars calculate total purchases.

Particulars	Rs.	Particulars	Rs.
Sundry creditors on 1st January, 2018	30,000	Purchases returns	15,000
Bills payable on 1st January, 2018	25,000	Cash purchases	2,25,000
Paid cash to creditors	1,20,000	Creditors on 31st December, 2018	25,000
Paid for bills payable	30,000	Bills payable on 31st December, 2018	20,000

(OR)

(B). Calculate the value of goodwill at 5 years purchase of super profit from the following Information:

(a) Capital employed: Rs.1,20,000

(b) Normal rate of profit: 20%

(c) Net profit for 5 years

2014: Rs.30,000; 2015: Rs.32,000; 2016: Rs.35,000; 2017: Rs.37,000 and 2018: Rs.40,000

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(d) Fair remuneration to the partners Rs.2,800 per annum.

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

Particulars	Rs.	Rs.	Particulars	Rs.
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		2,000		

(OR)

(B). The following particulars are available in respect of the business carried on by a partnership firm:

- Profits earned: 2016: Rs. 25,000; 2017: Rs. 23,000 and 2018: Rs. 26,000.
- Profit of 2016 includes a non-recurring income of Rs. 2,500.
- Profit of 2017 is reduced by Rs. 3,500 due to stock destroyed by fire.
- The stock was not insured. But, it is decided to insure the stock in future. The insurance premium is estimated to be Rs. 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.

44.(A) From the following receipts and payment account, prepare income and expenditure account of Kumbakonam Basket Ball Association for the year ended 31st March, 2018.

Receipts	Rs.	Rs.	Payments	Rs.	Rs.
To Balance b/d			By Rent of ground paid		12,000
Cash in hand	23,000		By Printing charges		5,000
Cash at bank	12,000	35,000	By Bank charges		1,000
To Rent of hall received		6,000	By Insurance for building		2,000
To Subscription received		9,000	By Tournament expenses		16,000
To Life membership fees		7,000	By Audit fees		3,000
To Locker rent received		2,000	By Sports materials purchased		4,000
			By Balance c/d		
			Cash in hand	2,000	
			Cash at bank	14,000	16,000
		59,000			59,000

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(OR)

(B) Saran, Arun and Karan are partners in a firm sharing profits and losses in the ratio of 4:3:3. Their balance sheet as on 31.12.2016 was as follows:

Liabilities	Rs.	Rs.	Assets	Rs.
Capital accounts:			Buildings	60,000
Saran	60,000		Machinery	40,000
Arun	50,000	1,50,000	Profit and loss A/c	20,000
Karan	40,000		Stock	12,000
		15,000	Debtors	25,000
General reserve		25,000	Loss: Provision for	
Creditors		10,000	bad debts	1000
Workmen compensation fund		2,00,000	Cash at bank	24,000
				44,000
				2,00,000

Karan retires on 1.1.2017 subject to the following conditions:

(i) Goodwill of the firm is valued at Rs.21,000 (ii) Revaluation profit Rs.21,000 (iii) Final amount due to Karan is not paid immediately. Prepare partners' capital account of the firm after retirement.

45. (A) Bragathish and Naresh are partners who maintain their capital accounts under fixed capital method. From the following particulars, prepare capital accounts of partners.

Particulars	Bragathish	Naresh
Capital on 1st April 2018	4,00,000	6,00,000
Current account on 1st April 2018	20,000(CR)	15,000(DR)
Additional capital	50,000	-----
Drawings	45,000	60,000
Interest on drawings	2,000	3,000
Share of profit for the year	80,000	1,20,000
Interest on capital	20,000	30,000
Commission	17,000	-----
Salary	-----	38,000

(OR)

(B) Sundar, Vivek and Pandian are partners, sharing profits in the ratio of 3:2:1. Their balance sheet as on 31st December, 2018 is as under:

Balance Sheet as on 31st December, 2018

Liabilities	Rs.	Assets	Rs.
Capital accounts :		Land	80,000
Sundar 50,000		Stock	20,000
Vivek 40,000		Debtors	30,000
Pandian 10,000	1,00,000	Cash at bank	14,000
General reserve	36,000	Profit and loss A/c (loss)	6,000
Sundry creditors	14,000		
	1,50,000		1,50,000

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On 1.1.2019, Pandian died and on his death the following arrangements are made:

- (i) Stock to be depreciated by 10%
- (ii) Land is to be appreciated by Rs.11,000
- (iii) Reduce the value of debtors by Rs.3,000
- (iv) The final amount due to Pandian was not paid
- (v) Revaluation profit rs.6,000

Prepare partners' capital account and the balance sheet of the firm after death.

46. (A) Akash, Bala, Chandru and Daniel are partners in a firm. There is no partnership deed. How will you deal with the following?

- (i) Akash has contributed maximum capital. He demands interest on capital at 10% p.a
 - (ii) Bala has withdrawn 3,000 per month. Other partners ask Bala to pay interest on drawings @ 8% per annum to the firm. But, Bala did not agree to it.
 - (iii) Akash demands the profit to be shared in the capital ratio. But, others do not agree.
 - (iv) Daniel demands salary at the rate of 10,000 per month as he spends full time for the business.
 - (v) Loan advanced by Chandru to the firm is 50,000. He demands interest on loan @ 12% per annum.
- (OR)

(B) Sai and Shankar are partners, sharing profits and losses in the ratio of 5:3. The firm's balance sheet as on 31st December, 2017, was as follows:

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital accounts:			Building		34,000
Sai	48,000		Furniture		6,000
Shankar	<u>40,000</u>	88,000	Investment		20,000
Creditors		37,000	Debtors	40,000	
Outstanding wages		8,000	Less: Provision for bad debts	<u>3,000</u>	37,000
			Bills receivable		12,000
			Stock		16,000
			Bank		8,000
		1,33,000			1,33,000

On 31st December, 2017 Shanmugam was admitted into the partnership for 1/4 share of profit with Rs. 12,000 as capital subject to the following adjustments.

- (a) Furniture is to be revalued at Rs. 5,000 and building is to be revalued at Rs. 50,000.
- (c) Provision for doubtful debts is to be increased to Rs.5,500
- (d) An unrecorded investment of Rs. 6,000 is to be brought into account
- (e) An unrecorded liability Rs. 2,500 has to be recorded now.

prepare Revaluation Account and capital account of partners after admission.

47. (A) Raghu and Sam are partners in a firm sharing profits and losses in the ratio of 3:2. Their balance sheet as on 31st March, 2017 is as follows:

Liabilities	Rs.	Assets	Rs.	Rs.
Capital accounts:		Machinery		30,000
Raghu 40,000		Furniture		10,000
Sam <u>30,000</u>	70,000	Stock		10,000
Sundry creditors	<u>30,000</u>	Debtors	21,000	

			0	
		Less: Provision for doubtful debts	<u>1,000</u>	20,000
		Bank		30,000
	1,00,000			1,00,000

Prakashe is admitted on 1.4.2017 subject to the following conditions:

- (a) He has to bring a capital of Rs.10,000 (b) Machinery is valued at Rs.24,000
 (c) Furniture to be depreciated by Rs.3,000 (d) Provision for doubtful debts should be increased to Rs.3,000
 (e) Unrecorded trade receivables of Rs.1,000 would be brought into books now
 Pass necessary journal entries and prepare revaluation account.

(OR)

(B) Following is the Receipts and Payments Account of Salem Recreation Club for the year ended 31st March, 2019.

In the books of Salem Recreation Club

Receipts and Payments Account for the year ended 31st March, 2019

Dr.

Cr.

Receipts	Rs.	Payments	Rs.
To Balance b/d:		By Furniture	27,500
Cash in hand	9,000	By Stationery	2,400
To Subscriptions		By Postage	1,000
2018 – 2019	12,500	By Balance c/d:	
2019 – 2020	400	Cash in hand	3,500
To Proceeds from entertainment	12,000		
To Sundry receipts	500		
	34,400		34,400

Additional information:

- (i) There are 450 members each paying annual subscription of Rs.30. (ii) Stock of stationery on 31st March, 2018 Rs.300 and on March 31, 2019 Rs.500. (iii) Capital fund as on 1st April 2018 was Rs.9,300.
 Prepare income and expenditure account for the year ended 31st March, 2019 and the balance sheet as on that date.

VIVEKANANDA VIDYALAYA MATRIC HR SEC SCHOOL, PANNAIKADU PIRIVU
DINDIGUL DISTRICT

QUARTERLY EXAMINATION – SEPTEMBER 2022

CLASS: 12 STD

ACCOUNTANCY – ANSWER KEY

MARKS: 90

I. CHOOSE THE CORRECT ANSWER:

20*1=20

1	c). Small sized sole trader business	11	c). Fixed capital method
2	c). Bills payable accepted during the year	12	b). Normal rate of Return
3	d). 64000	13	c). Super profit = Average Profit – Normal Profit
4	d). Sale proceeds of furniture	14	b). Nominal a/c
5	b). Capital Receipts	15	b). Sacrificing Ratio
6	b). Real a/c	16	a). Capital account of all the partners
7	c). Profit	17	b). Loss
8	c). Interest on Loan	18	c). To adjust Goodwill
9	b). Rs.2100	19	c). 2: 1
10	a). Goodwill is an Intangible asset	20	d). Indian Partnership Act - 1932

II. ANSWER THE FOLLOWING QUESTIONS: (Q.NO: 30 IS CUMPULSORY)

7*2=14

21 What is meant by incomplete records?

When accounting records are not strictly maintained according to double entry system, these records are called incomplete records.

22 State the meaning of not-for-profit organizations?

- ★ Some organisations are established for the purpose of rendering services to the public without any profit motive.
- ★ These organisations are called not-for-profit organisation.
- ★ Examples: Art, Culture, Education, Sports, etc.

23 What is the meaning of Retirement of partners?

- ★ When a partner leaves from a partnership firm, it is known as retirement.
- ★ It is also called outgoing or retirement partner.

24 Calculation of Final accounts of Vedaranyam Sports Club:

Dr Income and Expenditure Account of Vedaranyam Sports Club Cr					
Expenditure	Rs.	Rs.	Income	Rs.	Rs.
To opening stock	3000		Sale of Old bad and balls		2000
+ Purchase	17000				
	20000				
- Closing Stock	4000	16000			

Balance Sheet as on 31st March 2019

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
			Closing Stock of bats and balls		4000

25 Calculation of Interest on Capital:

Interest on capital = Amount of Capital x Rate of interest x Period

Prakash	=	300000	x	6/100	=	18000
Additional Capital	=	60000	x	6/100 9/12	=	2700
						<u>20700</u>
Supria	=	200000	x	6/100	=	12000

26 Calculation of value of Goodwill

Average Profit	=	Total Profit / No of years
	=	$\frac{10000 + 11000 + 12000 + 13000 + 14000}{5}$
	=	$\frac{60000}{5}$
	=	12000

$$\begin{aligned}
 \text{Goodwill} &= \text{Average Profit} \times \text{No of years Purchase} \\
 &= 12000 \times 2 \\
 &= 24000
 \end{aligned}$$

27 Journal Entry of Distributed the General Reserve:

Date	Particulars	LF	Debit Rs.	Credit Rs.
31.3.2018	General reserve a/c Dr To Arul Capital a/c To Anitha Capital a/c (General Resrve a/c transferred to partners capital account)		42000	24000 18000

28 Calculation of Sacrificing Ratio:

	Praveena	:	Dhanya	:	Malini
Old Ratio	: 7	:	3	:	
Old Share	: 7/10	:	3/10	:	
New Ratio	: 5	:	2	:	3
New Share	: 5/10	:	2/10	:	3/10
Share Sacrifice: Old share - New share					
	: $\frac{7}{10} - \frac{5}{10}$:	$\frac{3}{10} - \frac{2}{10}$:	
		:	2	:	1

29 Journal Entry of Distributed the Accumulated Losses:

Date	Particulars	LF	Debit Rs.	Credit Rs.
31.3.2018	Rosi Capital a/c Dr Rathi Capital a/c Dr Rani's Capital a/c Dr To Profit and Loss a/c (Accumulated losses transferred to partners capital account)		15000 15000 15000	45000

30 Calculation of Statement of Profit or Loss

Statement of profit or loss		
	Particulars	Rs.
	Closing capital	8,50,000
+	Drawings	70,000
		<u>9,20,000</u>
-	Additional capital	1,20,000
	Adjusted closing capital	<u>8,00,000</u>
-	Opening capital	5,00,000
	Profit	<u>3,00,000</u>

III. ANSWER THE FOLLOWING QUESTIONS: (Q.NO: 40 IS CUMPULSORY)

7*3=21

31 Calculation of Total Sales:

Dr			Total Debtors Accounts			Cr	
Particulars	Rs.	Rs.	Particulars	Rs.	Rs.		
To balance b/d		130000	By Cash		420000		
			By Sales Return		35000		
To Sales (credit sales)		540000	By Bad debts		15000		
			By Balance c/d		200000		
		<u>670000</u>			<u>670000</u>		

$$\begin{aligned}
 \text{Total Sales} &= \text{Cash Sales} + \text{Credit Sales} \\
 &= 460000 + 540000 \\
 &= 10,00,000
 \end{aligned}$$

b). Write off Rs.20000 of the existing goodwill**Journal Entry**

Date	Particulars	LF	Debit Rs.	Credit Rs.
31.3.2018	Sam's Capital a/c (20000 x 3/5) Dr Joe's Capital a/c (20000 x 2/5) Dr To Goodwill a/c (Existing goodwill Written off to the extent of 20000)		12000 8000	20000

36 Journal Entries:**a). The amount due is paid off immediately****Journal Entry**

Date	Particulars	LF	Debit Rs.	Credit Rs.
31.12.2017	Janaki Capital a/c Dr To Bank a/c (Janaki due is paid immediately)		140000	140000

b). The amount due is not paid off immediately**Journal Entry**

Date	Particulars	LF	Debit Rs.	Credit Rs.
31.12.2017	Janaki Capital a/c Dr To Janaki Loan a/c (Janaki due is paid immediately)		140000	140000

c). Rs. 75000 is paid and balance in future**Journal Entry**

Date	Particulars	LF	Debit Rs.	Credit Rs.
31.3.2018	Janaki Capital a/c Dr To Bank a/c To Janaki's Loan a/c (Janaki due 75000 is paid immediately and 65000 transferred to his loan account)		140000	75000 65000

37 State the differences between fixed capital method and fluctuating capital method?

S. no	Basic	Fixed Capital Method	Fluctuating Method
1	Number of Accounts	Two accounts are maintained i). capital account ii). current account	Only one account capital account maintained.
2	Change in Capital	The amount of capital not changes from period to period	The amount of capital changes from period to period
3	Closing Balance	It always show the credit balance	It always show the debit or credit balance
4	Adjustments	All adjustments done in current account	All adjustments done in capital account

38 State any six factors determining goodwill

- ✿ Profitability of the firm.
- ✿ Favorable location of the business enterprises.
- ✿ Good quality of goods or service offered.
- ✿ Efficiency of management.
- ✿ Degree of competition
- ✿ Tenure of the business enterprise.

39 Distinguish between Sacrificing ratio and Gaining Ratio

s.no	Basic	Sacrificing ratio	Gaining ratio
1	Meaning	A share of profit sacrificed by the old partner to new partner.	A share of profit gained by existing partner from retiring partner.
2	Time	Admission of a partner	Retirement of a partner
3	Formula	Sacrificing Ratio = old ratio – new ratio	Gaining Ratio = New ratio – Old ratio

40 State the differences between receipts and payments accounts and Income and expenditure account?

S. no	Basic	Receipt and Payment Account	Income and Expenditure Account
1	Nature of account	It is real account	It is nominal account
2	Basis	It is based on cash system	It is based on accrual system
3	Opening and Closing balance	It commence opening and closing balance.	There is no opening and closing balance
4	Nature of items	It contains actual receipt and payment	It contains only revenue expenses and incomes.

IV. ANSWER THE FOLLOWING QUESTIONS:**7*5=35****41 a). Calculation of Statement of Profit or Loss****i). Calculation of Opening Capital:****In the Book of Raju of Statement of Affairs as on 1.1.18**

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Sundry Creditors		270000	Cash at Bank		80000
			Stock		180000
Capital (bal.fig)		250000	Debtors		90000
			Plant and machinery		170000
		<u>520000</u>			<u>520000</u>

ii). Calculation of Closing capital:**In the Books of Raju Statement of Affairs as on 31.12.18**

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Sundry Creditors		300000	Cash at Bank		90000
			Stock		140000
Capital (bal.fig)		300000	Debtors		200000
			Plant and machinery		170000
		<u>600000</u>			<u>600000</u>

iii). Calculation of Profit or Loss:

Statement of profit or loss		
	Particulars	Rs.
	Closing capital	3,00,000
+	Drawings	30,000
		<u>3,30,000</u>
-	Additional capital	50,000
	Adjusted closing capital	<u>2,80,000</u>
-	Opening capital	2,50,000
	Profit	<u>30,000</u>

b). Journal Entries and Revaluation account**Journal Entry**

Date	Particulars	LF	Debit Rs.	Credit Rs.
31.12.2018	Interest on capital a/c Dr To Arulappan Capital a/c To Nallasamy Capital a/c (Interest on capital 5% provided)		1500	1000 500

31.12.2018	Profit and Loss Appropriation a/c Dr To Interest on capital a/c (Interest on capital account closed)		1500	1500
31.12.2018	Arullappans Capital a/c Dr Nallasamy Capital a/c Dr To Interest on Drawings a/c (Interest on drawings charged)		200 300	500
31.12.2018	Interest on Drawings a/c Dr To Profit and Loss appropriation a/c (Interest on drawings account is closed)		500	500
31.12.2018	Profit and Loss Appropriation a/c Dr To Arullappans Capital a/c To Nallasamy Capital a/c (Profit transferred to capital account)		17000	13600 3400

Dr Profit and Loss Appropriation account Cr

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Interest on capital Arulappan Nallasamy		1000 500	By Interest on Drawings a/c Arulappan Nallasamy		200 300
			By Profit and Loss a/c		18000
To Partner capital a/c					
Arulappan a/c	13600				
Nallasamy a/c	3400	17000			
		18500			18500

42 a). Calculation total purchases:

Dr Bills Payable Accounts Cr

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Cash		30000	By Balance b/d		25000
To Balance c/d		20000	By Creditor a/c(bal.Fig)		25000
		50000			50000

Dr Total Creditors Accounts Cr

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Cash		120000	By Balance b/d		30000
To Bills Payable		25000	By Purchase (Bal.fig)		155000
To Purchase Return		15000			
To Balance c/d		25000			
		185000			185000

$$\begin{aligned}
 \text{Total Purchase} &= \text{Cash Purchase} + \text{Credit Purchase} \\
 &= 225000 + 155000 \\
 &= 3,80,000
 \end{aligned}$$

b). Calculation of Good will

$$\begin{aligned}
 \text{Average Profit} &= \text{Total Profit} / \text{No of years} \\
 &= \frac{30000 + 32000 + 35000 + 37000 + 40000}{5} \\
 &= \frac{174000}{5} \\
 &= 34800 \\
 \text{Average Profit before fair remuneration} &= 34800 \\
 \text{Less: Fair remuneration} &= 2800 \\
 \text{Average Profit} &= 32000 \\
 \text{Normal Profit} &= \text{Capital Employed} \times \text{Normal Rate of Return} \\
 &= 1,20,000 \times 20/100 \\
 &= 24000 \\
 \text{Super Profit} &= \text{Average Profit} - \text{Normal Profit} \\
 &= 32000 - 24000 \\
 &= 8000
 \end{aligned}$$

$$\begin{aligned}
 \text{Goodwill} &= \text{Average Profit} \times \text{No of years Purchase} \\
 &= 8000 \times 5 \\
 &= 40000
 \end{aligned}$$

43 a). Receipt and Payment account

In the books of Coiambatore Cricket Club						
Dr			Receipts and Payments Account for the year ended 31 st March 2019		Cr	
Receipts		Rs.	Rs.	Payments	Rs.	Rs.
To Balance b/d			1000	By Balance b/d		6000
To Subscription Received P.Y		500		By Wages		2000
C.Y		9600		By Interest on loan		2000
S.Y		400	10500	By Honorarium		2800
To Match fund Receipts			5200	By Water and electricity		700
To Legacies Received			2000	By Match expenses		2600
To Donation Received			2000	By Sports Material		1900
				By Balance c/d		
				Cash		300
				Bank		2400
			20700			20700

b). Calculation of Goodwill

Calculation of Adjusted Profit:

	Particulars	2016	2017	2018
	Profit	25000	23000	26000
-	Non-recurring Income	2500	-	-
		22500	23000	26000
+	Stock destroyed by Fire	-	3500	-
	Profit after adjustments	22500	26500	26000

Calculation of Average Profit:

$$\begin{aligned}
 \text{Average Profit} &= \frac{\text{Total Profit/ No of years}}{3} \\
 &= \frac{22500 + 26500 + 26000}{3} \\
 &= \frac{75000}{3} \\
 &= 25000
 \end{aligned}$$

$$\begin{aligned}
 \text{Average Profit before Insurance Premium} &= 25000 \\
 \text{Less: Fair Remuneration} &= 250 \\
 \hline
 &= 24750
 \end{aligned}$$

Calculation of Goodwill:

$$\begin{aligned}
 \text{Goodwill} &= \text{Average Profit} \times \text{No of years Purchase} \\
 &= 24750 \times 2 \\
 &= 49500
 \end{aligned}$$

44 a). Preparation of Income and Expenditure Account:

In the books of Kumbakonam BasketBall Association					
Dr	Income and Expenditure Account for the year ended 31 st March 2019				Cr
Receipts	Rs.	Rs.	Payments	Rs.	Rs.
To Rent of ground paid		12000	By Rent of hall		6000
To Printing charges		5000	By Subscription		9000
To Bank charges		1000	By Locker rent		2000
To Insurance for Building		2000			
To Tournament expenses		16000			
To audit Fees		3000	By Deficit (Bal. Fig)		26000
To Sports material purchased		4000			
		43000			43000

b). Preparation of Partners capital Account:

Dr Capital Account				Cr			
Particulars	Saran Rs.	Arun Rs.	Karan Rs.	Particulars	Saran Rs.	Arun Rs.	Karan Rs.
To Karan Capital a/c	3600	2700	---	By Balance b/d	60000	50000	40000
To Karan Loan a/c	---	--	57100	By Reserve fund a/c	15000	9500	6000
To Balance c/d	70800	58100	---	By Revaluation a/c	8400	6300	6300
				By Saran's Capital	--	--	3600
				By Aruns Capital	--	---	2700
	74400	60800	57100		74400	60800	57100
				By Balance c/d	70800	58100	---

45 a). Preparation of Partners capital Account:

Dr Partners Capital Account				Cr			
Date	Particulars	Bragathish Rs.	Naresh Rs.	Date	Particulars	Bragathish Rs.	Naresh Rs.
	To Balance c/d	450000	600000		By Balance b/d	400000	600000
					By Bank a/c	50000	
		450000	600000			450000	600000
					By Balance b/d	450000	600000

Dr Partners Current Account				Cr			
Date	Particulars	Bragathish Rs.	Naresh Rs.	Date	Particulars	Bragathish Rs.	Naresh Rs.
	To Balance b/d		15000		By Balance b/d	400000	600000
	To Drawings	45000	60000		By Commission a/c	17000	---
	To Interest on Drawings	2000	3000		By P&L Appropriation a/c	80000	120000
	To Balance c/d	90000	110000		By Salary a/c	---	38000
					By Interest on capital	20000	30000
					By Bank a/c	50000	
		137000	188000			137000	188000
					By Balance b/d	90000	1100000

b). Preparation of Partners capital Account:

Dr Capital Account				Cr			
Particulars	Sundar Rs.	Vivek Rs.	Pandian Rs.	Particulars	Sundar Rs.	Vivek Rs.	Pandian Rs.
To P&L a/c	3000	2000	1000	By Balance b/d	50000	40000	10000
To Pandian a/c			16000	By General Reserve	18000	12000	6000
				By Revaluation a/c	3000	2000	1000
To Balance c/d	68000	52000	---				
	71000	54000	17000		71000	54000	17000
				By Balance c/d	68000	52000	---

Balance Sheet as on 1st January 2019

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital a/c			Land	80000	
Sundar	68000		+ Appreciation	11000	91000
Vivek	52000	120000			
			Stock	20000	
Pandian executor a/c		16000	- Decrease	2000	18000
Sundry Creditors		14000			
			Debtors	30000	
			- Decrease	3000	
			Cash at bank		14000
		150000			150000

46 a). Preparation:

- i). No Interest on capital is payable.
- ii). No interest is chargeable
- iii). Profit should be distributed equally
- iv). No remuneration is payable
- v). Interest on loan is payable is 6% p.a

b). Preparation of Revaluation account and capital account:

Dr			Revaluation Account			Cr	
Particulars	Rs.		Rs.	Particulars	Rs.	Rs.	
To Furniture a/c			1000	By Building a/c		16000	
To Unrecorded Liability a/c			2500	By Investment a/c		6000	
To Provision for debts			2500				
To Profit on revaluation				By Creditors a/c		16000	
Sai (50000*5/8)	10000						
Shankar (50000*3/8)	6000		16000				
			22000			22000	

Dr				Capital Account				Cr	
Particulars	Sai Rs.	Shankar Rs.	Shanmugam Rs.	Particulars	Sai Rs.	Shankar Rs.	Shanmugam Rs.		
To Balance c/d	58000	46000	12000	By Balance b/d	48000	40000	----		
				By Bank a/c	--	---	12000		
				By Revaluation	10000	6000	----		
	58000	46000	12000		58000	46000	12000		
				By Balance c/d	58000	46000	12000		

47 a). Preparation of Journal entries and Revaluation account

Journal Entry				
Date	Particulars	LF	Debit Rs.	Credit Rs.
1.4.2017	Bank a/c Dr To Prakash capital a/c (Capital bought by prakash)		10000	10000
1.4.2017	Revaluation a/c Dr To Machinery a/c To Furniture a/c To Provision for doubtful debts a/c (Depreciation on machinery and furniture and provision are to adjusted)		11000	6000 3000 2000
1.4.2017	Trade receivables a/c Dr To Revaluation a/c (Unrecorded trade receivables are recorded)		1000	1000
1.4.2017	Raghu;s Capital a/c Dr Sam's Capital a/c Dr To Revaluation a/c (Loss on revaluation transferred to capital a/c)		6000 4000	10000

Dr			Revaluation Account			Cr	
Particulars	Rs.		Rs.	Particulars	Rs.	Rs.	
To Machinery a/c			1000	By Trade receivables a/c		1000	
To Furniture a/c			2500	By Loss on revaluation			
To Provision for debts			2000	Raghu	6000		
				Sam's	4000	10000	
			22000			22000	

b). Calculation of Income and Expenditure and Balance Sheet**Calculation of Subscription:**

Subscription for the current year (450 x 30) = 13500

Subscription received for the current year = 12500

Subscription outstanding for current year = 1000

In the Books of Salem Recreation Club**Dr Income and Expenditure Account for the year ended 31.3.2019 Cr**

Expenditure	Rs.	Rs.	Income	Rs.	Rs.
To Stationary	2400		By Subscription	12500	
+ Opening Stock	300		+ Outstanding for 2018-19	1000	13500
	2700		By Proceed from entertainment		12000
- Closing Stock	500	2200	By Sundry receipts		500
To postage		1000			
To Excess of Income		22800			
		26000			26000

Balance Sheet as on 31st March 2019

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital Fund	9300		Furniture		15000
+ Excess of Income	22800	32100	Investment		12500
			Subscription in arrears		1000
Subscription received in advance		400	Stock of stationary		500
			Cash in hand		3500
		32500			32500

@* @* @* @* @* @* @*

- ❖ All of the above I mentioned is my own proposed list.
- ❖ This is not final decision.
- ❖ This subject to be changed.
- ❖ If there is any error in this, please correct it.

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