

XII ACCOUNTANCY – REVISION I (L.NO.4, 5 & 6)



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MAT. HR. SEC. SCHOOL**ACCOUNTANCY****GRADE: XII****REVISION TEST - 1****MARKS: 90****I CHOOSE THE CORRECT ANSWER**

20 X 1 = 20

- Which of the following statements is true?
 - Goodwill is an intangible asset
 - Goodwill is a current asset
 - Goodwill is a fictitious asset
 - Goodwill cannot be acquired
- Super profit is the difference between
 - Capital employed and average profit
 - Assets and liabilities
 - Average profit and normal profit
 - Current year's profit and average profit
- The average rate of return of similar concerns is considered as
 - Average profit
 - Normal rate of return
 - Expected rate of return
 - None of these
- Which of the following is true?
 - Super profit = Total profit / number of years
 - Super profit = Weighted profit / number of years
 - Super profit = Average profit – Normal profit
 - Super profit = Average profit × Years of purchase
- Identify the incorrect pair
 - Goodwill under Average profit method - Average profit × Number of years of purchase
 - Goodwill under Super profit method - Super profit × Number of years of purchase
 - Goodwill under Annuity method - Average profit × Present value annuity factor
 - Goodwill under Weighted average - Weighted average profit × Number of years of profit method purchase
- Book profit of 2017 is ₹ 35,000; non-recurring income included in the profit is ₹ 1,000 and abnormal loss charged in the year 2017 was ₹ 2,000, then the adjusted profit is
 - ₹ 36,000
 - ₹ 35,000
 - ₹ 38,000
 - ₹ 34,000
- The total capitalised value of a business is ₹ 1,00,000; assets are ₹ 1,50,000 and liabilities are ₹ 80,000. The value of goodwill as per the capitalisation method will be
 - ₹ 40,000
 - ₹ 70,000
 - ₹ 1,00,000
 - ₹ 30,000
- Revaluation A/c is a
 - Real A/c
 - Nominal A/c
 - Personal A/c
 - Impersonal A/c
- On revaluation, the increase in the value of assets leads to
 - Gain
 - Loss
 - Expense
 - None of these
- James and Kamal are sharing profits and losses in the ratio of 5:3. They admit Sunil as a partner giving him 1/5 share of profits. Find out the sacrificing ratio.
 - 1:3
 - 3:1
 - 5:3
 - 3:5
- Balaji and Kamalesh are partners sharing profits and losses in the ratio of 2:1. They admit Yogesh into partnership. The new profit sharing ratio between Balaji, Kamalesh and Yogesh is agreed to 3:1:1. Find the sacrificing ratio between Balaji and Kamalesh.
 - 1:3
 - 3:1
 - 2:1
 - 1:2
- Which of the following statements is not true in relation to admission of a partner
 - Generally mutual rights of the partners change
 - The profits and losses of the previous years are distributed to the old partners
 - The firm is reconstituted under a new agreement
 - The existing agreement does not come to an end
- The profit or loss on revaluation of assets and liabilities is transferred to the capital account of
 - The old partners
 - The new partner
 - All the partners
 - The Sacrificing partners

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14. 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
15. 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
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. 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
18. 'A' was a partner in a partnership firm. He died on 31st March 2019. The final amount due to him is ₹ 25,000 which is not paid immediately. It will be transferred to
 (a) A's capital account (b) A's current account
 (c) A's Executor account (d) A's Executor loan account
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
20. X, Y and Z were partners sharing profits and losses equally. X died on 1st April 2019. Find out the share of X in the profit of 2019 based on the profit of 2018 which showed ₹ 36,000.
 (a) ₹ 1,000 (b) ₹ 3,000 (c) ₹ 12,000 (d) ₹ 36,000

II ANSWER THE FOLLOWING (ANY 7) Q.No.30 is compulsory

7 X2 = 14

21. What is the journal entry to be passed to transfer the amount due to the deceased partner to the executor of the deceased partner?
22. Rosi, Rathi and Rani are partners of a firm sharing profits and losses equally. Rathi retired from the partnership on 1.1.2018. On that date, their balance sheet showed accumulated loss of ₹ 45,000 on the asset side of the balance sheet. Give the journal entry to distribute the accumulated loss.
23. Ramu, Somu, Gopu are partners sharing profits in the ratio of 3:5:7. Gopu retires and the share is purchased by Ramu and Somu in the ratio of 3:1. Find the new profit sharing ratio and gaining ratio.
24. State whether the following will be debited or credited in the revaluation account.
 (a) Depreciation on assets (b) Unrecorded liability
 (c) Provision for outstanding expenses (d) Appreciation of assets
25. Anjali and Nithya are partners of a firm sharing profits and losses in the ratio of 5:3. They admit Pramila on 1.1.2018. On that date, their balance sheet showed accumulated loss of ₹40,000 on the asset side of the balance sheet. Give the journal entry to transfer the accumulated loss on admission.
26. Govind and Gopal are partners in a firm sharing profits in the ratio of 5:4. They admit Rahim as a partner. Govind surrenders 2/9 of his share in favour of Rahim. Gopal surrenders 1/9 of his share in favour of Rahim. Calculate the new profit sharing ratio and sacrificing ratio.
27. What is goodwill
28. What is normal rate of return?
29. What is acquired goodwill?
30. What is Annuity?

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III ANSWER THE FOLLOWING (ANY 7) Q.No.40 is compulsory

7 X3 = 21

31. 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 ` 45,000. Pass necessary journal entries for goodwill on the assumption that the fluctuating capital method is followed.
32. Kavin, Madhan and Ranjith are partners sharing profits and losses in the ratio of 4:3:3 respectively. Kavin retires from the firm on 31st December, 2018. On the date of retirement, his capital account shows a credit balance of ` 1,50,000. Pass journal entries if:
- The amount due is paid off immediately.
 - The amount due is not paid immediately.
 - ` 1,00,000 is paid and the balance in future.
33. List out the adjustments made at the time of retirement of a partner in a partnership firm.
34. Write a short note on accounting treatment of goodwill.
35. Hari, Madhavan and Kesavan are partners, sharing profits and losses in the ratio of 5:3:2. As from 1st April 2017, Vanmathi is admitted into the partnership and the new profit sharing ratio is decided as 4:3:2:1. The following adjustments are to be made.
- Increase the value of premises by ₹ 60,000.
 - Depreciate stock by ₹ 5,000, furniture by ₹2,000 and machinery by ₹2,500.
 - Provide for an outstanding liability of ₹ 500.
- Pass journal entries and prepare revaluation account.
36. Aparna and Priya are partners who share profits and losses in the ratio of 3:2. Brindha joins the firm for 1/5 share of profits and brings in cash for her share of goodwill of ` 10,000. Pass necessary journal entry for adjusting goodwill on the assumption that the fluctuating capital method is followed and the partners withdraw the entire amount of their share of goodwill.
37. Calculate the value of goodwill at 2 years purchase of average profit when average profit is ₹15,000
38. How is the value of goodwill calculated under the capitalisation method?
39. From the following information, find out the value of goodwill by capitalisation method:
- Average profit = ₹60,000
 - Normal rate of return = 10%
 - Capital employed = ₹5,60,000
40. Name the methods for the valuation of goodwill.

IV ANSWER THE FOLLOWING

7 X5 = 35

41.a) Distinguish between sacrificing ratio and gaining ratio.

(OR)

b) 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 ` 1,40,000. Pass journal entries if,

- The amount due is paid off immediately.
- The amount due is not paid immediately.
- ` 75, 000 is paid and the balance in future.

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42. a)

22. Vijayan, Sudhan and Suman are partners who share profits and losses in their capital ratio. Their balance sheet as on 31.12.2018 is as follows:

Balance Sheet as on 31.12.2018

Liabilities	₹	₹	Assets	₹
Capital accounts:			Building	80,000
Vijayan	70,000		Stock	45,000
Sudhan	50,000		Debtors	25,000
Suman	30,000	1,50,000	Cash at bank	20,000
General reserve		18,000	Cash in hand	15,000
Creditors		17,000		
		1,85,000		1,85,000

Suman died on 31.3.2019. On the death of Suman, the following adjustments are made:

- Building is to be valued at ₹ 1,00,000
- Stock to be depreciated by ₹ 5,000
- Goodwill of the firm is valued at ₹ 36,000
- Share of profit from the closing of the last financial year to the date of death on the basis of the average of the three completed years' profit before death.

Profit for 2016, 2017 and 2018 were ₹ 40,000, ₹ 50,000 and ₹ 30,000 respectively.

Prepare the necessary ledger accounts and the balance sheet immediately after the death of Suman.

(OR)

b)

25. Sundar and Suresh are partners sharing profits in the ratio of 3:2. Their balance sheet as on 1st January, 2017 was as follows:

Liabilities	₹	₹	Assets	₹
Capital accounts:			Buildings	40,000
Sundar	30,000		Furniture	13,000
Suresh	20,000	50,000	Stock	25,000
Creditors		50,000	Debtors	15,000
General reserve		10,000	Bills receivable	14,000
Workmen compensation fund		15,000	Bank	18,000
		1,25,000		1,25,000

They decided to admit Sugumar into partnership for 1/4 share in the profits on the following terms:

- Sugumar has to bring in ₹ 30,000 as capital. His share of goodwill is valued at ₹ 5,000. He could not bring cash towards goodwill.
- That the stock be valued at ₹ 20,000.
- That the furniture be depreciated by ₹ 2,000.
- That the value of building be depreciated by 20%.

Prepare necessary ledger accounts and the balance sheet after admission.

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43. a) Manju, Charu and Lavanya are partners in a firm sharing profits and losses in the ratio of 5:3:2. Their balance sheet as on 31st March, 2018 is as follows:

Liabilities	₹	₹	Assets	₹
Capital accounts:			Buildings	1,00,000
Manju	70,000		Furniture	80,000
Charu	70,000		Stock	60,000
Lavanya	70,000	2,10,000	Debtors	40,000
Sundry creditors		40,000	Cash in hand	20,000
Profit and loss A/c		50,000		
		3,00,000		3,00,000

Manju retired from the partnership firm on 31.03.2018 subject to the following adjustments:

- Stock to be depreciated by ₹ 10,000
- Provision for doubtful debts to be created for ₹ 3,000.
- Buildings to be appreciated by ₹ 28,000

Prepare revaluation account and capital accounts of partners after retirement.

(OR)

- b) Anbu and Shankar are partners in a business sharing profits and losses in the ratio of 3:2. The balance sheet of the partners on 31.03.2018 is as follows:

Liabilities	₹	₹	Assets	₹
Capital accounts:			Computer	40,000
Anbu	4,00,000		Motor car	1,60,000
Shankar	3,00,000	7,00,000	Stock	4,00,000
Profit and loss		1,20,000	Debtors	3,60,000
Creditors		1,20,000	Bank	40,000
Workmen compensation fund		60,000		
		10,00,000		10,00,000

Rajesh is admitted for 1/5 share on the following terms:

- Goodwill of the firm is valued at ₹ 75,000 and Rajesh brought cash for his share of goodwill.
- Rajesh is to bring ₹ 1,50,000 as his capital.
- Motor car is valued at ₹ 2,00,000; stock at ₹ 3,80,000 and debtors at ₹ 3,50,000.
- Anticipated claim on workmen compensation fund is ₹10,000
- Unrecorded investment of ₹ 5,000 has to be brought into account.

Prepare revaluation account, capital accounts and balance sheet after Rajesh's admission.

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44.a)

Rathna, Baskar and Ibrahim are partners sharing profits and losses in the ratio of 2:3:4 respectively. Rathna died on 31st December, 2018. Final amount due to her showed a credit balance of ₹ 1,00,000. Pass journal entries if,

- The amount due is paid off immediately by cheque.
- The amount due is not paid immediately.
- ₹ 60,000 is paid immediately by cheque.

b) State any five factors determining goodwill.

45)a)

From the following information, calculate the value of goodwill on the basis of 3 years purchase of average profits of last four years.

Year	Result	Amount ₹
2015	Profit	5,000
2016	Profit	8,000
2017	Loss	3,000
2018	Profit	6,000

(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.

- Profits for the years ending 31st December 2016, 2017 and 2018 were ₹ 1,75,000, ₹ 1,50,000 and ₹ 2,00,000 respectively.
- A non-recurring income of ₹ 45,000 is included in the profits of the year 2016.
- The closing stock of the year 2017 was overvalued by ₹ 30,000.

46) a)

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

- Profits earned: 2016: ₹ 25,000; 2017: ₹ 23,000 and 2018: ₹ 26,000.
- Profit of 2016 includes a non-recurring income of ₹ 2,500.
- Profit of 2017 is reduced by ₹ 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 ₹ 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) Find out the value of goodwill by capitalising super profits:

- Normal Rate of Return 10%
- Profits for the last four years are ₹ 30,000, ₹ 40,000, ₹ 50,000 and ₹ 45,000.
- A non-recurring income of ₹ 3,000 is included in the above mentioned profit of ₹ 30,000.
- Average capital employed is ₹ 3,00,000.

47)a) What are the adjustments required at the time of admission of a partner?

(OR)

b) Surya, Ramesh and Rajesh are partners sharing profits in the ratio of 5:3:2. Ramesh decided to retire. Goodwill of the firm is to be valued at ₹40,000. Give Journal entries if

- There is no goodwill in the books of the firm
- the goodwill appears at ₹30,000
- the goodwill appears at ₹50,000