UNIT TEST – 2 - 2021

(Model Question Paper)

XII - ACCOUNTANCY

MARKS: 50 **TIMES: 1.30 HRS**

PART – A

I. Choose the correct answer **10 x 1 =10**

1. In the absence of a partnership deed, profits of the firm will be shared by the partners in
(a) Equal ratio (b) Capital ratio (c) Both (a) and (b) (d) None of these
2. As per the Indian Partnership Act, 1932, the rate of interest allowed on loans advanced by partners is
(a) 8% per annum (b) 12% per annum (c) 5% per annum (d) 6% per annum
3. Which of the following is shown in Profit and loss appropriation account?
(a) Office expenses (b) Salary of staff (c) Partners' salary (d) Interest on bank loan
4. In the absence of an agreement, partners are entitled to
(a) Salary (b) Commission (c) Interest on loan (d) Interest on capital
5. Profit after interest on drawings, interest on capital and remuneration is 10,500. Geetha, a partner, is entitled to receive commission @ 5% on profits after charging such commission. Find out commission.
(a) 50 (b) 150 (c) 550 (d) 500
6. 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
7. 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
8. When the average profit is 25,000 and the normal profit is 15,000, super profit is
(a) 25,000 (b) 5,000 (c) 10,000 (d) 15,000
9. 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
(a) 36,000 (b) 35,000 (c) 38,000 (d) 34,000
10. 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
(a) 40,000 (b) 70,000 (c) 1,00,000 (d) 30,000

PART-B

II. Answer any Five: (Compulsory Question No: 17) **5 x 2 = 10**

11. Define partnership.
12. What is goodwill?
13. State any two circumstances under which goodwill of a partnership firm is valued.
14. Mani is a partner, who withdrew 30,000 on 1st September, 2018. Interest on drawings is charged at 6% per annum. Calculate interest on drawings on 31st December, 2018 and show the journal entries by assuming that fluctuating capital method is followed.
15. Kevin and Francis are partners. Kevin draws ` 5,000 at the end of each quarter. Interest on drawings is chargeable at 6% p.a. Calculate interest on drawings for the year ending 31st March 2019 using average period.

16. 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.

17. The capital account of Begum and Fatima on 1st January, 2018 showed a balance of 50,000 and 40,000 respectively. On 1st October, 2018, Begum introduced an additional capital of 10,000 and on 1st May, 2018 Fatima introduced an additional capital of 9,000. Calculate interest on capital at 4% p.a. for the year ending 31st December, 2018.

PART-C

III. Answer any Five (Compulsory Question No: 24) **5x 3 = 15**

18. State any six contents of a partnership deed

19. State any three factor determining goodwill?

20. How is the value of goodwill calculated under the Capitalisation method?

21. Santhosh is a partner in a partnership firm. As per the partnership deed, interest on drawings is charged at 6% per annum. During the year ended 31st December, 2018 he withdrew as follows:
February 1- 2,000 May 1 - 10,000 July 1 - 4,000 October 1 - 6,000 calculate the amount of interest on Drawings by using product method.

22. Janani, Kamali and Lakshmi are partners in a firm sharing profits and losses equally. As per the terms of the partnership deed, Kamali is allowed a monthly salary of 10,000 and Lakshmi is allowed a commission of 40,000 per annum for their contribution to the business of the firm. You are required to pass the necessary journal entry. Assume that their capitals are fluctuating.

23. 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 10,000, 12,500, 12,000 and 11,500 respectively.

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

24. Find out the value of goodwill at three years purchase of weighted average profit of last four years.

Year	Profit	Weight
2015	10,000	1
2016	12,000	2
2017	16,000	3
2018	18,000	4

PART-D

III. Answer any Three **3 x 5 = 15**

25. State the differences between fixed capital method and fluctuating capital method?

26. Find out the value of goodwill by capitalising super profits:

(a) Normal Rate of Return 10%

(b) Profits for the last four years are 30,000, 40,000, 50,000 and 45,000.

(c) A non-recurring income of 3,000 is included in the above mentioned profit of 30,000.

(d) Average capital employed is 3,00,000.

27. From the following balance sheets of Brindha and Praveena who share profits and losses in the ratio of 3:4, calculate interest on capital at 6% p.a. for the year ending 31st December 2017.

Balance sheet as on 31st December 2017

Liabilities	**Rs**	**Assets**	**Rs**
Capital Accounts		Sundry Assets	80,000
Brindha	30,000		
Praveena	40,000		
Profit & Loss Appropriation A/c	10,000		
	80,000		**80,000**

On 1st July 2017, Brindha introduced an additional capital of 6,000 and on 1st October 2017, Praveena introduced 10,000. Drawings of Brindha and Praveena during the year were 5,000 and 7,000 respectively. Profit earned during the year was 31,000.

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

a. Profits earned: 2016: 25,000; 2017: 23,000 and 2018: 26,000.
b. Profit of 2016 includes a non-recurring income of 2,500.
c. Profit of 2017 is reduced by 3,500 due to stock destroyed by fire.
d. 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

*********** **ALL THE BEST** *********