

Quarterly Examination - 2023

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12 - Std

ACCOUNTANCY

Time : 3.00 Hrs

PART - A

Marks : 90

- I. Choose the correct answer with option. (20 X 1 = 20)**
- The excess of assets over liabilities is :
a) Loss b) Cash c) Capital d) Profit
 - What is the amount of capital of the proprietor, if his assets are Rs. 85,000 and liabilities are Rs. 21,000?
a) Rs. 85,000 b) Rs. 1,06,000 c) Rs. 21,000 d) Rs. 64,000
 - 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
 - Balance of receipts and payments account indicates the
a) Loss incurred during the period
b) Excess of income over expenditure of the period
c) cash payments during the period
d) Cash and bank balance as on the date
 - 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
 - Legacy is a
a) Revenue expenditure b) Capital expenditure
c) Revenue receipt d) Capital receipt
 - 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
 - In the absence of an agreement, partners are entitled to
a) Salary b) Commission
c) Interest on loan d) Interest on capital
 - When fixed capital method is adopted by a partnership firm, which of the following items will appear in capital account?
a) Additional capital introduced b) Interest on capital
c) Interest on drawings d) Share of profit

SIVANANDHA K M.A., B.Ed.
GHS SANDHANAPALLI
KELAMANGALAM Block
KRISHNAGIRI district
PH: 9003373506

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. 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. The total capitalised value of a business is Rs. 1,00,000; assets are Rs. 1,50,000 and liabilities are Rs. 80,000. The value of goodwill as per the capitalisation method will be
 a) Rs. 40,000 b) Rs. 70,000 c) Rs. 1,00,000 d) Rs. 30,000
13. On revaluation, the increase in the value of assets leads to
 a) Gain b) Loss c) Expense d) None of these
14. At the time of admission, the goodwill brought by the new partner may be credited to the capital accounts of
 a) all the partners b) the old partners
 c) the new partner d) the sacrificing partners
15. Select the odd one out
 a) Revaluation profit b) Accumulated loss
 c) Goodwill brought by new partner d) Investment fluctuation fund
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, 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
19. Investment Fluctuation fund is created out of profit to adjust the reduction in the _____ of the investment.
 a) Market value
 b) Cost value c) Retail value d) Realisable value
20. In a Joint life policy, one policy is taken on the lives of _____.
 a) old partner b) new partner
 c) all partners d) Retiring partner

PART - B

II. Answer any 7 Questions, Question no. 30 compulsory. 7 X 2 = 14

21. From the following details, calculate the missing figure.
- | | |
|--------------------|---------------|
| Closing Capital | Rs. 1,90,000; |
| Additional Capital | Rs. 50,000; |
| Drawings | Rs. 30,000; |
| Opening capital | - ? |
| Loss | Rs. 40,000 |
22. From the following details calculate the printing and stationery to be debited to Income and Expenditure Account for the year ending 31st March, 2018 and also show how it will appear in the Balance Sheet as on 31st March, 2018.
- | | |
|--|-----------|
| Amount paid for stationery during 2017- 2018 | Rs. 1,500 |
| Stock of stationery on 1st April, 2017 | Rs. 300 |
| Stock of stationery on 31st March, 2018 | Rs. 200 |
23. What is meant by fixed capital method?
24. What is legacy?
25. State any four circumstances under which goodwill of a partnership firm is valued.
26. Velan is a partner who withdrew Rs. 20,000 on 1st April 2018. Interest on drawings is charged at 10% per annum. Calculate interest on drawings on 31st December 2018 and pass journal entries by assuming fluctuating capital method.
27. From the following information, find out the value of goodwill by capitalisation method:
- Average profit Rs. 20,000
 - Normal rate of return 10%
 - Capital employed Rs. 1,50,000
28. What is gaining ratio?
29. Raja, Ravi and Rangan are partners sharing profit & losses by equally. On 1st April 2019 Rangan was died. In the year 2018 the profit shows Rs. 18,000. Find out Rangan's share of profit on the basis of 2019 year profit.
30. Anbu and Raju are partners, sharing profits in the ratio of 3:2. Akshai is admitted as a partner. The new profit sharing ratio among Anbu, Raju and Akshai is 5:3:2. Find out the sacrificing ratio.

PART - C

- III Answer any 7 Questions, Question no. 40 compulsory. $7 \times 3 = 21$
31. Differentiate between statement of affairs and balance sheet. (any 3)
32. From the following items of non-profit organization, ascertain capital nature of revenue nature.
- a) General Donation b) Admission fees c) Sport Equipment bought
33. State any three contents of a partnership deed.
34. How is goodwill calculated under the super profits method?
35. What are the adjustments required at the time of admission of a partner?
36. How will the following appear in the final accounts of a club for the year 2017 -2018?

Particulars	Rs.
Prize fund on 1.4.2017	60,000
Prize fund investment on 1.4.2017	60,000
Interest received on prize fund investment	6,000
Prizes distributed	8,000
Donation received for prize fund	12,000

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

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

38. Mala, Madhu and Vimala are partners sharing profits and losses in the ratio of 5:3:2. On 31.3.2017, Madhu retired. On the date of retirement, the books of the firm showed a reserve fund of Rs. 50,000. Pass journal entry to transfer the reserve fund.
39. Aparna and Priya are partners who share profits and losses in the ratio of 3:2. Brindha joins the firm for $\frac{1}{5}$ share of profits and brings in cash for her share of goodwill of Rs. 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.

40. Ahamad and Basheer contribute Rs. 60,000 and Rs. 40,000 respectively as capital. Their respective share of profit is 2:1 and the profit before interest on capital for the year is Rs. 5,000. Compute the amount of interest on capital in each of the following situations:
- If the partnership deed is silent as to the interest on capital
 - If interest on capital @ 4% is allowed as per the partnership deed

PART - D

IV Answer all Questions.

(7 X 5 = 35)

41. (a) David does not keep proper books of accounts. Following details are given from his records.

Particulars	1.4.2018 Rs.	31.3.2019 Rs.
Cash	43,000	29,000
Stock of goods	1,20,000	1,30,000
Sundry debtors	84,000	1,10,000
Sundry creditors	1,05,000	1,02,000
Loan	25,000	20,000
Business premises	2,50,000	2,50,000
Furniture	33,000	45,000

During the year he introduced further capital of Rs. 45,000 and withdrew Rs. 2,500 per month from the business for his personal use. Prepare statement of profit or loss with the above information.

[OR]

- (b) Seenu and Siva are partners sharing profits and losses in the ratio of 5:3. In the view of Subbu admission, they decided
- To increase the value of building by Rs. 40,000.
 - To bring into record investments at Rs. 10,000, which have not so far been brought into account.
 - To decrease the value of machinery by Rs. 14,000 and furniture by Rs. 12,000.
 - To write off sundry creditors by Rs. 16,000.
- Pass journal entries and prepare revaluation account.

42. From the information given below, prepare Receipts and Payments account of Kurunji Sports Club for the year ended 31st December, 2018.

Particulars	Rs.	Particulars	Rs.
Cash in hand (1.1.2018)	4,000	Paid for printing charges	2,500
Salaries paid	3,000	Lockers rent received	1,000
Life membership fees received	10,000	Tournament receipts	14,000
Subscription received	15,000	Tournament expenses	10,500
Rent received	2,000	Investments purchased	25,000

[OR]

- (b) John is a partner in a firm. He withdraws Rs. 1,000 p.m. regularly. Interest on drawings is charged @ 5% p.a. Calculate the interest on drawings using average period, if he draws
- at the beginning of every month
 - in the middle of every month
 - at the end of every month
43. (a) State the differences between Receipts and Payments Account and Income and Expenditure Account. [OR]
- (b) From the following information relating to Arul enterprises, calculate the value of goodwill on the basis of 2 years purchase of the average profits of 3 years.
- Profits for the years ending 31st December 2016, 2017 and 2018 were Rs. 46,000, Rs. 44,000 and Rs. 50,000 respectively.
 - A non-recurring income of Rs. 5,000 is included in the profits of the year 2016.
 - The closing stock of the year 2017 was overvalued by Rs. 10,000.
44. (a) 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 Rs. 1,50,000. Pass journal entries if:
- The amount due is paid off immediately.
 - The amount due is not paid immediately.
 - Rs. 1,00,000 is paid and the balance in future. [OR]

(b) From the following Receipts and Payment Account of Trichy Recreation Club, prepare Income and Expenditure Account for the year ended 31.03.2018.

Receipts	Rs.	Payments	Rs.
To Balance b/d		By Furniture purchased	10,000
Cash in hand	11,000	By Rent	2,800
To Dividend received	27,600	By Secretary's honorarium	15,000
To Sale of old newspaper	3,000	By Postage	1,700
To Members' subscription	31,000	By General expenses	4,350
To Locker rent	8,000	By Printing and Stationery	45,000
To Interest on investments	1,250	By Audit fees	5,000
To Sale of furniture (Book value Rs. 4,400)	5,000	By Closing balance Cash in hand	3,000
	86,850		86,850

45. (a) Distinguish between sacrificing ratio and gaining ratio. [OR]
(b) From the following information, prepare capital accounts of partners Padmini and Padma, when their capitals are fluctuating.

Particulars	Padmini Rs.	Padma Rs.
Capital on 1st January 2018 (Cr. balance)	5,00,000	4,00,000
Drawings during 2018	70,000	40,000
Interest on drawings	2,000	1,000
Share of profit for 2018	52,000	40,000
Interest on capital	30,000	24,000
Salary	45,000	Nil
Commission	Nil	21,000

46. (a) From the following particulars, show how the item 'subscription' will appear in the Income and Expenditure Account for the year ended 31-12-2018?

Subscription received in 2018 is Rs. 50,000 which includes Rs. 5,000 for 2017 and Rs. 7,000 for 2019. Subscription outstanding for the year 2018 is Rs. 6,000. Subscription of Rs. 4,000 was received in advance for 2018 in the year 2017.

[OR] (b) Rajesh, Sathish and Mathan are partners sharing profits and losses in the ratio of 3:2:1 respectively. Their balance sheet as on 31.3.2017 is given below.

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital accounts:			Premises		4,00,000
Rajesh	4,00,000		Machinery		4,20,000
Sathish	3,00,000		Debtors		1,60,000
Mathan	2,50,000	9,50,000	Stock		3,00,000
General reserve		1,20,000	Cash at bank		20,000
Creditors		50,000			
Bills payable		1,80,000			
		13,00,000			3,00,000

Mathan retires on 31st March, 2017 subject to the following conditions:

- Rajesh and Sathish will share profits and losses in the ratio of 3:2
- Assets are to be revalued as follows: Machinery Rs. 3,90,000, Stock Rs. 2,90,000, Debtors Rs. 1,52,000.
- Goodwill of the firm is valued at Rs. 1,20,000

Prepare necessary ledger accounts and the balance sheet immediately after the retirement of Mathan.

47. (a) Find out the value of goodwill by capitalising super profits:
- Normal Rate of Return 10%
 - Profits for the last four years are Rs. 30,000, Rs. 40,000, Rs. 50,000 and Rs. 45,000.
 - A non-recurring income of Rs. 3,000 is included in the above mentioned profit of Rs. 30,000.
 - Average capital employed is Rs. 3,00,000. [OR]
47. (b) From the following particulars, calculate total sales.

Particulars	Rs.
Debtors on 1 st April 2017	1,50,000
Bills receivable on 1 st April 2017	40,000
Cash received from debtors	3,90,000
Cash received for bills receivable	90,000
Bills receivable dishonoured	10,000
Sales return	40,000
Bills receivable on 31 st March, 2018	30,000
Sundry debtors on 31 st March, 2018	1,30,000
Cash sales	2,00,000

SIVANANDHA K.M.A., B.ED.
GHIS SANDHANAPALLI
KELAMANGALAM Block
KRISHNAGIRI district
PH: 9003373506