

QUARTERLY EXAMINATION - 2024**12 - STD****ACCOUNTANCY****TIME : 3 HOURS****Madurai Dist****MARKS : 90****I CHOOSE THE CORRECT ANSWER.****(20X1=20)**

1. Incomplete records are generally maintained by
(a) A company (b) Government (c) Small sized sole trader business (d) Multinational enterprises
2. Which one of the following statements is not true in relation to incomplete records?
(a) It is an unscientific method of recording transactions
(b) Records are maintained only for cash and personal accounts
(c) It is suitable for all types of organisations
(d) Tax authorities do not accept
3. 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
4. Receipts and payments account records receipts and payments of
(a) Revenue nature only (b) Capital nature only
(c) Both revenue and capital nature (d) None of the above
5. Income and expenditure account is a
(a) Nominal A/c (b) Real A/c (c) Personal A/c (d) Representative personal account
6. Donations received for a specific purpose is
(a) Revenue receipt (b) Capital receipt (c) Revenue expenditure (d) Capital expenditure
7. In the absence of an agreement among the partners, interest on capital is
(a) Not allowed (b) Allowed at bank rate (c) Allowed @ 5% per annum (d) Allowed @ 6% per annum
8. 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
9. Pick the odd one out
(a) Partners share profits and losses equally
(b) Interest on partners' capital is allowed at 7% per annum
(c) No salary or remuneration is allowed to partners
(d) Interest on loan from partners is allowed at 6% per annum.
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

FTM-12-ACC-1

11. 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
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. Revaluation A/c is a
 (a) Real A/c (b) Nominal A/c (c) Personal A/c (d) Impersonal A/c
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. Balaji and Kamallesh are partners sharing profits and losses in the ratio of 2:1. They admit Yogesh into partnership. The new profit sharing ratio between Balaji, Kamallesh and Yogesh is agreed to 3:1:1. Find the sacrificing ratio between Balaji and Kamallesh.
 (a) 1:3 (b) 3:1 (c) 2:1 (d) 1:2
16. A partner retires from the partnership firm on 30th June. He is liable for all the acts of the firm up to the
 (a) End of the current accounting period (b) End of the previous accounting period
 (c) Date of his retirement (d) Date of his final settlement
17. On revaluation, the increase in liabilities leads to
 (a) Gain (b) Loss (c) Profit (d) None of these
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. Goodwill which cannot be recorded in the books of accounts:
 a) Self generated goodwill (b) Acquired goodwill (c) Purchased goodwill (d) None of these
20. The Excess of Assets over Capital is:
 a) Profit (b) Loss (c) Liabilities (d) Cash

II ANSWER ANY 7 QUESTIONS. (Q.NO.30 IS COMPULSORY)

(7 X 2 = 14)

21. What is a statement of affairs?
22. State the meaning of not-for-profit organisation.
23. What is meant by retirement of a partner?
24. How are accumulated profits and losses distributed among the partners at the time of admission of a new partner?
25. From the following details, calculate the missing figure.

Particulars	Rs.
Closing capital as on 31.3.2018	80,000
Additional capital introduced during the year	30,000

FTM-12-ACC-2

Drawings during the year	15,000
Opening capital on 01.4.2017	?
Loss for the year ending 31.3.2018	25,000

26. How will the following appear in the final accounts of Marthandam Women Cultural Association?

Stock of sports materials on 1.4.2018	16,000
Sports materials purchased during the year	84,000
Stock of sports materials on 31.3.2019	10,000

27. Priya and Kavitha are partners. Priya draws Rs. 4,000 at the end of each quarter. Interest on drawings is chargeable at 6% p.a. Calculate interest on drawings for the year ending 31st December 2018 using average period.
28. 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.
29. 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.
30. 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 Rs. 45,000 on the asset side of the balance sheet. Give the journal entry to distribute the accumulated loss.

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.

Debtors on 1st April 2018	50,000
Cash received from debtors during the year	1,50,000
Returns inward	15,000
Bad debts	5,000
Debtors on 31st March 2019	70,000
Cash Sales	1,40,000

32. How will the following items appear in the final accounts of a club for the year ending 31st March 2017? A club received subscription of Rs. 25,000 during the year 2016-17. This includes subscription of Rs. 2,000 for 2015-16 and Rs. 1,500 for the year 2017-18. Subscription of Rs. 500 is still outstanding for the year 2016-17.
33. Compute capital fund of Karur Social Club as on 31.03.2018.

Particulars as on 31.03.2018	Rs.
Furniture	50,000
Buildings	40,000
Subscription outstanding for 2017-18	10,000
Subscription received in advance for 2018-19	5,000
Loan borrowed	10,000
Investments	20,000
Cash in hand	4,000
Cash at bank	6,000

FTM-12-ACC-3

34. Sibi and Manoj are partners in a firm. Sibi is to get a commission of 20% of net profit before charging any commission. Manoj is to get a commission of 20% on net profit after charging all commission. Net profit for the year ended 31st December 2018 before charging any commission was Rs. 60,000. Find the commission of Sibi and Manoj. Also show the distribution of profit.
35. From the following information, calculate the value of goodwill based on 3 years purchase of super profit
- Capital employed: Rs. 2,00,000
 - Normal rate of return: 15%
 - Average profit of the business: Rs. 42,000
36. Arun, Babu and Charles are partners sharing profits and losses equally. They admit Durai into partnership for 1/4 share in future profits. The goodwill of the firm is valued at Rs. 36,000 and Durai brought cash for his share of goodwill. The existing partners withdraw half of the amount of their share of goodwill. Pass necessary journal entries on the assumption that the fluctuating capital method is followed.
37. 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 Rs. 1,00,000. Pass journal entries if,
- The amount due is paid off immediately by cheque.
 - The amount due is not paid immediately.
 - Rs. 60,000 is paid immediately by cheque.
38. Differentiate between statement of affairs and balance sheet.
39. State the differences between fixed capital method and fluctuating capital method.
40. State any six factors determining goodwill.

IV ANSWER ALL THE 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	31.3.2019
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) From the following Receipts and Payment account of Yercaud Youth Association, prepare Income and expenditure account for the year ended 31st March, 2019 and the balance sheet as on that date.

FTM-12-ACC-4

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

Receipts		Rs.	Payments		Rs.
To Balance b/d			By Salary		14,000
Cash in hand		9,600	By Office expenses		7,200
To Government grants			By Books purchased		15,000
for purchase of books		10,000	By Stationery purchased		1,800
To Subscription		24,800	By Newspaper purchased		2,100
To Admission fees		2,000	By Prizes awarded		5,000
To Prize fund receipts		6,000	By Balance c/d		
To Bank interest		1,500	Cash in hand		9,900
To Sale of newspapers		1,100			
		55,000			55,000

Additional information:

- (i) Opening capital fund Rs. 20,000.
- (ii) Stock of books on 1.4.2018 Rs. 9,200.
- (iii) Subscription due but not received Rs. 1,700.
- (iv) Stock of stationery on 1.4.2018 Rs. 1,200 and stock of stationery on 31.3.2019, Rs. 2,000

42. (A) Arun carries on hardware business and does not keep his books on double entry basis. The following particulars have been extracted from his books:

Particulars	31.12.2017	Rs.	31.12.2018	Rs.
Land and building		2,40,000		2,40,000
Stock-in-trade		1,20,000		1,70,000
Debtors		40,000		51,500
Creditors		50,000		45,000
Cash at bank		30,000		53,000

Other information for the year ending 31.12.2018 showed the following:

Wages	65,000
Carriage outwards	7,500
Sundry expenses	28,000
Cash paid to creditors	6,00,000
Drawings	10,000

Total sales during the year were Rs. 7,70,000. Purchases returns during the year were Rs. 30,000 and sales returns were Rs. 25,000. Depreciate land and buildings by 5%. Provide Rs. 1,500 for doubtful debts.

Prepare trading and profit and loss account for the year ending 31st December, 2018 and a balance sheet as on that date.

(OR)

(B) From the information given below, prepare Receipts and Payments account of Madurai Mother Theresa Mahalir Mandram for the year ended 31st December, 2018.

FTM-12-ACC-5

Particulars	Rs.	Particulars	Rs.
Cash balance as on 1.1.2018	2,000	Fire Insurance premium paid	1,500
Bank balance as on 1.1.2018	3,000	Subscription received	8,500
Sale of old newspapers	500	Furniture purchased	6,000
Stationery purchased	6,000	Purchase of newspapers	700
Audit fees paid	2,000	Depreciation on furniture	900
Entrance fees received	3,000	Cash balance as on 31.12.2018	2,500
Sundry charges	6,000	Conveyance paid	1,000
Scholarships given	2,000	Sale of furniture	4,000
Interest on investments	2,000		

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

- Akash has contributed maximum capital. He demands interest on capital at 10% per annum.
- Bala has withdrawn Rs. 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.
- Akash demands the profit to be shared in the capital ratio. But, others do not agree.
- Daniel demands salary at the rate of Rs.10,000 per month as he spends full time for the business.
- Loan advanced by Chandru to the firm is Rs. 50,000. He demands interest on loan @ 12% per annum.

(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) Durai and Velan entered into a partnership agreement on 1st April 2018, Durai contributing Rs. 25,000 and Velan Rs. 30,000 as capital. The agreement provided that:

- Profits and losses to be shared in the ratio 2:3 as between Durai and Velan.
- Partners to be entitled to interest on capital @ 5% p.a.
- Interest on drawings to be charged Durai: Rs. 300 Velan: Rs. 450
- Durai to receive a salary of Rs. 5,000 for the year, and
- Velan to receive a commission of Rs. 2,000

During the year, the firm made a profit of Rs. 20,000 before adjustment of interest, salary and commission.

Prepare the Profit and loss appropriation account.

(OR)

(B) From the following receipts and payments account of Tenkasi Thiruvalluvar Manram, prepare income and expenditure account for the year ended 31st March, 2019.

FTM-12-ACC-6

Receipts	Rs.	Payments	Rs.
To Balance b/d		By Salaries	20,000
Cash in hand	14,000	By Rent	24,000
To Interest received	5,000	By Travelling expenses	2,000
To Subscription	55,000	By Printing and stationery	6,000
To Legacies	48,000	By Investments made	50,000
To Entrance fees	7,000	By Sports equipment purchased	33,000
To Sale of furniture (Book value: Rs. 17,000)	16,000	By Balance c/d	
		Cash in hand	10,000
	1,45,000		1,45,000

45. (A) Find out the value of goodwill by capitalising super profits:

(a) Normal Rate of Return 10%

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

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

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

(OR)

(B) From the following information, prepare capital accounts of partners Shanthi and Sumathi, when their capitals are fixed.

Particulars	Shanthi Rs.	Sumathi Rs.
Capital on 1st January 2018	1,00,000	80,000
Current account on 1st January 2018 (Cr.)	5,000	3,000
Additional capital introduced on 1st June 2018	10,000	20,000
Drawings during 2018	20,000	13,000
Interest on drawings	500	300
Share of profit for 2018	10,000	8,000
Interest on capital	6,300	5,400
Salary	9,000	Nil
Commission	Nil	1,200

46. (A) 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.	Assets	Rs.
Capital accounts:		Building	34,000
Sai	48,000	Furniture	6,000
Shankar	40,000	Investment	20,000
Creditors	37,000	Debtors	40,000
Outstanding wages	8,000	Less: Provision for bad debts	3,000
			37,000
		Bills receivable	12,000
		Stock	16,000
		Bank	8,000
	1,33,000		1,33,000

FTM-12-ACC-7

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.

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

Pass journal entries and prepare Revaluation Account and capital account of partners after admission.

(OR)

(B) Rani, Jaya and Rathi are partners sharing profits and losses in the ratio of 2:2:1. On 31.3.2018, Rathi retired from the partnership. Profit of the preceding years is as follows:

2014: 10,000; 2015: Rs. 20,000; 2016: Rs. 18,000 and 2017: Rs. 32,000

Find out the share of profit of Rathi for the year 2018 till the date of retirement if

- Profit is to be distributed on the basis of the previous year's profit
 - Profit is to be distributed on the basis of the average profit of the past 4 years
- Also pass necessary journal entries by assuming partners capitals are fluctuating.

47. (A) Sriram and Raj are partners sharing profits and losses in the ratio of 2:1. Nelson joins as a partner on 1st April 2017. The following adjustments are to be made:

- Increase the value of stock by Rs. 5,000
- Bring into record investment of Rs. 7,000 which had not been recorded in the books of the firm.
- Reduce the value of office equipment by Rs. 10,000
- A provision would also be made for outstanding wages for Rs. 9,500.

Give journal entries and prepare revaluation account.

(OR)

(B) Charles, Muthu and Sekar are partners, sharing profits in the ratio of 3:4:2. Their balance sheet as on 31st December, 2018 is as under:

Liabilities		Rs.	Assets		Rs.
Capital accounts:			Furniture		20,000
Charles	30,000		Stock		40,000
Muthu	40,000		Debtors		30,000
Sekar	20,000	90,000	Cash at bank		42,000
Workmen compensation fund		27,000	Profit and loss A/c (loss)		18,000
Sundry creditors		33,000			
		1,50,000			1,50,000

On 1.1.2019, Charles retired from the partnership firm on the following arrangements.

- Stock to be appreciated by 10%
- Furniture to be depreciated by 5%
- To provide Rs. 1,000 for bad debts
- There is an outstanding repairs of Rs. 11,000 not yet recorded
- The final amount due to Charles was paid by cheque

Prepare revaluation account, partners' capital account and the balance sheet of the firm after retirement.

FTM-12-ACC-8