Padasalai's Unit Test 2 – Question Paper

II - 25% PORTION (3, 4 & 5)

SUBJECT : ACCOUNTANCY **TIME : 1:15 MINTS**
CLASS : XII CDF **MARKS : 50**

I. CHOOSE THE CORRECT ANSWER **15 X 1 = 15**

01. 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
02. In the absence of an agreement, partners are entitled to
(a) Salary (b) Commission (c) Interest on loan (d) Interest on capital
03.LLP - abbreviation
(a) Limited loan partner (b) Liability Limited Partnership
(c) Less Limited Partnership (d) Limited Liability Partnership
04. 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
05. Book profit of 2017 is Rs 35,000; non-recurring income included in the profit is Rs 1,000 and abnormal loss charged in the year 2017 was Rs 2,000, then the adjusted profit is
(a) Rs 36,000 (b) Rs 35,000 (c) Rs 38,000 (d) Rs 34,000
06. Revaluation A/c is a
(a) Real A/c (b) Nominal A/c (c) Personal A/c (d) Impersonal A/c
07.The profit or loss on revaluation of assets and liabilities is transferred to the capital account of
(a) The old partners (b) The new partner (c) All the partners (d) The Sacrificing partners
08. James and Kamal are sharing profits and losses in the ratio of 3:5. They admit Sunil as a partner giving him 1/5 share of profits. Find out the sacrificing ratio.
(a) 1:3 (b) 3:1 (c) 5:3 (d) 3:5
09. 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
10. In the absence of an agreement among the partners, interest on capital is
(a) Not allowed (b) Allowed at bank rate (c) Allowed @ 5% p.a (d) Allowed @ 6% p.a
11. 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
12. 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
13. 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
14. On revaluation, the increase in the value of assets leads to
(a) Gain (b) Loss (c) Expense (d) None of these
15. If the old profit sharing ratio is more than the new profit sharing ratio of a partner, the difference is called
(a) Sacrificing ratio (b) Gaining ratio (c) None of these (d) Capital ratio

II. ANSWER THE FOLLOWING **ANY 4** **4 X 2 = 8**

(Question number 22 is compulsory)

16. What is super profit?
17. What is meant by fixed capital method?
18. What is meant by revaluation of assets and liabilities?
19. 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
2018: Rs. 14,000
Calculate the value of goodwill at 2 years purchase of average profit of five years.
20. Define partnership.
21. What is sacrificing ratio?
22. Give the journal entry for writing off existing goodwill at the time of admission of a new partner.

III. ANSWER THE FOLLOWING ANY 4 4 X 3 = 12

(Question number 29 is compulsory)

23. State any six factors determining goodwill.

24. How is the value of goodwill calculated under the capitalisation method?

25. X and Y are partners in a firm sharing profits and losses in the ratio of 4:3. On 1st April 2018, they admitted Sasi as a partner. On the date of Sasi's admission, goodwill appeared in the books of the firm at Rs. 35,000. By assuming fluctuating capital account, pass the necessary journal entry if the partners decide to

(i) write off the entire amount of existing goodwill

(ii) write off Rs.21,000 of the existing goodwill

26. Ambika, Dharani and Padma are partners in a firm sharing profits in the ratio of 5:3:2. They admit Ramya for 25% profit. Calculate the new profit sharing ratio and sacrificing ratio.

27. Prabu, Ragu and Siva are partners sharing profits and losses in the ratio of 3:2:1. Prabu retires from partnership on 1st April 2017. The following adjustments are to be made:

(i) Increase the value of building by Rs 12,000

(ii) Reduce the value of furniture by Rs 8,500

(iii) A provision would also be made for outstanding salary for Rs 6,500.

Give journal entries and prepare revaluation account.

28. Jeeva is a partner in a partnership firm. As per the partnership deed, interest on drawings is charged at 12% p.a. During the year ended 31st December 2018 he drew as follows:

DATE	RS
March 1	6,000
June 1	4,000
September 1	5,000
December 1	2,000

Calculate the amount of interest on drawings by using product method.

29. Nithish and Mani are partners in a firm. Nithish is to get a commission of 20% of net profit before charging any commission. Mani 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 Nithish and Mani. Also show the distribution of profit.

IV. ANSWER THE FOLLOWING ANY 3 3 X 5 = 15

30. (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 RS.	NARESH RS.
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 introduced during the	50,000	Nil
Drawings made during the year	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	Nil
Salary	Nil	38,000

OR

(B) A, B, C and D are partners in a firm. There is no partnership deed. How will you deal with the following?

(i) A has contributed maximum capital. He demands interest on capital at 12% per annum.

(ii) B has withdrawn Rs.1,000 per month. Other partners ask B to pay interest on drawings @ 10% per annum to the firm. But, B does not agree to it.

(iii) Loan advanced by C to the firm is Rs. 10,000. He demands interest on loan @ 9% per annum. A and B do not agree with this.

(iv) D demands salary at the rate of Rs. 5,000 per month as he spends full time for the business. B and C do not agree with this.

(v) A demands the profit to be shared in the capital ratio. But, B, C and D do not agree.

31. (A) Dinesh and Sugumar entered into a partnership agreement on 1st January 2018, Dinesh contributing Rs. 1,50,000 and Sugumar Rs. 1,20,000 as capital. The agreement provided that:
(a) Profits and losses to be shared in the ratio 2:1 as between Dinesh and Sugumar.
(b) Partners to be entitled to interest on capital @ 4% p.a.
(c) Interest on drawings to be charged Dinesh: Rs. 3,600 and Sugumar: Rs. 2,200
(d) Dinesh to receive a salary of Rs. 60,000 for the year, and
(e) Sugumar to receive a commission of Rs. 80,000.
During the year ended on 31st December 2018, the firm made a profit of Rs. 2,20,000 before adjustment of interest, salary and commission.Prepare the Profit and loss appropriation account.

OR

(B) The following particulars are available in respect of the business carried on by a partnership firm:
(i) Profits earned: 2016: Rs. 25,000; 2017: Rs. 23,000 and 2018: Rs. 26,000.
(ii) Profit of 2016 includes a non-recurring income of Rs. 2,500.
(iii) Profit of 2017 is reduced by Rs. 3,500 due to stock destroyed by fire.
(iv) 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.

32. (A) Ameer and Raja are partners sharing profits in the ratio of 3:2. Their balance sheet is shown as under on 31.12.2018.

Liabilities			Assets	
Capital accounts:			Machinery	60,000
Ameer	80,000		Furniture	40,000
Raja	70,000	1,50,000	Debtors	30,000
Reserve fund		15,000	Stock	10,000
Creditors		35,000	Prepaid insurance	40,000
Cash at bank		20,000		
		2,00,000		**2,00,000**

Rohit is admitted as a new partner who introduces a capital of ` 30,000 for his 1/5 share in future profits. He brings ` 10,000 for his share of goodwill. Following revaluations are made:
Stock is to be appreciated to ` 14,000
Furniture is to be depreciated by 5%
Machinery is to be revalued at ` 80,000
Prepare the necessary ledger accounts and the balance sheet after the admission.

OR

(B) 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:
(a) 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.
(b) That the stock be valued at ` 20, 000.
(c) That the furniture be depreciated by ` 2,000.
(d) That the value of building be depreciated by 20%.
Prepare necessary ledger accounts and the balance sheet after admission.