

Royal school dhoraji

Subject: Account

Date :- 18-10-24

Mid exam

Standard: 12

Marks: 100

Section - A

- Choose the correct option from those given below each question. (Each question carries 1 (20) Marks)
01. At the end of the year where will you transfer Drawings account, in fixed capital account method?
- A. To Current Account
 - B. To Profit and Loss Account
 - C. To Capital Account
 - D. To Profit and Loss Appropriation Account
02. Under which method, the interest on capital keeps on changing during the year due to the changes in the capital?
- A. Current Account Method
 - B. Fixed Capital Account Method
 - C. Fluctuating Capital Account Method
 - D. None of the above
03. When partner withdraw equal amount in the beginning of every month, then, while calculating interest on drawings, $N = \dots\dots$
- A. $\frac{66}{12}$
 - B. $\frac{72}{12}$
 - C. $\frac{78}{12}$
 - D. 1
04. Expected profit =
- A. Assets x Expected rate of return
 - B. Weighted average profit x Expected rate of return
 - C. Capital employed x Expected rate of return
 - D. Average profit x Expected rate of return
05. Goodwill depends on which aspect?
- A. On future maintainable profit
 - B. On assets of business enterprise
 - C. On management of business enterprise
 - D. On employee of business enterprise
06. Weighted average method of calculating goodwill should be followed when
- A. Profits are uneven
 - B. Profits have increasing trend
 - C. Profits have decreasing trend
 - D. Either B or C
07. At the time of the reconstruction of partnership firm, investments are shown at in the balance sheet after the revaluation.
- A. Face value
 - B. Market value
 - C. Cost value
 - D. Book value - market value
08. Where is the accumulated profit as per the balance sheet shown at the time of the reconstruction of a partnership firm?
- A. Debit side of partners' capital accounts
 - B. Credit side of partners' capital accounts
 - C. Credit side of profit-loss appropriation account
 - D. Credit side of revaluation account
09. Revaluation account is also known as

- A. Profit-loss account
C. Profit-loss appropriation account
- B. Profit-loss adjustment account
D. Capital reserve account
10. When only old profit-loss sharing ratio is given; sacrificing ratio of partners =
- A. equal
B. old ratio
C. old share — rev share
D. cannot be calculated
11. When new partner brings his share of goodwill in cash account is credited.
- A. cash
B. premium for goodwill
C. goodwill
D. his capital account
12. Sweta, Geeta and Jyoti are equal partners, Gita retires. Gita's share is gained by Sweta and Jyoti equally. New profit and loss sharing ratio of Sweta and Jyoti will be
- A. 3:1
B. 2:1
C. 1:2
D. 1:1
13. If partnership deed is silent, interest is payable at on unpaid amount payable retiring partner.
- A. 10 % p.a.
B. 12 % p.a.
C. 6 % p.a.
D. zero %
14. Patel, Shah and Ameen are partners sharing profits and losses in the ratio 2 : 2: 1. Ameen retires. What shall be new profit—loss ratio of remaining partners ?
- A. 1:2
B. 2:1
C. 2:3
D. 1:1
15. What is the type of Realisation Account?
- A. Balance sheet
B. Personal
C. Real
D. Nominal
16. Which of the following account is opened to incorporate the accounting clted of assets and liabilities of the partnership firm at the time of dissolution?
- A. Profit and Loss Account
B. Profit and Loss Appropriation Account
C. Revaluation Account
D. Realisation Account
17. How is wife's loan repaid?
- A. As a liability towards third party
B. After disposal of third party liabilities
C. Along with Partner's Loan
D. Along with Dissolution expenses
18. At the time of dissolution of firm, given unrecorded asset of Rs.30,000 to the creditors of Rs. '50,000 for his due, then by which amount will cash account be credited ?
- A. Rs.20,000
B. Rs.30,000
C. Rs.50,000
D. Rs.80,000
19. The expenses of the current year of a company is Rs. 6,00,000; and if it is increased by 20 % compared to the previous year, what would be the expenses of the previous year?
- A. Rs.1,20,000
B. Rs.5,00,000
C. Rs.7,20,000
D. None of these
20. The information regarding the use of assets gives the analysis of
- A. profitability
B. liquidity
C. solvency
D. efficiency

Section - B

- **Answer the following questions in one sentence. (Each question carries 1 Marks)** (10)
21. What is weighted average profit?
22. What is sacrificing ratio?
23. What is revaluation account?
24. What is Goodwill?

25. State provision for the goodwill as per Accounting Standard 26.
26. Explain accounting treatment of the new goodwill of the firm valued at the time of the retirement of a partner.
27. State the circumstances of the retirement of a partner.
28. Income tax liability of the partnership firm is determined for Rs.35,000. It is not recorded in the books. Pass necessary journal entries.
29. Explain the meaning of Realisation Account.
30. Describe the types of financial analysis on the basis of time.

Section - C

► **Write short answers to any 4 (four) questions out of 6 questions from 31 to 36 below. (3 marks each) (12)**

31. Jennet, Akshra and Sapna are partners sharing profit-loss in equal proportion. Their total capital is of Rs.3,00,000. The proportion of their capital is 2:3:5. Firm pays 6 % interest p.a. on the capital. Partner Akshra received Rs.45,400 including interest on capital. Compute what amount inclusive of interest is received by Jennet and Sapna?
32. Ram, Laxman and Sita are partners of a firm. On 1-4-2016 their capital was Rs.40,000, Rs.30,000 and Rs.80,000 respectively. At the end of the year after distribution of profit it was realised that charging of interest on capital at 12 % is missed out. Write journal entry for rectification.
33. Ram and Rahim are the partners of a partnership firm. Profit-loss sharing ratio between them is 4:3. The following are the balances in the books of the firm as on 31-3-2017.

Profit-loss A/c (debit balance) Rs.14,000	Reserve fund Rs.42,000
Workers' profit sharing fund Rs.21,000	Workers' accident compensation fund Rs.26,000

On the above date, Ram and Rahim decided on a new profit sharing ratio of 1:1. A claim of Rs.5000 is outstanding against the workers' accident compensation fund. Pass journal entries showing distribution of accumulated profit or losses in the books of the firm.
34. Dhruvil, Gopi and Mukund are partners in a partnership firm. Their profit and loss sharing ratio is 1:1:1. All partners have decided to change the profit and loss sharing ratio in future to 1:2:3. Calculate the gain ratio.
35. A partner Vijay has accepted responsibility for dissolution procedure of the firm. A firm has decided to pay remuneration of Rs.12,000 for this task. A firm has paid him Rs.6000 for expense. Pass necessary journal entries.
36. Land-building Rs. 1,00,000 and investments 50,000 are disclosed in the balance sheet at the time of dissolution. Rs. 80,000 and Rs. 60,000 are realised respectively from them. Pass journal entries.

Section - D

► **Write the answers to any 3 (three) of the 5 questions from 37 to 41 below. (4 marks each) (12)**

37. Harpal, Rajesh and Jayesh's firm's information is as under

- | | |
|------------------------------------|------------------------------------------------|
| (1) Business assets :Rs. 10,00,000 | (2) Business liabilities : Rs. 2,00,000 |
| (3) Expected rate of return : 10 % | (4) Firm's last five years profit are as under |

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Profit (Rs.)	90,000	1,10,000	1,20,000	1,30,000	1,40,000

From the above information, determine the value of goodwill of the firm.

On the basis of 4 years purchase of super profit (Weighted average basis).

38. Harpal, Rajesh and Jayesh's firm's information is as under

(1) Business assets :Rs. 10,00,000

(2) Business liabilities : Rs. 2,00,000

(3) Expected rate of return : 10 %

(4) Firm's last five years profit are as under

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Profit (Rs.)	90,000	1,10,000	1,20,000	1,30,000	1,40,000

From the above information, determine the value of goodwill of the firm.

On the basis of 2 years purchase of weighted average profit.

39. Profit-loss statements of Bright Ltd. for the year ending on 31-3-2016 and 31-3-2017 are as follows. On the basis of them prepare comparative profit-loss statement.

Summarised Profit-Loss Statements for the Year Ending on 31-3-2016 and 31-3-2017

Particulars	Note No.	31-3-2017 (₹)	31-3-2016 (₹)
Sales revenue		16,00,000	14,00,000
Other income		3,00,000	2,50,000
Expenses		9,60,000	7,20,000

Income tax rate is 30 %.

40. From the following information of 'R. K.' Ltd., calculate current ratio and working capital.

Debtors Rs.90,000, Land-building Rs.5,00,000, Outstanding expenses Rs.40,000, Current investments Rs.30,000, Creditors Rs.60,000, Bad debts reserve Rs.20,000, Bills receivables Rs.30,000, Furniture Rs.60,000, Non-current investments Rs.70,000, Cash and cash equivalent Rs.30,000, Bills payables Rs.20,000, Stock Rs.60,000

Section - E

► Write detailed answers to any 3 (three) questions out of 5 questions from question number 42 to 46 given below. (8 marks each) (24)

41. Shivani and Niraj are the partners in a firm sharing profit and loss in the ratio of 1:2. Balance sheet of their firm as on 31-3-2016 was as under:

Balance Sheet

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Capital account :		Goodwill	27,000
Shivani	1,00,000	Land-Building	1,50,000
Niraj	1,50,000	Machinery	50,000
Profit-loss A/c	9000	Stock	20,000
General reserve	15,000	Debtors	30,000
Creditors	25,000	Bills receivable	10,000
Bad debt reserve	8000	Cash	20,000
	3,07,000		3,07,000

They admitted Vijay as a new partner as on above date for the following terms:

- (1) Bad debt reserve is to be kept Rs.5000 on debtors.
- (2) Goodwill is valued at Rs.36,000.
- (3) Value of land and building is to be appreciated by 10 %.
- (4) Book value of machinery is 25 % more than its market value.
- (5) Value of stock is to be decreased by 10 %.
- (6) Vijay will bring 50 % of net assets of new firm as the capital and his share of goodwill in cash.
- (7) Shivani sacrifices $\frac{1}{3}$ rd of her share and Niraj sacrifices $\frac{1}{3}$ share for Vijay.

Prepare necessary accounts and balance sheet after admission of a new partner.

42. Bhavya and Shlok are partners in a firm sharing profit and loss in the ratio of 3:2. Balance sheet of their firm as on 31-3-2017 is as under

Balance Sheet

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Capital :		Goodwill	1,00,000
Bhavya	4,00,000	Land-Building	3,50,000
Shlok	3,00,000	Machinery	2,00,000
General reserve	90,000	Stock	1,80,000
Workmen's compensation reserve	20,000	Debtors	1,20,000
Investment reserve	10,000	– Bad debt reserve	10,000
Creditors	1,40,000	Investment	20,000
Bills payable	60,000	Cash-Bank	50,000
		Advertisement campaign expenditure	10,000
	10,20,000		10,20,000

They admitted Aayush as a new partner on 1-4-2017 on the following conditions

- (1) Aayush brought Rs.5,00,000 as his capital and Rs.1,00,000 as his share of goodwill in cash.
- (2) Value of land-building is to be increased by Rs.80,000.
- (3) Value of machinery is to be reduced upto Rs.1,60,000.
- (4) Provision for doubtful debt is to be kept 10 % on debtors.
- (5) Provision for outstanding repairing expense is to be made Rs.8000.
- (6) New profit and loss sharing ratio of all partners is to be kept at 2:1:2.

From the above particulars, pass journal entries. Prepare Revaluation a/c, Partners' capital a/c, Cash-bank a/c and new balance sheet after admission.

43. A, B and C are the partners sharing profit and loss in the ratio of 3 :2: 1 . The balance sheet of the firm as on 31-3-2016 was as under:

Balance Sheet

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Creditors	10,000	Goodwill	30,000
Partners' loan :		Patents	25,000
A	12,000	Building	80,000
B	20,000	Furniture	60,000
General reserve	18,000	Stock	50,000
Capital Accounts :		Debtors	60,000
A	90,000	Cash	15,000
B	90,000		
C	80,000		
	3,20,000		3,20,000

B died on 30-6-2016. Under the partnership agreement, the executor of B is entitled to receive following:

- (1) Interest on his capital at 10 % p.a.
- (2) Share in general reserve.
- (3) His loan and outstanding interest on loan.
- (4) Value of goodwill is decided at Rs.30,000.
- (5) Share of profit upto the date of death on the basis of last year's sales and profit. Sales for the year 2015-16 was Rs.12,00,000. First three months sales of current year was ? Rs.4,50,000. Net profit for the year 2015-16 was Rs.2,40,000.
- (6) Patents are to be written off fully. Building is to be appreciated by 20 %. Prepare the balance sheet as on 30-6-2016 after the death of B.

44. A and B are partners in a firm sharing profit and loss in the ratio of 4 : 1 balance sheet of their firm on 31 -3- '17 was as under :

Balance Sheet

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Capital account :		Land-Building	35,000
A	75,000	Furniture	30,000
B	25,000	Investments	25,000
Current account :		Stock	15,000
A	8000	Debtors	5500
B	2000	– Bad debt reserve	500
Workmen accident compensation fund	5000	Bills receivable	2000
Creditors	4000	Cash-Bank	3000
Bills payable	1000	Goodwill	5000
	1,20,000		1,20,000

They admitted C as a new partner on above date on the following conditions, They decided to keep their new profit-loss sharing ratio at 3 : 1 : 1.

- (1) C will bring Rs.20,000 as capital for his $\frac{1}{5}$ th share of profit and Rs.5000 as his share of goodwill in cash. Out of goodwill half amount is to be withdrawn by the old partners.
- (2) Value of land and building is to be increased by 10 %. While value of furniture and stock is to be decreased by 5 %.
- (3) Market value of investments is Rs.35,000, which is to be shown in the books.
- (4) Provision for doubtful debt is to be made at 10 % on debtors.
- (5) Workmen accident compensation claim is accepted Rs.1000.
- (6) Dishonour expense of bills receivable Rs.150 and bank charges Rs.300 which are paid but not recorded in the books.

Prepare necessary accounts and Balance Sheet after admission of new partner.

Section - F

- Answer the following question in Details. (Each question carries 11 Marks)

(22)

45. Ram and Shyam are partners of a firm sharing profit - loss in the ratio 6:4. From the following trial balance dated 31-3-2017 and adjustments, prepare annual accounts of the firm.

Trial Balance of Partnership Firm of Ram and Shyam as on 31-3-17

Debit Balances	Amt. (₹)	Credit Balances	Amt. (₹)
Drawings :		Capital :	
Ram	18,000	Ram	80,000
Shyam	16,000	Shyam	70,000
Debtors	45,000	Creditors	35,000
Stock (1-4-2016)	25,000	Purchase return	1500
Sales return	1000	Bank overdraft	8000
Cash balance	10,000	Sales	78,150
Purchase	60,000	Bad debts reserve	700
Discount allowed	500	Outstanding wages	1000
Bad debts	400	8 % Geeta's loan (1-10-2016)	15,000
Machines (office)	18,250	Bills payable	200
Depreciation on machines	1750		
Furniture	8000		
Sundry expenses	1500		
Leasehold building (For four years)	7000		
Goodwill	40,000		
Trading expense	1250		
Rent and taxes	5000		
Carriage inward	400		
Bank interest	500		
Insurance premium	800		
Salary	15,000		
Wages	14,000		
Prepaid insurance	200		
	2,89,550		2,89,550

Adjustments : (i) Closing stock value Rs. 45,000, it's market value is 10 % more. (2) 5 % interest on partners capital is chargeable and on drawings 10 % interest is recoverable. (3) Provide 10 % depreciation on machine and 5 % on furniture. (4) Provide 5 % Bad debts reserve on debtors. (5) Outstanding expenses : salary Rs. 500, Sundry expense Rs. 150 and rent Rs. 150. (6) As per partnership agreement interest on capital is payable even in loss.

46. Following is the balance sheet of Keyur Limited as on 31 -3- '17:

Particulars	Debit (Rs.)	Credit (Rs.)
Equity share capital		2,40,000
Office and sales expenses	24,000	
Purchase	4,26,000	
10% debenture		1,20,000
Sales		9,60,000
Software	1,20,000	
Wages	24,000	
Debenture interest	12,000	
Salary	3,00,000	
Bank overdraft		14,400
Land-Building	2,28,000	
Opening stock	36,000	
Discount received		15,600
Debtors	1,80,000	
Total	13,50,000	13,50,000

Other information: (1) Closing stock Rs.42,000. (2) Make provision for tax at 50 % of net profit.

From the above information, prepare final accounts of the company for the year ending on 31st March, 2017 as per Schedule - III of Companies Act, 2013. Notes to the accounts are not required.