REVISION TEST SERIES

ACCOUNTANCY UNIT 1 SET B .

Class 12 - Accountancy

Time Allowed: 1 hour and 30 minutes **Maximum Marks: 40**

Section A

1. Ram and Rohit started business on 1st April 2012 with capitals of Rs. 2,50,000 and Rs.1,50,000 respectively. On the 1st of October 2012, they decided that their capitals should be Rs.2,00,000 each. The necessary adjustments in the capitals were made by introducing or withdrawing cash. Interest on capital is allowed at 8% p.a. Calculate the interest on Rohit's Capital on March 31, 2013. **[1]**

   a) ₹12,000 b) ₹14,050

   c) ₹12,050 d) ₹14,000

2. The excess amount which the firm gets on selling its business over and above the net value is **[1]**

   a) Surplus b) Goodwill

   c) Super profits. d) Reserve

3. Following are the factors affecting goodwill except: **[1]**

   a) Efficiency of Management b) Location of the Customers

   c) Technical Knowledge d) Nature of business

4. **Assertion (A):** At the time of reconstitution of firm, assets are revalued and liabilities are reassessed. **[1]**
   Reason (R): The change in the value of assets and liabilities belongs to the period prior to reconstitution and any gain or loss on revaluation is shared in the old ratio by the partners.

   a) Both A and R are true and R is the correct explanation of A. b) Both A and R are true but R is not the correct explanation of A.

   c) A is true but R is false. d) A is false but R is true.

5. Geeta and Sita are partners in a firm sharing-profits in the ratio of 3 : 2. They decide to share future profits equally. For this purpose, the goodwill of the firm has been valued at Rs. 50,000. Record necessary adjustment entry for the same. **[1]**

   a) Dr. Sita and Cr. Geeta by Rs. 5,000 b) Dr. Sita and Cr. Geeta by Rs. 4,500

   c) Dr. Sita and Cr. Geeta by Rs. 4,000 d) Dr. Geeta and Cr. Sita by Rs. 5,000

6. Poonam, Pooja and Priya are partners in a firm sharing profits and losses in the ratio of 5:3:2. They decide to share future profits and losses in the ratio of 3:2:1. Each partner's gain or sacrifice due to the change in the ratio will be: **[1]**

   a) Poonam Nil; Pooja Sacrifice $\frac{1}{30}$; Priya Gain $\frac{1}{30}$ b) Poonam Nil; Pooja Gain $\frac{1}{30}$; Priya Sacrifice $\frac{1}{30}$

   c) Poonam Sacrifice $\frac{1}{30}$; Pooja Gain $\frac{1}{30}$; Priya Nil d) Poonam Gain $\frac{1}{30}$; Pooja Nil ; Priya Sacrifice $\frac{1}{30}$

7. Anand and Nitin are partners sharing profits in the ratio of 3:2. They admitted Jayshree as a new partner for 3/10 share which she acquired $\frac{2}{10}$ from Anand and $\frac{1}{10}$ from Nitin. Calculate the new profit sharing ratio of Anand, Nitin and Jay. [1]

a) 1:2:2
b) 3:2:2
c) 4:3:3
d) 2:1:1

Questions 8-9 Read the following information carefully and answer the questions that follow:
A, B and C were partners sharing profits in the ratio of 1:2:3. Their fixed capitals on 1st April, 2020 were: A ₹3,00,000; B ₹4,50,000 and C ₹10,00,000. Their partnership deed provided the following:
i. A provides his personal office to the firm for business use charging yearly rent of ₹1,50,000.
ii. Interest on capitals @8% p.a. and interest on drawings @ 10% p.a.
iii. A was allowed a salary @ 10,000 per month.
iv. B was allowed a commission of 10% of net profit as shown by Profit and Loss account, after charging such commission. v. C was guaranteed a profit of ₹3,00,000 after making all adjustments.
The net profit for the year ended 31st march, 2021 was ₹10,30,000 before making above adjustments.
You are informed that A has withdrawn ₹5,000 in the beginning of each month, B has withdrawn ₹5,000 at the end of each month and C has withdrawn ₹ 24,000 in the beginning of each quarter.
Choose the correct option based on the above information:

8. A's rent will be shown in:
a) Profit and loss account
b) Profit and Loss Appropriation account
c) A's Capital account
d) None of the above.

9. Net profit for the year is:
a) ₹10,30,000
b) ₹11,80,000
c) ₹7,30,000
d) ₹8,80,000

10. Z is a new partner and acquires his $\frac{1}{5}$ share of profit from X, an existing partner and present value of a firm's goodwill is Rs. 50,000. In this case, Z is required to pay to X. [1]

a) ₹10,000
b) ₹2,000
c) ₹5,000
d) ₹25,000

Section B

11. Annu, Baby and Chetan are partners in firm sharing profits and losses equally. They decide to take Deep into partnership from 1st April, 2019 for 1/5th share in the future profits. For this purpose, goodwill is to be valued at 100% of the average annual profits of the previous three or four years, whichever is higher. The annual profits for the purpose of goodwill for the past four years were: [3]

Year Ended	Profit (₹)
31st March, 2019	2,88,000
31st March, 2018	1,81,800
31st March, 2017	1,87,200
31st March, 2016	2,53,200

Calculate the value of goodwill.

12. Bhavya and Sakshi are partners in a firm, sharing profits and losses in the ratio of 3 : 2. On 31st March, 2018 [3]

their Balance Sheet was as under:

BALANCE SHEET OF BHAVYA AND SAKSHI as at 31st March, 2018

Liabilities	₹	Assets	₹
Sundry Creditors	13,800	Furniture	16,000
General Reserve	23,400	Land and Building	56,000
Investment Fluctuation Fund	20,000	Investments	30,000
Bhavya's Capital	50,000	Trade Receivables	18,500
Sakshi's Capital	40,000	Cash in Hand	26,700
	1,47,200		1,47,200

The partners have decided to change their profit sharing ratio to 1 :1 with immediate effect. For the purpose, they decided that:

i. Investments to be valued at ₹20,000.
ii. Goodwill of the firm be valued at ₹24,000.
iii. General Reserve not to be distributed between the partners.

You are required to pass necessary Journal entries in the books of the firm. Show workings.

13. Ambrish, Lalit and Charu are partners in a firm. They do not have a Partnership Deed. **[4]**

i. Ambrish, who has contributed more capital than other partners, demands interest on capital at 10% p.a. But Lalit and Charu do not agree with him.
ii. Lalit has devoted his full time to the business and demands a salary of ₹5,000 p.m. But Ambrish and Charu do not agree with him.
iii. Charu demands interest on the loan of ₹50,000 advanced by her at the market rate of interest, i.e., 12% p.a.
iv. Ambrish has drawn ₹10,000 from the firm for personal use. Lalit and Charu demand that interest should be charged 10% per annum.
v. Profit before taking into account any of the above claims amounted to ₹50,000 at the end of the first year of the business. Ambrish demands share of profit in the capital ratio.

How will the disputes be settled?

14. Asha, Rina and Chahat were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. Their Balance Sheet as at 31st March, 2019 was as follows: **[4]**

Balance Sheet of Asha, Rina and Chahat as at 31st March, 2019

Liabilities		Amount ₹	Assets		Amount ₹
Creditors		12,00,000	Plant and Machinery		14,80,000
General Reserve		2,00,000	Stock		2,20,000
Capitals :			Sundry Debtors	2,60,000	
Asha	3,00,000		Less Provision		
Rina	2,00,000		for doubtful debts	20,000	2,40,000
Chahat	1,00,000	6,00,000	Bank		60,000

		20,00,000			20,00,000

Asha, Rina and Chahat decided to share future profits equally with effect from 1st April, 2019. For this, it was agreed that:

i. Goodwill of the firm be valued at ₹ 1,50,000.
ii. Bad debts amounted to ₹ 40,000. A provision for doubtful debts was to be made @5% on debtors.

Pass the necessary journal entries to record the above transactions in the books of the firm.

OR

A, B and C are sharing profits and losses in the ratio of 2 : 2 :1 . They decided to share profit w.e.f. 1st April, 2019 in the ratio of 5 : 3 : 2. They also decided not to change the values of assets and liabilities in the books of account. The book values and revised values of asset and liabilities as on the date of change were as follows:

	Book Value (₹)	**Revised Value (₹)**
Machinery	2,50,000	3,00,000
Computers	2,00,000	1,75,000
Sundry Creditors	90,000	75,000
Outstanding Expenses	15,000	25,000

Pass an adjustment entry.

15. A, B and C are partners sharing profits and losses in the ratio of 2 : 3 : 5. On 31st March, 2019, their Balance Sheet was: **[4]**

Liabilities		**₹**	**Assets**	**₹**
Creditors		64,000	Cash	18,000
Bills Payable		22,000	Bills Receivable	14,000
General Reserve		14,000	Stock	44,000
Capital A/cs:			Debtors	42,000
A	36,000		Machinery	94,000
B	44,000		Goodwill	20,000
C	52,000	1,32,000		
		2,32,000		**2,32,000**

They admit D into the partnership on the following terms:

i. Machinery is to be depreciated by 15%.
ii. Stock is to be revalued at ₹48,000.
iii. It is found that the Creditors included a sum of ₹12,000 which was not to be paid.
iv. Outstanding Rent is ₹1,900.
v. D is to bring in ₹6,000 as goodwill and sufficient capital for 2/5th share.
vi. The partners decided to use 10% of the profits every year in providing drinking water in schools, where required.

Prepare Revaluation Account, Partners' Capital Accounts, Cash Account and Balance Sheet of the new firm.
[**Hint:** Calculation of D's Capital = ₹1,32,000 (i.e., ₹36,000 + ₹44,000 + ₹52,000) $\times$ 5/3 $\times$ 2/5 = ₹88,000.]

16. A and B are partners sharing profits in the proportion of 3 : 2. Their Balance Sheet as at 31st March, 2018 was as follows: **[6]**

Liabilities	**₹**	**Assets**		**₹**
Sundry Creditors	63,000	Cash at Bank		5,000
Outstanding Salaries	4,000	Sundry Debtors	30,000	
General Reserve	10,000	Less: Provision	1,000	29,000
Capitals: A	50,000	Stock		40,000
B	30,000	Trade Marks		8,000
		Building		75,000
	1,57,000			**1,57,000**

They agree to admit C as a new partner on the following terms :

1. C will be given 2/9th share of profit and he will bring ₹50,000 for his share of capital and goodwill.
2. Goodwill of the firm will be calculated at $2\frac{1}{2}$ year's purchase of the average super-profits of last four years. Profits of the last four years are ₹40,000; ₹40,000; ₹55,000 and ₹65,000 respectively. Normal profits that can be earned with the capital employed are ₹14,000.
3. Half the amount of goodwill is withdrawn by old partners.
4. 15% of the general reserve is to remain as a provision against doubtful debts.
5. Outstanding salaries be increased to ₹16,000, Stock is overvalued by 25% and Building is undervalued by 25%. Trade Marks be written off by 50%.
6. New profit sharing ratio of partners will be 4 : 3 : 2 and the capital accounts of A and B will be adjusted on the basis of C’s capital by bringing in or withdrawing cash, as the case may be.

Prepare necessary accounts and the opening balance sheet of the firm.

OR

A and B are partners sharing profits and losses in the ratio of 2 : 1. They admit C as a partner for $\frac{1}{5}$th share. C brings in ₹ 5,00,000 as his capital and his share of goodwill in cash. For this purpose, the goodwill of the firm is to be calculated at three year's purchase of the average profits of the total last four years. The profits of the last four years ending 31st March were:

Year	**Profit**	
2015-16	1,60,000	(after charging loss of ₹ 25,440 on sale of plant)
2016-17	1,40,000	(after charging voluntary retirement compensation of ₹ 50,000)
2017-18	2,50,000	
2018-19	2,40,000	

The following information is provided:

i. On 1st October 2016 the firm had purchased a Computer for ₹ 60,000 and it was debited to stationery expenses. Depreciation is to be charged on Computer @ 20% p.a. on the Diminishing Balance Method.
ii. The Closing Stock ending 31 st March 2017 and 2018 were overvalued by ₹ 20,000 and ₹ 30,000 respectively.
iii. To cover the operating cost, an annual charge of ₹ 10,000 should be made for the purpose of valuation of goodwill.

Pass necessary journal entries on the admission of C.

17. A, B & C were partners in a firm sharing profits & losses in the ratio of 3 : 2 : 1. On March 31, 2017, their Balance Sheet was as follows: **[6]**

BALANCE SHEET

as at March 31, 2017

Liabilities		**₹**	**Assets**	**₹**
Capitals:			Fixed Assets	1,50,000
A	50,000		Current Assets	65,000
B	40,000			
C	30,000	1,20,000		
Reserve Fund		18,000		
Creditors		27,000		
Employees Provident Fund		50,000		
		2,15,000		2,15,000

From April 1, 2017, they decided to share future profits equally. For this purpose the followings were agreed upon:

i. Goodwill of the firm was valued at ₹ 3,00,000.
ii. Fixed Assets will be depreciated by 10%.
iii. Expenses of ₹ 3,000 were paid by the firm for getting the value of fixed assets certified.
iv. Capitals of the partners will be in proportion to their new profit sharing ratio. For this purpose, Current Accounts will be opened.

Pass necessary Journal entries for the above transactions in the books of the firm.