



ST. LAWRENCE HIGH SCHOOL

A JESUIT CHRISTIAN MINORITY INSTITUTION

Pre - Test Examination - 2018

Class :12



Sub :Accountancy

F.M.:80

DURATION:3 Hrs15Mins

DATE:02.08.2018

Part- A (44 Marks)

1. X and Y are partners sharing profits and losses in the ratio 3:2.Z is coming as a new partner who pays Rs.25000 as premium for goodwill. The profit sharing ratio among X, Y and Z is equal. Pass necessary journal entries assuming that premium money is retained in the business. (4)
2. Surender, Ramesh, Naresh and Mohan are partners in a firm sharing profits in 2:1:2:1 ratio. On retirement of Naresh, the goodwill was valued Rs.72000. Remaining partners decided to share future profits equally. Pass the necessary journal entry for the treatment of goodwill, without opening Goodwill Account. (4)
3. X and Y are partners sharing profits and losses equally. They decided to admit Z for an equal share. For this purpose the goodwill of the firm is to be valued at 4years purchase of super profit. The capital employed in the firm is Rs.2,00,000. The normal rate of return may be taken as 12% p.a. Average maintainable profit of the firm is Rs.30,000. Calculate value of goodwill. (4)
4. A, B and C are partners in a firm . On 1.1.2013, the balances of their Capital Accounts were : A- Rs.50,000; B- Rs. 40,000; and C-Rs.35,000. Interest on capital and interest on drawings are fixed at 8% and 10% respectively. On the first day of every month , A, B and C drew Rs.700, Rs.600 and Rs.500 respectively. B and C are entitled to receive salary of Rs.3,000 p.a. and Rs. 4,500 p.a. respectively. A is entitled to receive commission at 10% on the net distributable profit after charging such commission. Profit during the year 2013 was Rs.75,500 out of which Rs. 20,000is to be transferred to General Reserve.
You are required to prepare Profit and Loss Appropriation Account for the year ended 31.12.2013. (6)
5. Ram, Shyam and Mohan are partners sharing profits in the ratio of their capitals. Shyam retired on 31.12.2013. the date on which the Balance Sheet stood as under:

Liabilities	Amount(Rs)	Assets	Amount(Rs)
Creditors	10,800	Bank	8,000
Capitals:		Debtors	Rs. 10,000
Ram	45,000	Less: Prov. For bad debt	200
Shyam	30,000	Stock	9,000
Mohan	15,000	Machinery	24,000
		Buildings	50,000
	1,00800		1,00,800

The other terms agreed upon are as under:

- (i) Out of the fire insurance premium paid during the year Rs.1,000 be carried forward as unexpired.
- (ii) Building is appreciated by 10%.
- (iii) Provision for doubtful debts to be maintained at 5%.

(iv) Machinery to be depreciated by 5%.

(v) Provision of Rs.1,500 be made for outstanding expenses.

Goodwill of the firm is valued at Rs. 18,000. Shyam's share in it is adjusted.

Ram and Mohan are to share profits in the ratio 3:1 in future.

Shyam is to be paid Rs. 5,000 immediately and the balance to be treated as his loan in the firm.

Prepare Revaluation A/C and Partners Capital A/C.

(6)

6. Surender and Narender share profits and losses in the ratio 3:2. On 1st January 2014, Mahender was admitted who paid Rs.40,000 for capital and Rs.20,000 for goodwill. Surender and Narender withdrew half of the goodwill. The Balance Sheet of old partners as on 31stDecember, 2013 was as follows:

Liabilities	Amount(Rs.)	Assets	Amount(Rs.)
Sundry Creditors	14,000	Cash	7,000
Bills Payable	4,000	Stock	
Capital Account:		Sundry Debtors	Rs. 22,000
Surender	56,000	Less: Provision for doubtful	
Narender	30,000	Debt	2,000
		Furniture	
		Plant	20,000
		Building	7,000
			10,000
	1,04,000		20,000
			1,04,000

The assets and liabilities of the firm were revalued as under:

(a) Stock at Rs.30,000; Furniture at Rs. 8,000; Plant at Rs. 8,000, and Building at Rs. 24,000.

(b) Provision for doubtful debt is to be maintained at 10% on Sundry Debtors.

(c) A liability of Rs.1,000 included in creditors not likely to be paid.

Prepare Revaluation A/C, Partners Capital A/C and Balance Sheet of the reconstituted firm. Mahender was admitted for 1/6 th share in profit. (3+4+3=10)

7. Prepare a Comparative Income Statement from the following :

Particulars	2012 Rs)	2013(Rs)
Sales		2,50,000
Cost of Good Sold	2,00,000 1,00,000)	(1,25,000)
Operating Expenses	1,00,000	1,25,000
	(10,000)	(10,000)
Net Profit:	90,000	1,15,000

(4)

8. Prepare Common-size Balance Sheet of X Ltd. from the following data:

Particulars	31.03.17(Rs.)	31.03.16(Rs.)
Share Capital- Equity	5,00,000	5,00,000
-Preference	3,00,000	1,00,000
Reserves and Surplus	3,50,000	2,50,000
10% Debentures	4,00,000	3,00,000
Trade Payables	50,000	
Trade Receivables	4,00,000	50,000
Cash and Cash Equivalents	2,00,000	2,00,000
Land and Building	10,00,000	2,00,000
		8,00,000

(6)

PART – B
[Marks: 36]

[Multiple Choice Type Questions (MCQ) & Short Answer Type Questions (SAQ) of 1 mark]

1. Choose the correct alternatives:

1 × 18 = 18

- (i) Partnership deed is a:
(a) verbal agreement; (b) written agreement; (c) verbal or written agreement; (d) none of these.
- (ii) Partners current account is opened when capitals are:
(a) fixed; (b) fluctuating; (c) fixed and fluctuating both; (d) none of these.
- (iii) Goodwill is to be valued at two years' purchase of three year's average profit. The profit for last three years of the firm were: 2015 ₹10,000; 2016 ₹14,000; 2017 ₹18,000. The amount of goodwill is:
(a) ₹14,000; (b) ₹18,000; (c) ₹28,000; (d) ₹42,000.
- (iv) Goodwill is:
(a) fictitious asset; (b) intangible fixed asset; (c) tangible fixed asset; (d) intangible fictitious asset.
- (v) Balance of partners' current account is:
(a) always debit; (b) always credit; (c) either debit or credit; (d) none of these.
- (vi) Registration of partnership is:
(a) compulsory; (b) optional; (c) not required; (d) none of these.
- (vii) If date of partners' drawings is not mentioned, then interest on partners' drawings is to be calculated for:
(a) 5 months; (b) 5.5 months; (c) 6 months; (d) 6.5 months.
- (viii) At the time of introducing capital by the new partner, which account is credit?
(a) cash a/c; (b) old partners' capital a/c; (c) new partner's capital a/c; (d) new partner's current
- (ix) A, B and C are partners sharing profits and losses in the ratio of $\frac{1}{3}:\frac{1}{2}:\frac{1}{6}$. They admit D for $\frac{1}{8}$ th share of profit. The new profit sharing ratio will be:
(a) 14:21:7:6; (b) 21:14:7:6; (c) 14:21:7:6; (d) none of these.
- (x) What will be the nature of interest on capital to the firm?
(a) profit; (b) expense; (c) income; (d) none of these.
- (xi) Where would you record interest on drawings when capitals are fixed?
(a) loan a/c; (b) current a/c; (c) capital a/c; (d) none of these.
- (xii) As per AS 26, which goodwill is recorded in the books of accounts?
(a) raised goodwill; (b) write off goodwill; (c) purchased goodwill; (d) none of these.
- (xiii) If the old ratio is more than the new ratio what is it called?
(a) sacrificing ratio; (b) gaining ratio; (c) capital ratio; (d) none of these.
- (xiv) Profit & Loss Appropriation A/c is a:
(a) Capital a/c; (b) Real a/c; (c) Personal a/c; (d) none of these.

- (xv) The distributable profit of a partnership firm is ascertained with the help of:
 (a) profit & loss a/c; (b) profit & loss appropriation a/c; (c) trading a/c; (d) profit & loss adjustment a/c.
- (xvi) Interest on partners' drawings appears in the _____ side of the Profit & Loss Appropriation A/c:
 (a) debit side; (b) credit side; (c) either debit or credit side; (d) none of these.
- (xvii) The net profit of a partnership firm is ₹53,000. One partner is entitled to get commission @ 6% on net profit after charging such commission. Then the amount of commission to the partner is:
 (a) ₹3,180; (b) ₹3,383; (c) ₹3,000; (d) ₹3,500.
- (xviii) The net tangible asset of a business is ₹2,40,000. The average profit of the firm is ₹40,000. The normal rate of profit is 15%. What will be the amount of goodwill on the basis of three years purchase of super profit?
 (a) ₹30,000; (b) ₹36,000; (c) ₹ 2,00,000; (d) ₹ 12,000.

2. Choose the correct alternatives:

1 × 6 = 6

- (i) Income statement analysis is the examination of:
 (a) Balance Sheet; (b) Profit & Loss A/c; (c) Trial Balance; (d) Cash Book.
- (ii) Analysis of financial statement assists to take decision on:
 (a) solvency; (b) liquidity; (c) profitability; (d) all of these.
- (iii) The tools and techniques of financial statement analysis is:
 (a) comparative statement; (b) common-size statement; (c) cash flow statement; (d) all of these.
- (iv) The users of financial statement analysis are:
 (a) management; (b) shareholders; (c) creditors; (d) all of these.
- (v) The financial statement of a company means:
 (a) Statement of profit and loss; (b) Balance sheet; (c) Cash flow statement; (d) all of these.
- (vi) Income statement analysis is the examination of:
 (a) Balance sheet; (b) Trial balance; (c) Revenue statement; (d) Cash book.

3. Answer the following questions in brief:

1 × 8 = 8

- (i) Ajay, Vijay and Abu are partners sharing profits and losses in the ratio of 16:12:7 with a minimum profit of ₹10,000 to Abu. The profit for the year is ₹39,500. Pass journal entry in the books of Partners for distributing the profit.
- (ii) Who is a sleeping or dormant partner?
- (iii) Mention one important disadvantage that an unregistered firm faces.
- (iv) What is hidden goodwill?
- (v) Who are the sacrificing partners?
- (vi) What is revaluation of assets?
- (vii) What is gaining ratio?
- (viii) What is retirement of a partner?

4. Answer the following questions in brief:

1 × 4 = 4

- (i) What is common size statement?
- (ii) What is comparative statement?
- (iii) Name one external user of financial statement analysis.
- (iv) Give one example of financial statement analysis.



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A Jesuit Christian Minority Institution



Pre Test

Sub: Accountancy Answer-key

Class: 12 B & C

F.M.: 80

Duration: 3 hours 15 minutes

Date: 2/8/2018

PART-A

1. Journals
- (a) Cash A/C.....Dr. Rs.25,000
To, Premium for Goodwill A/C Rs.25,000
- (b) Premium for Goodwill A/C.....Dr. Rs.25,000
To, X's Capital A/C Rs.20,000
To, Y's Capital A/C Rs. 5,000

P. Saha 3.08.2018.
Pralay Kabi 3.08.18

In working note sacrificing ratio is 4:1

2. Journals
- Ramesh Capital A/CDr. 12,000
Mohan Capital A/c.....Dr. 12,000
To, Naresh Capital A/C Rs 24,000

Gaining ratio between Ramesh and Mohan is 1:1. Surender is not gaining nor sacrificing.

3. Capital Employed = Rs.2,00,000(given)
Normal Profit =Capital Employed x Normal rate of return =Rs 2,00,000x12% = Rs.24,000
Average maintainable profit = Rs. 30,000 (given)
Super Profit = Average maintainable profit – normal profit = Rs.30,000 – Rs 24,000= Rs. 6,000
Goodwill = Super profit x Number of years purchase = Rs. 6,000 x 4 = Rs. 24,000.

4. Dr.Profit and Loss Appropriation Account for the year ended 31st December 2013 Cr

Particulars	Amount	Amount	Particulars	Amount	Amount
To, Interest on Cap			By, Profit & Loss A/C (Net Profit)		75,500
A	4,000		By, Interest on		
B	3,200		drawings		
C	2,800	10,000	A	840	
To, Partners salaries			B	720	
B	3,000		C	600	2,160
C	4,500	7,500			
To, General Reserve		20,000			
To, Partners					
Commission		3,651			
To, Partners Capital					
A/C					
A	12,170				
B	12,170				
C	12,169	36,509			
		77,660			77,660

5. **In the books of the firm**
Revaluation Account

Dr.		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To, Prov. For doubtful debt A/C	300	By, Prepaid Insurance A/C	1,000
To, Machinery A/C	1,200	By, Building A/C	5,000
To, Outstanding Expenses A/C	1,500		
To, Partners Capital A/C			
Ram	1,500		
Shyam	1,000		
Mohan	500		
	3,000		
	6,000		6,000

Partners Capital Account

Dr.				Cr.			
Particulars	Ram	Shyam	Mohan	Particulars	Ram	Shyam	Mohan
To, Shyam's Cap A/C	4,500		1,500	By, Balance b/d	45,000	30,000	15,000
To, Bank A/c		5,000		By, Revaluation A/C	1,500	1,000	500
To, Shyam's Loan A/C		32,000		By, Ram's Cap A/C		4,500	
To, Balance c/d	42,000		14,000	By, Mohan Cap A/C		1,500	
	46,500	37,000	15,500		46,500	37,000	15,500

6. **In the books of the firm**
Revaluation Account

Dr.		Cr.	
Particulars	Amount(Rs)	Particulars	Amount(Rs)
To, Stock A/C	4,000	By, Furniture A/C	1,000
To, Plant A/C	2,000	By, Building A/C	4,000
To, Prov for doubtful debt A/C	200	By, Creditors A/C	1,000
		By, Partners Capital A/C	
		Surender	120
		Narender	80
	6,200		6,200

Partners Capital Account

Dr.				Cr.			
Particulars	Surender	Narender	Mahender	Particulars	Surender	Narender	Mahender
To, Revaluation A/c	120	80	----	By, Balance b/d	50,000	30,000	---
To, Cash A/C	6,000	4,000	----	By, Cash A/C			40,000
To, Balance c/d	61,880	33,920	40,000	By, Premium for goodwill A/C	12,000	8,000	
	68,000	38,000	40,000		68,000	38,000	40,000

Balance Sheet as on 1st January , 2014

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Capital:		Buildings	24,000
Surender	61,880	Plant	8,000
Narender	33,920	Furniture	8,000
Mahender	40,000	Stock	36,000
Creditors	13,000	Debtors	Rs. 22,000
Bills Payable	4,000	Less: Prov for bad debt	2200
		Cash	57,000
	1,52,800		1,52,300

7. Comparative Income Statement for the year ended 31st December 2012 & 2013

Particulars	Note No	31.12.13(Rs)	31.12.12(Rs)	Absolute Change(Rs)	Percentage Change(%)
I. Revenue from operation		2,50,000	2,00,000	50,000	25.00
II. Expenses					
Cost of Revenue from operation/ CGS		1,25,000	1,00,000	25,000	25.00
Operating Expenses		10,000	10,000	Nil	-----
Total Expenses		1,35,000	1,10,000	25,000	22.73
III Net Profit (I – II)		1,15,000	90,000	25,000	27.78

8.

In the books of XLtd.

Common-Size Balance Sheet as at 31st March 2017 & 2016

Particulars	Note No.	Absolute Amount (Rs)		% Of Balance Sheet Tot	
		31.03.17	31.03.16	31.03.17	31.03.16
I.EQUITY AND LIABILITIES					
1. Shareholders Fund					
(a) Share Capital		8,00,000	6,00,000	50.00	50.00
(b) Reserve & Surplus		3,50,000	2,50,000	21.88	20.83
2. Non-Current Liabilities					
Long-term borrowings		4,00,000	3,00,000	25.00	25.00
3. Current Liabilities					
Trade Payables		50,000	50,000	03.12	04.17
Total:		16,00,000	12,00,000	100.00	100.00
II. ASSETS					
1. Non-Current Assets					
Fixed Assets (Tangible)		10,00,000	8,00,000	62.50	66.67
2. Current Assets					
(a) Trade Receivables		4,00,000	2,00,000	25.00	16.67
(b) Cash & Cash Equivalents		2,00,000	2,00,000	12.50	16.66
Total:		16,00,000	12,00,000	100.00	100.00

PART – B
[Marks: 36]

[Multiple Choice Type Questions (MCQ) & Short Answer Type Questions (SAQ) of 1 mark]

1.

i	ii	iii	iv	v	vi	vii	viii	ix
c	a	c	b	c	b	c	c	b

x	xi	xii	xiii	xiv	xv	xvi	xvii	xviii
b	b	c	a	d	b	b	c	d

2.

i	ii	iii	iv	v	vi
b	d	d	d	d	c

3.

(i) Profit & Loss Appropriation A/c.....Dr. 39,500

To Ajay's Capital A/c	16,857
To Vijay's Capital A/c	12,643
To Abu's Capital A/c	10,000

(ii) The partner who does not take part in the operating activities of a partnership firm is called sleeping or dormant partner.

(iii) An unregistered firm cannot file a suit to recover more than ₹100.

(iv) The goodwill which is computed by the difference of estimated capital and actual capital is known as hidden goodwill.

(v) The partners who share less proportion of profit due to internal reconstruction of a partnership firm and admission of partner, are called the sacrificing partners.

(vi) It signifies showing the assets at present market value at the time of reconstruction of a partnership firm.

(vii) Gaining ratio = New profit sharing ratio – Old profit sharing ratio.

(viii) If a partner withdraws himself from the partnership business and receives his due in cash or keeping the balance as his loan account, is known as retirement of a partner.

4.

(i) Common-size Statement is the statement in which amounts of individual items of Balance Sheet and Statement of Profit and Loss of two or more years are written. These amounts are further converted into percentage to some common base.

(ii) Comparative Statement means comparative study of items or components of financial statements for two or more years or with that of other enterprises.

(iii) External users of FSA is Government, Shareholders etc.

(iv) Comparative Balance Sheet, Cash Flow Statement, Common-size Statement etc.