

# OSF

Date : 07-03-2024

## STD 12 Commerce Elements of Account 12th Account Practice Sheet Day 26 (Full Portion)

Total Marks : 100

### Section A

\* Choose The Right Answer From The Given Options. [20]

- How would you consider the interest on debit balance of partners' current account for the firm?  
(A) An expense                      (B) Liability                      (C) An Income                      (D) Loss
- What percentage of interest will be paid, when no provision is made pertaining to interest on capital in the partnership deed?  
(A) 6                      (B) 9                      (C) 12                      (D) No interest
- Super profit means .....  
(A) Capital employed - Expected profit                      (B) Expected profit - Capital employed  
(C) Average profit - Expected profit                      (D) Expected profit - Average profit
- Which method is appropriate for the computation of goodwill when every year profit increasing?  
(A) simple average                      (B) weighted average  
(C) annual growth rate                      (D) compound growth rate
- At the time of the reconstruction of a partnership firm, investments are shown at ..... in the balance sheet after the revaluation.  
(A) Book value - market value                      (B) Cost value  
(C) Market value                      (D) Face value
- In which ratio profit or loss of revaluation account is distributed between the partners?  
(A) Sacrifice ratio                      (B) Gain ratio  
(C) New profit-loss ratio                      (D) Old profit-loss ratio
- As per accounting standard-26, ..... goodwill can not be shown in the books.  
(A) goodwill for which some amount is paid for consideration  
(B) internally generated  
(C) both (a) and (b)  
(D) neither of and (a) and (b)
- When only old profit-loss sharing ratio is given; sacrificing ratio of partners = .....  
(A) equal                      (B) old ratio  
(C) old share - new share                      (D) cannot be calculated
- 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

10. Which of the following amount will be written at the credit side of realisation account, when there is balance of debtors ₹ 24,500 and bad debt reserve of ₹ 2,500 in the balance sheet at the time of the dissolution of a firm?  
 (A) ₹ 24,500                      (B) ₹ 2,500                      (C) ₹ 22,500                      (D) ₹ 27,000
11. To which account credit balance of general reserve, workmen accident compensation fund, credit balance of profit and loss account is transferred at the time of the dissolution of a firm?  
 (A) Realisation A/c                      (B) Cash A/c  
 (C) Profit and loss A/c                      (D) Partners' capital A/c
12. As per SEBI guidelines, the minimum amount on each share called by company on application must be at least \_\_\_\_\_ % of the issue price.  
 (A) 25                      (B) 30                      (C) 5                      (D) 20
13. At what maximum rate of percentage for premium on the face value of shares can declared by the company on their issue shares ?  
 (A) 10                      (B) 100                      (C) 25                      (D) No limit
14. Before the company decides to redeem the debentures out of capital, the company has to transfer ..... % of total face value of issued debentures to debenture redemption reserve A/c.  
 (A) 10                      (B) 25                      (C) 100                      (D) 15
15. The analysis of the financial statements .....
- (A) presents only results                      (B) provides historical information  
 (C) makes interpretation                      (D) none of the above
16. Which of the following analysis shows stakeholder-based classification?  
 (A) External analysis                      (B) Horizontal analysis  
 (C) Short-term analysis                      (D) Vertical analysis
17. Which of the following is not included in operating expense?  
 (A) Loss on sale of asset                      (B) Loss due to fire  
 (C) Interest paid                      (D) All of the given
18. Liquidity ratio is ..... .  
 (A) measurement of solvency  
 (B) measurement of short-term profitability  
 (C) measurement of profitability  
 (D) measurement of liquidity
19. Which of the following transaction is always transaction of operating activity?  
 (A) Interest paid on loan                      (B) Dividend received  
 (C) Dividend paid                      (D) Salary expense
20. Bank overdraft ..... .  
 (A) is current liability but considered as financing activity  
 (B) is current liability but considered as operating activity

- (C) is current liability but considered as investing activity  
(D) is not activity of cash flow statement

**Section B**

**\* Answer The Following Questions In One Sentence.**

**[10]**

21. What is super profit?
22. What is the other name of Revaluation Account?
23. Who gives the share in goodwill to the retiring or deceased partner? Why?
24. How would you deal with bad debts return, which is written off earlier?
25. Describe the methods of dissolution of a Partnership Firm.
26. What is meant by 'Issue of debentures for consideration other than cash'?
27. In which forms ratios can be presented?
28. What is cost of goods sold?
29. What is cash flow statement?
30. What is operating activities?

**Section C**

**\* Answer The Following Questions. ( Write any 4 )**

**[12]**

31. Mukesh, Dhaval and Vinod are the partners of a partnership firm. Their capital proportion is 4: 2: 3. Dhaval and Vinod has given assurance to Mukesh that he will get minimum Rs. 35,000 form the profit. The prom of the year is Rs. 90,000. How would you distribute the profit among the partners?
32. Harish, Dhruvil and Manoj are the partners of a partnership firm. Their profit-loss sharing ratio is 3:2:1. Balance-sheet of the firm as on 31-3-2017 is as given on page no. 123.

**Harish, Dhruvil and Manoj's Partnership Firm's Balance Sheet as on 31-3-2017**

Liabilities		Amt. (₹)	Assets		Amt. (₹)
<b>Capital account :</b>			Land		3,00,000
Harish	3,65,000		Building		4,80,000
Dhruvil	3,00,000		Machinery		2,00,000
Manoj	1,00,000	7,65,000	Investment		1,20,000
Bank loan		4,50,000	Debtors		80,000
Creditors		1,00,000	Bills receivables		20,000
Bills payable		32,000	Bank balance		1,00,000
Outstanding expenses		18,000	Cash balance		40,000
			Income receivables		10,000
			Closing stock		15,000
		<b>13,65,000</b>			<b>13,65,000</b>

As on above balance sheet date, profit-loss sharing ratio is changed to 1:3:2 and also decided for revaluation of assets and liabilities of business as follows:

- (1) Land value is increased upto ₹ 3,50,000 and building value is increased by 70,000.
- (2) Machinery value keeps upto 1,50,000.
- (3) Investment value decreased 20%.
- (4) Provide 10% for bad debts reserve and 5 % for discount reserve on debtors.
- (5) 50% stock value decreased by 10%.
- (6) Unrecorded outstanding expense is amounted to 2000.
- (7) Unrecorded prepaid rent 3000.

From the above information, write journal entries and prepare revaluation account in the books of partnership firm.

33. Pass journal entries for the following of firm in the case of firm's dissolution:  
The profit-loss sharing ratio between partners R, B and I is 3:2:1. Undertake the disposal of the following balances: (i) General reserve Rs. 18,000  
(ii) Debit balance of profit and loss A/c Rs. 12,000  
(iii) Workmen accident compensation fund Rs. 18,000.
34. Pass journal entries for the following of firm in the case of firm's dissolution:
  1. At the time of dissolution the book value of goodwill is Rs. 56,000. No amount is realised.
  2. In the balance sheet land-building Rs. 8,00,000 and investments of Rs. 2,00,000 are disclosed. Respectively Rs. 9,00,000 and Rs. 1,50,000 are realized from them.
35. Charmi Fashion Limited issued 1,20,000, 10% debentures at the face value of Rs.200 each at a premium of 10%. Amount was payable as under:
  - With application Rs.100 (including premium) and balance amount on allotment.
  - These debentures are redeemable after 7 year Rs.
  - Application are received by company for 1,50,000 debentures and the allotment of 1,20,000 debentures is made on pro-rata basis.

Excess amount on application is credited to allotment account. Amount due on allotment is fully received. Pass journal entries on the issue of debentures in the books of company.

36. Janki Marbal Ltd. of Palanpur issued 50,000, 11% Debenture of Rs.100 each at a premium of Rs.20 per debenture. The full amount was payable on application. Applications were received by company for 60,000 debentures. Application for 10,000 debentures were rejected and the amount thereon was refunded to the applicants. Debentures were allotted to the remaining applications.

Pass necessary journal entries for the above transactions in the books of Janki Marbal Ltd.

Section D

**\* Answer The Following Questions With Necessary Calculations. ( Write any 3 ) [12]**

37. Pooja and Prarthna's firm capital is 8,00,000 and expected rate of return is 12%. Last three year's profit are 1,00,000, 1,40,000 and 90,000 respectively. Determine the value of goodwill of the firm on the basis of 2 yeras purchase of last three years average super profit.
38. From the following information of Manoj and Harish's firm, determine the value of goodwill by capitalised average profit method.
39. From the following information prepare comparative profit-loss statement :

Particulars	Note No.	31-3-2017 (₹)	31-3-2016 (₹)
Sales revenue		15,00,000	9,00,000
Net purchase for resale		9,00,000	6,00,000
Changes in stock		50,000	50,000
Other Expenses (% of cost of sales)		10	12
Income tax		30 %	30 %

40. From the following information of 'H' Limited, calculate debt-equity ratio:

Particulars	(Rs.)	Particulars	(Rs.)
Long-term liabilities	8,00,000	Equity share capital	8,00,000
Long-term provisions	4,00,000	Preference share capital	2,00,000
Debit balance of profit-loss A/c	50,000	Creditors	1,25,000
Bills payables	25,000	Outstanding expenses	10,000

41. (1) Prepare a statement of cash flows from operations based on the following details of India Company:

particuls	₹
Profit before changes in working capital	4,95,000
Increase in debtors	75,000
Decrease in accounts receivable	40,000

Decrease in stock	30,000
Increase in prepaid expenses Decrease in payable (increase) creditors	25,000
Increase in prepaid expenses Decrease in payable (increase) creditors	15,000
Increase in prepaid expenses Decrease in payable (increase) creditors	20,000

**Section E**

\* **Answer The Following Questions In Detail. ( Write any 3 )**

**[24]**

42. 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. (₹)
<b>Capital account :</b>		Goodwill	27,000
Shivani	1,00,000	Land-Building	1,50,000
Niraj	<u>1,50,000</u>	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
	<b><u>3,07,000</u></b>		<b><u>3,07,000</u></b>

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

- (1) Bad debt reserve is to be kept 5000 on debtors.
  - (2) Goodwill is valued at \* 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 3rd of her share and Niraj sacrifices share for Vijay.
- Prepare necessary accounts and balance sheet after admission of a new partner.
43. A and B are partners sharing profit-loss in the ratio of 2:1. The balance sheet of their firm as on 31-3-2016 was as under:

**Balance Sheet**

Liabilities	Amt. (₹)	Assets	Amt. (₹)
<b>Capital :</b>		Plant-Machinery	80,000
A	80,000	Building	50,000
B	40,000	Stock	17,000
Reserve fund	21,000	Debtors	50,000
Creditors	75,000	– Bad debt reserve	4,000
Bills payable	10,000	Cash-Bank	33,000
	<b>2,26,000</b>		<b>2,26,000</b>

They admitted C as a new partner on 1 – 4 – 2016 on following conditions :

- (1) A sacrificed  $\frac{1}{12}$  th share and B sacrificed  $\frac{1}{6}$  th share from their profit share in favour of C.
- (2) C will bring proportionate capital.
- (3) C will bring his share of goodwill in cash. Goodwill is valued at ₹ 80,000.
- (4) Fixed assets are to be depreciated at 10%.
- (5) All debtors are solvent.
- (6) Insurance premium of ₹ 3,000 is to be carried forward to the next year.

Prepare necessary account and the balance sheet.

44. Karan, Fenil and Farshid are partners in a firm sharing profit and loss in the ratio of their capitals. Balance sheet of the firm as on 31-3-2017 was as under:

**Balance Sheet**

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Creditors	16,000	Goodwill	40,000
Workmen compensation reserve	12,000	Land-Building	2,00,000
Employee's profit sharing fund	30,000	Patents	60,000
Provident fund	45,000	Machinery	80,000
<b>Capital Accounts :</b>		Debtors	35,000
Karan	2,00,000	– Bad debt reserve	5,000
Fenil	1,20,000	Stock	53,000
Farshid	80,000	Bank	40,000
	<b>4,00,000</b>		
	<b>5,03,000</b>		<b>5,03,000</b>

Farshid retires on the above date. Partners decided the following terms of retirement:

- (1) The new profit-loss sharing ratio of Karan and Fenil is to be kept at 2:3.
- (2) Goodwill of the firm is to be valued at ₹ 80,000. (3) Paid ₹ 60,000 for patents during current year which is for total 4 years.
- (4) Machinery is to be depreciated by 10%
- (5) Bad debt on debtors is to be written off ₹ 3,000.
- (6) ₹ 20,000 is to be paid to Farshid.
- (7) Market value of stock is ₹ 54,000.

(8) New firm's total capital will be equal to total capital of old firm. The entire capital of the new firm is to be kept in new profit and loss sharing ratio of Karan and Fenil. All necessary adjustments are to be made through bank. Prepare (i) Revaluation account (ii) Capital accounts of partners (iii) Bank account (iv) Balance Sheet after retirement of Farshid.

45. Chaudhari Agro Company of Vyara issued 5,00,000 equity shares of Rs.10 each to public. Company called Rs.3 per share on application, Rs.4 per share on allotment and Rs.3 per share on first and final call. Company received application for 5,75,000 equity shares from public. EXCESS applications were rejected and money paid on them was refunded. Viral, who had applied for 2,000 shares, had paid full amount Rs.10 per share along with application. Company had allotted him all the shares applied for. Yagnesh, who was allotted 2,500 shares, had paid amount due on first and final call along with share allotment money. Except this, amount due on allotment and calls were duly received from time to time. Pass necessary journal entries in the books of company for above transactions.

46. Nanavati Limited of Junagadh issued 3,00,000 equity shares of Rs.10 each at a premium of Rs.5 per share. Amount was called up as under:  
On application Rs.4 per share,  
On allotment Rs.8 per share (including premium),  
On final Rs.3 per share. Company received application for 3,50,000 shares. Excess applications were rejected and money paid thereon was refunded to applicants. All the sums due were received in full except allotment and final call on 3,000 equity shares held by Ishira. Pass journal entries in books of company.

**Section F**

\* Answer The Following Essay Type Questions.

[22]

47. Parthiv and Priya are the partners of a partnership firm. From the Trial balance dated 31-3-2017 and adjustments, prepare final accounts of a partnership firm.

Trial Balance of Partnership Firm of Parthiv and Priya as on 31-3-2017

Debit Balances	Amt.(Rs.)	Credit Balances	Amt.(Rs.)
Drawings : Parthiv	4,800	Capital Accounts : Parthiv	24,000
Priya	3,200	Priya	16,000
*Net cost of purchase	1,06,000	Sales	2,00,000
Stock of goods (31-3-17)	28,000	Payables	30,000
Receivables	48,000	Goods distribute as sample	2,000
Wages-salary	10,000	Bank overdraft	14,000
Trading expense	16,000		
Building	50,000		
Furniture-fittings	10,000		
Office equipments	4,000		
Packing material stock	4,000		



Cash balance	2,000	
	<u>2,86,000</u>	<u>2,86,000</u>

\*Note: Net cost of purchase means adjusted purchase.

Adjustments:

1. Provide interest 8% on capital and 12% on drawings. Parthiv had withdrawn Rs. 400 at the end of each month and Priya had withdrawn on 1-10-16.
2. Credit sales of Rs.10,000 is not recorded and total of sales book of March is overcast by Rs. 2,000.
3. Write off additional bad debts of Rs.2,000 and provide 5% bad debts reserve on debtors.
4. Furniture of Rs.4,000 became obsolete, which is not recorded in the books.
5. A court has finalised claim of Rs.4,000; for not meeting agreement to provide goods to a customer.
6. Outstanding wages of Rs.2,000 is recorded to wages account but outstanding wages account is not recorded in the trial balance.

48. Following is the trial balance of shivam as on 31-03-2017

Particulars	Debit(Rs.)	Credit(Rs.)
Inventories	1,10,000	
Fixed assets - tangible	8,00,000	
5000 equity shares of 100 each		5,00,000
Sales		7,50,000
Other incomes		20,000
Employee benefit expenses	1,30,000	
Long-term borrowings		3,50,000
Finance costs	17,500	
Trade payables		1,00,000
Trade receivables	40,000	
Cash and bank balance	60,000	
Depreciation	22,500	
Cost of goods sold	4,00,000	
Non-current investments	1,40,000	
	<u>17,20,000</u>	<u>17,20,000</u>

Additional information : Provision for tax Rs. 80,000

Prepar final account of the company as per schedule-III of Companies Act, on 31-03-2017

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