

OSF

Date : 08-03-2024

STD 12 Commerce Elements of Account 12th Account Practice Sheet Day 27 (Full Portion)

Total Marks : 100

Section A

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

- In which account and on which side, the share of partners' share profit is recorded under the fluctuating capital account method?
(A) Debit to capital account (B) Credit to capital account
(C) Debit to current account (D) Credit to current account
- What is the interest on drawings of partners for a partner?
(A) An expense (B) Liability (C) Income (D) Loss
- Goodwill is where individual skill is important.
(A) more (B) less (C) zero (D) negative
- Expected profit =
(A) Capital employed x Expected rate of return
(B) Average profit x Expected rate of return
(C) Weighted average profit x Expected rate of return
(D) Assets x Expected rate of return
- In the reconstruction of a partnership firm, gain ratio =
(A) New profit-loss share - Old profit-loss share
(B) Old profit-loss share - New profit-loss share
(C) New capital ratio - Old capital ratio
(D) Old capital ratio - New capital ratio
- At the time of the reconstruction of a partnership firm is prepared.
(A) Trading account (B) Revaluation account
(C) Realization account (D) Profit-loss appropriation account
- Revaluation account is also known as
(A) profit-loss account (B) profit and loss adjustment account
(C) profit and loss appropriation account (D) profit and loss suspense account
- When a new partner brings his share of goodwill in cash, account is credited.
(A) cash (B) premium for goodwill
(C) goodwill (D) his capital account
- If partnership deed is silent, interest is payable at on unpaid amount payable to the retiring partner.
(A) 10 % p.a. (B) 12 % p.a. (C) 6 % p.a. (D) zero %
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- Which of the following account is opened to incorporate the accounting effect 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
11. Which is the first payment made from the realisation of assets, at the time of the dissolution of a firm ?
- (A) Dissolution expense (B) Loan of partner's wife
(C) Liabilities towards third parties (D) Partner's loan
12. Which of the following is not shown under the heading 'Share Capital' in a balance sheet ?
- (A) Authorised capital (B) Issued capital (C) Reserve capital (D) Subscribed capital
13. For public issue of shares company has to take a permission from whom?
- (A) Central (B) SEBI (C) State government (D) Reserve Bank government
14. The amount of premium received on issuing debentures at premium is
- (A) revenue profit (B) capital loss (C) revenue loss (D) capital profit
15. The expenses of the current year of a company is ₹ 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) ₹ 1,20,000 (B) ₹ 5,00,000 (C) ₹ 7,20,000 (D) None of these
16. The information regarding the use of assets gives the analysis of
- (A) profitability (B) liquidity (C) solvency (D) efficiency
17. In which terms ratios are presented ?
- (A) Proportion (B) Percentage (C) Time (D) All of the given
18. Which of the following ratios are included in traditional classification?
- (A) Composite ratios (B) Liquidity ratios (C) Profitability ratios (D) Solvency ratios
19. Increase in current assets and decrease in current liabilities means
- (A) Both are cash outflow
(B) Both are cash inflows
(C) are cash outflow and cash inflow respectively.
(D) are cash inflow and cash outflow respectively.
20. Which of the following is included in financial expense?
- (A) Factory expenses (B) Administrative expenses (C) Sales expenses (D) Interest expenses

Section B

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

[10]

21. What is capitalized profit?
22. How is the consolidated profit distributed?
- 23.

Explain accounting treatment of old goodwill appearing in the balance sheet of the firm at the time of the retirement of a partner.

24. How would you deal with the providend fund balance shown in the balance sheet at the time of dissolutions?
25. Who has to bear dissolution expense, at the time of dissolution of a firm?
26. What is meant by debenture discount?
27. What is indicated by interest coverage ratio?
28. By which ratios efficiency is measured?
29. In which activity the paid dividend and interest are recorded?
30. What is cash and cash equivalent?

Section C

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

[12]

31. Lata, Geeta and Pravina are partners of a partnership firm. After distribution of the profit of the year it was realized that charging of interest on partners drawing account respectively Rs. 2,700 Rs. 1,200 and Rs. 1,500 was missed out. Write an entry for the rectification of error.
32. Raju, Hasu and Sanju are the partners of a partnership firm. Their profit-loss sharing ratio is 5 : 4 : 3. All the partners have decided to change their profit-loss sharing ratio to 2 : 2 : 1. From this information find out the gain ratio.
33. Write short note: Realisation Account.
34. How would you deal with the following balances disclosed in the balance sheet at the time of the dissolution of a partnership firm? Explain.
(i) General Reserve (ii) Investment Fluctuation Fund
(iii) Workmen Accident Compensation Fund (iv) Providend Fund
(v) Debit Balance of Profit and Loss A/c (vi) Depreciation Fund
35. Pasvadal Steel Limited issued 15,000. 9% debentures of Rs.100 each at a price of Rs.80 per debenture. The amount per debenture was payable as under:
Rs.25 with application,
Rs.35 on allotment (After discount),
Rs.20 on call.
The company received application for 15,000 debentures and all are sanctioned. The company received the full money called on allotment and received full amount on call. Except call on 800 debentures.
Pass necessary journal entries in the books of company.
36. Dynamic Limited of Ankleshwar issued 30,000, 12% debentures of Rs.100 each, on which the amount per debenture was payable as under:
With application Rs.35,
on allotment Rs.40,

on first and final call Rs.25

All the debentures were applied. Palak, the holder of 1000 debentures paid the entire amount on his holding on allotment. Where, Akash, the holder of 400 debentures failed to pay the allotment and call amount.

Section D

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

37. From the following information of Babulal and Kantilal's firm, determine the value of goodwill on the basis of 3 year purchase of last 5 year weighted average profit

Year	2012-13	2013-14	2014-15	2015-16	2016-17
Profit(Rs.)	40,000	60,000	75,000	90,000	1,20,000

38. From the following information of Nairutva and Rutvik's firm determine the value of goodwill of partnership firm on the basis of capitalization of weighted average profit method.

Year	2012-13	2013-14	2014-15	2015-16	2016-17
Profit (Rs.)	45,000	50,000	65,000	75,000	90,000

Additional information : (1) Business assets : Rs.6,00,000. (2) Business liabilities : Rs.1,70,000. (3) Normal expected return of business is 10%.

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		2,00,000	2,50,000
Expenses		9,60,000	7,20,000

Income tax rate is 30 %.

40. From the following information calculate current ratio and liquid ratio:

Particulars	(Rs.)	Particulars	(Rs.)
Stock	3,00,000	Bills receivables	75,000
Debtors	2,50,000	Bad debts reserve	20,000
Cash and cash equivalent	1,20,000	Expenses paid in advance	60,000
Furniture	1,60,000	Creditors	2,00,000
Bills payable	60,000	Outstanding expenses	50,000
Short-term loan	40,000		

41. From the following details of chirag company compute cash flow from operating activities.

Particulars	(₹)
Profit of current year	3,20,000

Taxation provision	30,000
Proposed dividend	60,000
Goodwill written off	35,000
Depreciation charged	47,000
Loss on sale of asset	43,000
Rent received	45,000
Dividend received	65,000
Increase in current assets	1,00,000
Decrease in current liabilities	90,000

Section E

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

[24]

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	7,00,000	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	1,10,000
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 5,00,000 as his capital and 1,00,000 as his share of goodwill in cash.
- (2) Value of land-building is to be increased by 80,000.
- (3) Value of machinery is to be reduced upto ₹ 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 ₹ 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. Aabha and Beena are partners in a firm sharing profit and loss in the ratio of 2:1. Their balance sheet as on 31-3-2017 was as under:

Balance sheet			
Liabilities	Amt.(Rs.)	Assets	Amt.(Rs.)

Capital account:		Goodwill	18,000
Aabha 80,000		Land-building	72,000
Beena <u>60,000</u>	1,40,000	Machinery	40,000
General reserve	18,000	Stock	36,000
Workmen compensation res.	4,500	Debtors 24,000	
Investment fluctuation res.	1,500	- Bad debt reserve <u>2,000</u>	22,000
Creditors	28,000	Investment	8,000
Bills payable	12,000	Cash-Bank	2,000
		Advertisement campaign expen.	6,000
	<u>2,04,000</u>		<u>2,04,000</u>

They admitted Rushil as a new partner from 1-4-2017 on the following conditions:

- (1) Rushil will bring Rs.1,00,000 as his capital and Rs.24,000 as goodwill in cash.
- (2) Value of land and building is to be increased by Rs.17,000.
- (3) Value of machinery is to be decreased upto Rs.32, 000.
- (4) Provision for bad debt is to be kept at 10 % on debtors.
- (5) Provision for outstanding electricity bill 1s to be made at Rs.1,100.
- (6) New profit sharing ratio of all three partners is to be kept at 2:1:2. Pass necessary journal entries and prepare revaluation account, partners' capital account, cash-bank account and balance sheet after admission.

44. Ajay, Alpa and Amay are the partners of the firm sharing profit and loss in the ratio of 50 %, 30% and 20% respectively. The balance sheet of the firm as on 31-3-2017 was as under:

Balance Sheet

Liabilities		Amt. (₹)	Assets		Amt. (₹)
Capital Accounts :			Goodwill		50,000
Ajay	60,000		Other fixed assets		1,00,000
Alpa	50,000		Investments		60,000
Amay	80,000	1,90,000	Debtors	70,000	
Investment fluctuation fund		20,000	- Bad debt reserve	6000	64,000
Workmen compensation reserve		30,000	Stock		20,000
Creditors		40,000	Cash		16,000
Provident fund		60,000	Profit-loss A/c		30,000
		<u>3,40,000</u>			<u>3,40,000</u>

Ajay retires on 1-4-2017 on the following terms:

- (1) The claim of workmen compensation is accepted at ₹ 20,000.
- (2) The market value of investment is ₹ 45,000.
- (3) Bad debts on debtors ₹ 2000 is to be written off and the provision for doubtful debts is to be kept at 5 %

- (4) Fixed assets to be appreciated by 20%.
- (5) The book value of stock is over valued by ₹ 600 compared to its cost. The cost of stock is to be recorded.
- (6) The value of goodwill of the firm is ₹ 1,00,000.
- (7) Ajay is to be paid ₹ 10,000 in cash.
- (8) The new profit and loss sharing ratio of Alpa and Amay is 1:4. Prepare revaluation account, capital accounts of partners and the balance sheet after the retirement of Ajay.

45. Pagedar Sugar Limited of Nagpur issued 12,00,000 equity shares in the public of Rs.10 each. Company received applications for 13,50,000 shares. Shares were allotted at a meeting of board of directors. Excess share applications were rejected and amount received thereon was refunded.

Amount called up against shares was as under:

- On application Rs.2.50 per share,
 on allotment Rs.2.50 per share,
 On first call Rs.2 per share,
 On Enal call Rs.3 per share.

Aishwarya, who was allotted 960 shares, could not my first call and final call money, where Vinay, who was allotted 1,200 shares, could not pay final call money. Except this, all sums due from other shareholders were received.

Aishwarya and Vinay had paid their arrears amount to company otherwards. Pass necessary journal entries to record above transactions in the books of company without giving effect of interest.

46. Authorised capital of Mewada Ltd. of Himatnagar was divided into 4,00,000 equity shares Of Rs.10 each. Out of this, company issued 3,00,000 equity shares. Amount called up per share was under:

- Rs.4 on application,
 Rs.3 on allotment,
 Rs.3 on final call

Company received applications for 3,650,000 shares. Excess applications were rejected and money paid thereon was refunded to applicants. All the sums due on allotment and final call were received in full except final call on 2,000 equity shares held by Aasha.

Pass journal entries in the books of company to record above transactions. Also prepare equity share capital account, equity share application account, equity share allotment account and equity share final call account.

Section F

*** Answer The Following Essay Type Questions.**

[22]

47. Brahma and Vishnu are partners of a firm sharing profit-loss in the proportion 3:2. From the trial balance dated 31-3-2017 and adjustments, prepare annual accounts of the firm:

Trial Balance of Partnership Firm of Brahma and Vishnu as on 31-3-2017

Particulars	Amt. (Rs.)	Particulars	Amt. (Rs.)
Drawings : Brahma	5,000	Capital Accounts : Brahma	55,000

Vishnu	5,000	Vishnu	45,000
Leasehold building (from 1-4-16 for 10 years)	60,000	Loan of Brahma (from 1-7-2016)	50,000
Machinery (Office)	50,000	Discount received	400
Discount allowed	350	Creditors	25,000
Debtors	40,000	Commission	2,500
Carriage outward	1,200	Bills payable	5,000
Furniture-fixtures	5,000	Trading A/c	97,250
Salary	7,500		
Bad debts	1,200		
Bills receivable	20,000		
Trading expense	5,900		
Cash balance	6,000		
Stock (31-3-17)	73,000		
	<u>2,80,150</u>		<u>2,80,150</u>

Adjustments:

1. Provide depreciation 6% on machinery and 20% on furniture fixtures.
2. Written off Rs. 500 from debtors as bad debts.
3. Annual salary of Rs. 5,000 and Rs. 4,000 payable to Brahma and Vishnu respectively.
4. Commission Rs. 500 is receivable.
5. Outstanding salary Rs. 3,000.

48. Following balances are extracted from books of Star Ltd. Prepare balance sheet as per Schedule-III of Companies Act, 2013 as at 31-3-2017.

BALANCES	(₹)
Accrued commission	20,000
Land-building	10,00,000
Equity share capital	10,00,000
Bank balance	45,000
General reserve	20,000
Closing stock	1,80,000
Creditors	4,00,000
Debtors	2,30,000
10% Debentures	1,30,000
Debenture redemption fund investments	30,000
Custom deposit	1,25,000
Gratuity fund	20,000
Provision for taxation	60,000
