

OSF

Date : 08-03-2024

STD 12 Commerce Elements of Account 12th Account Practice Sheet Day 29 (Full Portion)

Total Marks : 100

Section A

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

1. What is the interest on drawings of partners for a partner?
(A) An expense (B) Liability
(C) An Income (D) Loss
2. At the end of the year where will you transfer drawings accounts, in fixed capital account method?
(A) To capital account (B) To current account
(C) To profit and loss account (D) To profit and loss appropriation account
3. What is meant by average profit value based on expected rate of return?
(A) Goodwill (B) Super profit (C) Average profit (D) Capitalized profit
4. Goodwill depends on which aspect?
(A) On employee of business enterprise (B) On management of business enterprise
(C) On assets of business enterprise (D) On future maintainable profit
5. Where is the accumulated profit as per the balance sheet is shown at the time of the reconstruction of a partnership firm?
(A) Credit side of revaluation account (B) Credit side of profit-loss appropriation account
(C) Credit side of partners' capital accounts (D) Debit side of partners' capital accounts
6. Where are the effects given when the value of liabilities decrease at the time of the reconstruction of a partnership firm?
(A) Subtract from such liabilities and the revaluation account will be credited.
(B) Subtract from such liabilities and the revaluation account will be debited.
(C) Addition in such liabilities and the revaluation account will be credited.
(D) Addition in such liabilities and the revaluation account will be debited.
7. Premium for goodwill brought by the partner is recorded on side.
(A) debit side of old partners' capital accounts in old profit-loss sharing ratio.
(B) credit side of old partners' capital accounts in their old profit-loss Sharing ratio
(C) debit side of old partners' capital accounts in their sacrificing ratio
(D) credit side of old partners' capital accounts in their sacrificing ratio
8. Profit or loss of revaluation account is transferred to account in ratio.
(A) old partners', equal
(B) all partners', new profit-loss sharing ratio

- (C) old partners', sacrificing ratio
(D) old partners', old ratio
9. When only old profit-loss sharing ratio is given, gaining ratio of remaining partners will be
- (A) 1 : 1 (B) old ratio
(C) capital ratio (D) cannot be calculated
10. Which type of account is realisation account?
(A) Personal (B) Real (C) Nominal (D) Suspense
11. At the time of dissolution, which of the following is not included in third party liability?
(A) Creditor (B) Provident Fund (C) Loan of Partner (D) Loan of Partners' wife
12. What is the maximum rate of interest charged by company on calls-in-arrears as per schedule I of Table F?
(A) at 15% p.a. (B) at 10 % p.a. (C) at 2 % pm. (D) at 1 % pm.
13. If premium amount has not been received on forfeited shares then proportionate amount of premium is
- (A) debited to securities premium account (B) credited to securities premium account
(C) credited to capital reserve account (D) debited to share capital account
14. Debenture is for a company.
(A) capital (B) receivable (C) liability (D) asset
15. On the basis of which analysis do the investors take decisions to ensure the security of their investments?
(A) Earning Capacity (B) Solvency (C) Efficiency (D) Liquidity
16. Which statement is prepared to know the financial position of a business unit at a particular time?
(A) Income Statement (B) Balance Sheet (C) Cash Flow Statement (D) Funds Flow Statement
17. Which of the following is not included to compute current ratio?
(A) Debtors (B) Stock (C) Bills receivables (D) Furniture
18. For which of the following items the ratio is computed in days?
(A) For total purchase (B) For credit sales
(C) For credit purchase (D) Both (b) and (c)
19. Cash equivalent has
- (A) higher liquidity (B) higher solvency (C) higher profitability (D) all of the given
20. Cash deposited in bank is
- (A) cash outflow of operating activity (B) cash outflow of financing activity
(C) cash outflow of investing activity (D) not cash flow

Section B

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

[10]

21. Which type of asset is goodwill?
22. What is gain ratio?
23. When and why the profit and loss adjustment account (Revaluation Account) is prepared?
24. Explain the meaning of Realisation Account.
25. Explain the meaning of dissolution of partnership.
26. What is debentures?
27. What is indicated by liquidity ratio?
28. Give one illustration of financial expense.
29. What is financing activities?
30. Which transactions are always investing activities?

Section C

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

[12]

31. A partner withdraws identical amount at the end of each month from the firm. At the end of the year total annual drawings is Rs. 12,000. 12 % p.a. interest is chargeable on drawings. Determine the amount of interest on drawings of the year.
32. Sachin, Rahul and Rohit are the partners of a partnership firm. Profit-loss sharing ratio is 1 : 2 : 2 between them. All partners have decided to change profit-loss sharing ratio to 3 : 2 : 1. Calculate the sacrifice ratio of partners.
33. Distinguish between : First and Second method of disposal of realisation account.
34. Explain in brief, legal provisions of accounting settlement for partnership firm dissolution.
35. Explain the accounting treatment of debentures issued as collateral security.
36. Write a note on 'Redemption of debentures by the purchase of own debentures in the open market'.

Section D

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

[12]

37. Give the meaning of goodwill and explain the factors affecting to its valuation.
38. Explain the nature of the goodwill.
39. Profit and loss statement for the year ending on 31-3-2016 and 31-3-2017 of Mina Company Limited are as follows. Prepare comparative profit and loss statement.

Particulars	Note No.	31-3-2017 (₹)	31-3-2016 (₹)
Sales revenue		45,00,000	52,00,000

Other income		2,00,000	10,00,000
'Net purchase		32, 00,000	38,00,000
Other Expenses (% of sales)		22%	18%
Changes in stock		2,00,000	1,00,000

40. From the following information calculate (i) operating ration and (ii) operating profit ratio:

Particulars	(Rs.)	Particulars	(Rs.)
Sales	39,00,000	Wages	2,00,000
Cost of goods consumed	25,00,000	Administrative expenses	1,75,000
Sales expenses	75,000	Interest on loan	60,000
Loss due to accident	40,000	Dividend received on investments	1,00,000
Factory expenses including depreciation	50,000	Tax rate	30%

41. From the following information of Nirali Company Ltd. determine cash flow from investing activities.

Particulars	(₹)	Particulars	(₹)
Opening balance of machines	4,50,000	Depreciation provided on machines	50,000
Closing balance of machines	4,00,000	Selling price of machine	15,000
Book value of machine sold during the year	25,000		

Section E

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

[24]

42. P and Q are partners sharing profit and loss in the ratio of 3:2. Balance sheet of their firm as on 31-3-2016 was as under:

Balance Sheet			
Liabilities	Amt.(Rs.)	Assets	Amt.(Rs.)
Capital account:		Land-Building	80,000
P	72,000	Debtors	22,000
Q	<u>50,000</u>	- Bad debt reserve	<u>2,000</u>
Provident fund	18,000	Stock	36,000
Creditors	22,000	Cash	4,000
	1,20,000		

	Goodwill	20,000
<u>1,60,000</u>		<u>1,60,000</u>

On above date they admitted R as a new partner on the following terms :

- (1) R will bring Rs. 60,000 as capital in cash.
- (2) Goodwill is valued at Rs. 30,000.
- (3) R can not bring his share of goodwill in cash.
- (4) Value of land and building is Rs. 90,000.
- (5) Bad debt reserve is to be provided at 5% on debtors.
- (6) Value of stock is to be reduced by Rs. 400.
- (7) Creditors of Rs. 500 are not to be paid.
- (8) New profit and loss sharing ratio of all partners is decided at 5:2:3.

From the above information prepare necessary accounts and balance sheet after admission. Give necessary journal entries for goodwill.

43. A and B are partners in a firm sharing profit and loss in the ratio of 4:1. Balance sheet of their firm on 31-3-2017 was as under:

Balance Sheet

Liabilities		Amt.(Rs.)	Assets		Amt.(Rs.)
Capital account:			Land-Building		35,000
A	75,000	1,00,000	Furniture		30,000
B	<u>25,000</u>		Investments		25,000
Current account:			Stock		15,000
A	8,000	10,000	Debtors	5,500	
B	<u>2,000</u>		- Bad debt reserve	<u>500</u>	
Workmen accident comp. fund		5,000	Bills receivable		2,000
Creditors		4,000	Cash-Bank		3,000
Bills payable		1,000	Goodwill		5,000
		<u>1,20,000</u>			<u>1,20,000</u>

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 1/5 th share of profit and Rs. 5,000 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 investment 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. 1,000.
- (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 partners.

44. E, F and G are the partners sharing profit and loss in the ratio of 4:3:3. E retires on 31-3-2017. Balance sheet of the firm on that date was as under:

Balance Sheet

Liabilities	Amt. (Rs.)	Assets	Amt. (Rs.)
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Capital:			Goodwill	1,000
E	8,000		Land-Building	6,000
F	5,000		Free hold assets	3,000
G	<u>2,000</u>	15,000	Furniture	3,000
General reserve		2,000	Stock	6,600
Creditors		8,000	Debtors	7,000
Bills payable		2,000	Cash	400
		<u>27,000</u>		<u>27,000</u>

Following terms of retirement were decided in partnership agreement and among the partners:

- (1) Goodwill of the firm is valued at Rs.7,000.
- (2) Value of land-building Rs.7,000 and furniture Rs.2,000 is decided.
- (3) Stock is over valued by 10%. Rs.5000 to be paid to E immediately and balance to be transferred to his loan account.
- (4) F and G will bring necessary cash in equal proportion in such a manner that E is to be paid his dues fully and Rs.2,000 remain as working capital (cash).

Prepare profit and loss adjustment account, cash account, partners' capital accounts and balance sheet.

45. Sheetal Electronics Limited issued 1,20,000 equity shares to the public at Rs.10 per share. Company called up the amount as under: On application Rs.3 per share, on allotment Rs.3 per share and on final call Rs.4 per share.

Applications were received from public for 1,80,000 shares, in this reference allocation was made by company as under:

Full allotment was made to applicants of 48,000 shares.

Not a single share was allotted to applicants of 36,000 shares.

72,000 shares were allotted to applicants of 96,000 shares.

All amounts were received in time. From the above information, pass necessary journal entries in the books of the company.

46. Sharda Limited issued 6,00,000 equity shares at Rs. 10 each, at a premium of Rs. 4 per share.

Amount called up per share is as under:

On application Rs. 4,

On allotment Rs. 3 + premium,

On share first and final call Rs. 3.

Subscription were received 3.5 times, out of which 4/7th the share applications were rejected full and pro-rata allotment was made to the remaining applicants. Excess application money were credited to share allotment and share calls.

Write the necessary journal entries in the books of Sharda Limited.

Section F

* Answer The Following Essay Type Questions.

[22]

47. Jay and Prafulla are partners of a partnership firm sharing profit and loss in equal proportion. From the trial balance dated 31-3-17 and additional information, prepare

financial accounts of the firm.

Trial Balance of Partnership Firm of Jay and Prafulla as on 31-3-17

Name of Accounts	Debit balance (₹)	Credit balance (₹)
Capital and drawings : Jay	12,000	1,00,000
Prafulla	16,000	1,40,000
Current accounts : Jay	12,000	–
Prafulla	–	4000
Good stock (1-4-16)	60,000	–
Purchase and sales	2,00,000	3,80,000
Goods returned	7000	12,000
Cash and bank	3700	15,750
Bills	18,000	14,000
Rent (upto February 2017)	22,000	–
Building	1,20,000	–
Currents year's depreciation on building	12,000	–
Freight	5300	–
Furniture	84,600	–
Sale of furniture (1.4.16)	–	14,600
Debtors and creditors	48,000	16,800
Salary	20,000	–
Insurance premium (Including ₹ 3600 for the year ending on 30-6-17)	5700	–
Bad debts and bad debt reserve	1000	2000
Loan of Prafulla (from 1-10-16)	–	20,000
Waves	11,000	–
Discount	650	850
Trading expenses	1050	–
Advertisement expenses	8000	–
(Office) Machines (Addition of ₹ 12,000 on 31-12-16)	52,000	–
	7,20,000	7,20,000

Adjustments:

- (1) The value of closing stock is 60,000. Out of which the market value of 10 % goods is 20 % less and the market value of 20 % goods is 10 % less. The remaining goods of T 42,000 is valued at 25 % less then book value.
- (2) Provide 10 % interest on capital, 9 % on balance of current accounts and 12 % on drawings
- (3) Monthly salary of t 700 is payable to Jay. He has withdrawn salary of 4 months which is included in salary
- (4) Prafulla has introduced additional capital of 20,000 on 1-1-17.
- (5) Jay has withdrawn 2 1000 per month on the last date of each month. Prafulla has withdrawn on 1-10-2016.
- (6) Calculate depreciation at 9 % on machines and 5 % on furniture
- (7) Prafulla has withdrawn goods of 2000 on 1-12-2016, which is recorded in the sales book at T 2400
- (8) One debtor of 2400 became insolvent and 40 paise per rupce dividend is receivable.

48. Following is the trial balance of Parth Ltd. as on 31-3-2017: (11 mark)

Balance	Debit (Rs.)	Credit (Rs.)
Sales		11,25,000
Employee benefit expenses	1,95,000	
Inventories	1,65,000	
Finance costs	26,250	
Security premium		60,000
Fixed assets tangible	12,00,000	
Trade payables		90,000
Equity share capital		7,50,000
Trade receivables	60,000	
Other income		30,000
Long-term borrowings		5,25,000
Cash and bank balance	90,000	
Depreciation	33,750	
Cost of goods sold	6,00,000	
Non-current investments	2,10,000	
	<u>25,80,000</u>	<u>25,80,000</u>

From the above information, prepare final accounts of the company for the year ended on 31-3-2017 as per schedule III of Companies Act, 2013. Notes to the accounts are not required.
