



A. G. High School and G. & D. Parikh Higher Secondary School

Navrangpura, Ahmedabad - 380 009.

First Test Examination : 2014

Date : 18-09-2014

Std. : 12

Marks : 100

Day : Thursday

Subject : Ele. of Accounts

Time : 3:00 Hrs.

Section - A

Choose the right answer from the given options for following 1 to 10 objective type questions each.

- To which account in interest on Current A/c. (debit balance) of a partner credited ?
(A) Capital A/c. of Partner (B) Current A/c. of Partner
(C) P/L Appro. A/c (D) Profit & Loss A/c.
- If total weighted profit of last five years is Rs.16500 and number of years of purchase of goodwill is 2 years of weighted Av. profit. Find the value of goodwill.
(A) Rs.20000 (B) Rs.22000
(C) Rs.64000 (D) Rs.33000
- Joint Life Insurance policy A/c. is which type of account.
(A) Personal A/c. (B) Nominal A/c.
(C) Asset A/c. (D) Capital A/c.
- A & B are partners sharing profits in 3:1 ratio. They admitted C with 1/5th share. He does not bring any cash for goodwill. If without opening goodwill A/c. direct effect of goodwill was given to Capital A/c. B's A/c. was credited with Rs.3000 find goodwill.
(A) Rs.50000 (B) Rs.60000
(C) Rs.45000 (D) Rs.12000
- After retirement if partner demands share in profit instead of 6% interest on balance in what ratio would it be paid ?
(A) Old ratio (B) New ratio
(C) Sacrifice ratio (D) Capital employed
- At the time of Dissolution of partnership firm, payment of unrecorded liabilities which A/c. is debited ?
(A) Liabilities A/c. (B) Realisation A/c
(C) Revaluation A/c (D) Not recorded
- If at the time of admission of new partner change occurring in the value of Assets & Liabilities due to revaluation are not to be recorded then which A/c. is prepared.
(A) Realisation A/c. (B) Profit & Loss adjustment
(C) Revaluation A/c. (D) Memorandum P/L Adjustment A/c.
- Capitalisation of Average profit method of goodwill which of following is useful
(A) Capital employed (B) Average profit
(C) Expected rate of return (D) All of above
- At the time of admission of new partner profit sharing fund of employee appearing in Balance sheet is.
(A) distributed among partners in old ratio
(B) distributed among partners in new ratio
(C) shown in new balance sheet as liabilities
(D) distributed among old partners in sacrifice ratio

10. What is balance of current A/c. of partner if it appears on asset side of balance sheet ?
- (A) Debit (B) Credit
(C) as per Capital (D) None of above

Section - B

Answer the following questions 11 to 20 in one sentence each, each for 1 mark.

11. What do you mean by a 'partner' ?
12. Write down journal entry for accumulated loss in the books of firm at the time of revaluation ?
13. What is Base of Goodwill value ?
14. In what type of partnership, a partner can dissolve the firm by giving notice ?
15. When does court interfere and order for dissolution of partnership firm ?
16. When can rest of the partners expect one partner ?
17. What is reconstruction of partnership.
18. What is goodwill of firm having monopoly ?
19. What is the link between ledger and final A/c.
20. Give the names of methods of entry of goodwill at the time of admission of new partner.

Section - C

Following 21 to 27 questions are short answer questions.

Each question is of two marks. Show calculation where necessary.

21. Carriage expenses paid is Rs.1900, 1/3rd carriage expense is outstanding. The proportion of carriage inward and outward is 3:2. Find carriage to be shown in trading account.
22. X, Y and Z are partners showing profit in 5:3:2 ratio, Due to change in ratio their gain ratio is $-\frac{1}{6}$, $-\frac{1}{30}$ and $\frac{4}{30}$ find new ratio.
23. Write accounting treatment for following transactions in case of dissolution of a firm.
 - (i) Goodwill is not shown in the books but Rs.10000 realised from its sales.
 - (ii) Partner X has taken responsibility for dissolution process for remuneration of Rs.10000.
24. Firm's financial year is calendar year. Sunil a partner starts drawing Rs.1200 at the end of every month from 30th of June calculate interest on his drawing at 10%.
25. Explain the Capitalisation of Profit method of goodwill with illustration.
26. Sagar, Sarita and Zarna are partners with fixed capital of Rs.60,000, Rs.80,000 and Rs.1,40,000, after distribution of profit it was found that interest on capital was not calculated for last two years at 8% and 7%. Give rectification entry.
27. State the provisions of Partnership Act.

Section - D

Following questions 28 to 39 are each for 3 marks. (Do as directed)

28. Determine the value of goodwill on the basis of 4 years purchase of appropriate average profit of O and P from the following information.

Year	2001	2002	2003	2004
Profit Rs.	20000	22000	25000	30000

29. A and B are partners sharing profit and loss in the ratio of 3:1 they admitted C with 1/4 th share C bring cash of Rs.4000 as his share of goodwill and firms old books disclose value of goodwill Rs.10000 in it. Write journal entry if goodwill is to be shown at its old value in new book.
30. X, Y and Z are partners sharing P/L in the ratio of 1:2:3, at the time of Z's retirement entry of goodwill shown as below

X's A/c. Dr.	2000		
Y's A/c. Dr.	1000		
		To Z's A/c.	3000

Find new profit sharing ratio.

31. Prepare Motor Car A/c. creditors A/c. at the time of dissolution of Realisation A/c. is prepared by second method.
- (i) Motor Car shown in the books at Rs.100000 and Rs.70000 is realised from its Sales.
- (ii) Creditors are shown at Rs.70000 and they were paid off at 10% discount.
32. M and K were partners sharing profit and loss in 2:3 ratio. On 31-03-08 they dissolved the firm at that time their capitals were Rs.40000 and Rs.60000, Total creditors were of Rs.60000, Balance of profit loss A/c. (Debit balance) Rs.10000 and cash balance Rs.10000. Realisation of Assets were 50% of its book value, realisation expense is Rs.10000. Prepare Realisation A/c.
33. Explain the methods of dissolution of firm.
34. Explain the factors affecting valuation of goodwill.
35. State the difference between fixed capital and fluctuating capital.

Section - E

Answer the following questions 36 to 38 as stated. Each question carries 8 marks.

36. Saurav and Nirav are partners sharing profits equally. Their Balance Sheet as on 31-03-05 was as under.

Balancesheet as on 31.03.2005

Liabilities	Amount Rs.	Assets	Amount Rs.
Capital A/c.		Land & Building	50,000
Saurav	60000	Machines	30,000
Nirav	<u>30000</u>	Stock	4,000
Creditors	5,000	Debtors	6,000
Profit Loss A/c.	2,000	Cash	10,000
General Reserve	3,000		
	1,00,000		1,00,000

On above date they admitted Bhairav on following conditons.

1. Bhairav will bring required capital in cash and Rs.6000 cash for share of goodwill.
2. New profit sharing ratio is decided at 3:2:1.
3. Market value of hand and building is Rs.48,000 and Machines Rs.34,000; which are to be shown in books.
4. Outstanding Salary Rs.1500.
5. Unrecorded outstanding income is Rs.500.

Show required calculation & prepare required A/c.s

37. X, Y and Z are partners sharing profit in the ratio of 5:3:2. Balancesheet of their firm was under.

Balancesheet as on 31.12.2004

Liabilities	Amount Rs.	Assets	Amount Rs.
Capital X	50,000	Fixed Assets	1,50,000
Y	30,000	Current Assets	40,000
Z	20,000	Cash	10,000
General Reserve	20,000		
Creditors	50,000		
Bills Payable	20,000		
Outstanding Exps.	10,000		
	2,00,000		2,00,000

On 1-1-05 Z retires.

1. Fixed asset includes Motor Car of Rs.20000 of which 50% are to written off. Current Asset includes stock of Rs.10,000 of which stock of Rs.1000 is to be written off. Rest of fixed asset includes a building value of which is to be considered more by Rs.19000.
2. Firm has joint life policy of Rs.100000 and its surrender value is Rs.30000. Which is not to be shown in the books of new firm.
3. Firm's goodwill is determined at Rs.50000 effect of which is to be given without opening goodwill A/c.
4. New profit sharing ratio is 1:1.
5. Amount due to Z is paid immediately. For which remaining partners bring cash so that new partners capitals will be in profit sharing ratio.

Prepare required Accounts.

38. D and P are partners shairng profit and less in the ratio of 3:2. Their balance sheet as on 31-12-2003 is as follows.

Balancesheet

Liabilities		Amount Rs.	Assets		Amount Rs.
Capital :			Land & Machinery		30,000
D	10,000		Furniture		5,000
P	<u>10,000</u>	20,000	Investment		10,000
General Reserve		5,000	Stock		5,000
Loan of Mrs. D		10,000	Debtors	21,000	
P's Loan		20,000	- B.D.Res.	<u>1,000</u>	20,000
Creditors		40,000	Bank balance		20,000
			P/L A./c.		5,000
		95,000			95,000

On 31-12-03 firm was dissolved and following information is available.

1. D took away investment at Rs.8000 and accepted to pay loan of Mrs. D.
2. Realisation of assets were as stock Rs.4000, Debtors Rs.17000, Furniture Rs.6000, Land & Building Rs.25000.
3. Dissolution expenses amounted to Rs.1000.
4. Creditors were paid at 10% discount.

Prepare necessary Accounts.

Section - F

Question 39 is of 6 marks.

39. S. K. and J are partners sharing profits in 6:3:1 ratio. On 31-3-2003 their balance sheet was as follows.

Balance Sheet on 31-03-2003

Liabilities		Amount Rs.	Assets		Amount Rs.
Capital S	30,000		Sundry Assets		80,000
K	20,000		Drawings S	10,000	
J	<u>10,000</u>	60,000	K	5,000	
Sundry Liabilities		40,000	J	<u>5,000</u>	20,000
		1,00,000			1,00,000

J retires on 30-09-2003, on 31-03-04 Profit & Loss A/c. shows profit of Rs.10,000 before calculation of 5% interest on Capital & 10% interest on drawings. At the end of the years Prepare profit and loss A/c. and find J's share in profit.

Section - G

Question 40 is of 12 marks.

40. Sonu, Tanu, and Manu are partners. Their Trial balance on 31-03-2005 and adjustments are given below, From those information prepare their Final A/c.

Trial Balance as on 31-03-2005

Debit balance	Amt. Rs.	Credit balance	Amt. Rs.
Capital of Manu	12,000	Capital	
Drawings Tanu	12,000	Sonu	1,20,000
Sonu	12,000	Tanu	1,20,000
Manu	6,000	Sales	3,00,000
Stock (1-4-04)	60,000	Sundry Creditors	13,600
Purchase	1,20,000	Interest	1,440
Sales Return	3,600	Bad debt Reserve	2,400
Carriage Inward	6,000	Discount	2,160
Sundry Debtors	72,000	Purchase return	2,400
Trading Exp.	14,400		
Wages (Productive)	24,000		
Rent of Factory	3,000		
Furniture	5,280		
Bills receivable	2,400		
Tax paid in advance	240		
Depreciation of Furniture	720		
Loose tools	24,000		
Travelling Exps.	7,200		
Salary	24,000		
Machines	72,000		
(including office Mach.)			
Lease hold properties	24,000		
Discount	3,840		
Mortgage Loan	24,000		
Bank balance	27,600		
Cash balance	1,720		
	5,62,000		5,62,000

Adjustments :-

1. Closing stock is of Rs.90,000.
2. Interest 5% on capital allowed or charged.
3. From Divisible profit Manu gets first Rs.2400 & rest of the profit is divisible in 2:2:1 ratio.
4. Manager is to be paid 10% commission on profit after charging his commission.
5. 5% despreciation on Machines and 10% on loose tools.
6. Salary paid in advance Rs.2400.
7. Bad debts Reserve is to be increased by Rs.4800.
8. Rs.1200 from Bills receivable are now not recoverable.