

REVISION TEST SERIES

ACCOUNTANCY UNIT 1 SET A

Class 12 - Accountancy

Time Allowed: 1 hour and 30 minutes

Maximum Marks: 40

Section A

1. How drawing against capital is differ from drawings against profit: [1]
- a) Drawings against capital will not be recorded at all b) Drawings against capital will reduce the capital
- c) Drawings against capital will effect current account d) Drawings against capital will reduce the profit
2. A firm earns ₹ 1,10,000. The normal rate of return is 10%. The assets of the firm were ₹ 11,00,000 and liabilities ₹ 1,00,000. Value of goodwill by the capitalisation of average profit will be [1]
- a) ₹ 5,000 b) ₹ 10,000
- c) ₹ 2,00,000 d) ₹ 1,00,000
3. Annual profit shown by a business is Rs.20,000. The normal rate of return 10%. Total assets of the business firm Rs.2,40,000 and liabilities Rs.80,000. Value of Goodwill will be: [1]
- a) Rs.40,000 b) Rs.30,000
- c) Rs.20,000 d) No Goodwill of Business
4. **Assertion (A):** Increase in value of assets and decrease in the amount of liabilities are credited to revaluation account. [1]
- Reason (R):** Revaluation is a nominal account.
- a) Both A and R are true and R is the correct explanation of A. b) Both A and R are true but R is not the correct explanation of A.
- c) A is true but R is false. d) A is false but R is true.
5. Goodwill of the firm is 30,000. The gain of A is $\frac{1}{6}$ and Sacrifice of B is $\frac{1}{6}$. How will goodwill adjust? [1]
- a) Debit Goodwill with Rs.10,000 and Credit A and B with Rs.5,000 each b) Debit A and Credit B with Rs. 5,000
- c) Debit B and Credit A with Rs. 5,000 d) Debit A and B with Rs. 15,000 each and Credit Goodwill with Rs. 30,000
6. A and B are partners in a firm sharing profits in the ratio of 2 : 1. They admit C as a new partner for $\frac{1}{5}$ share. New Ratio will be 8:4:3. Sacrificing ratio will be: [1]
- a) 1 : 2 b) 2 : 1
- c) 3 : 5 d) 1 : 7
7. X and Y are partners sharing profits in the ratio of 3 : 2. Z is admitted for $\frac{1}{4}$ th share in profits which he acquires equally from X and Y. The new ratio will be: [1]

a) 3 : 3 : 2

b) 19 : 11 : 10

c) 9 : 6 : 5

d) None of these

Questions 8- 9. Read the following information and answer the questions

X and Y are partners in 3:2. Their capital balances as on 1st April 2020 amounting to ₹2,00,000 each. On 1st February, 2021, X contributed an additional capital of ₹1,00,000. Following are the terms of deed:

a) Interest on capital @ 6% per annum

b) Interest on drawings @ 8% per annum

c) Salary to X ₹1500 per month

d) Commission to Y @10% on net profit after charging interest on capital, salary and his commission.

Drawings of the partners were ₹20,000 and ₹30,000 respectively during the year. Net profit earned by the firm was ₹2,08,000

8. What is the amount of Interest on capitals of X and Y:

a) ₹12,000 each

b) ₹12,000 to X and ₹ ₹13,000 to Y

c) ₹13,000 to X and ₹12,000 to Y

d) None of the above.

9. What is the amount of interest on drawings of X and Y:

a) ₹ 1200 and ₹ 1800 respectively

b) ₹ 800 and ₹ 1200 respectively

c) ₹ 1200 and ₹ 800 respectively

d) ₹ 1600 ₹ 2400 respectively

10. DK and SK are partners sharing profits in the ratio of 4:1. They admit PK as a new partner for $\frac{1}{4}$ share in future profits, which he wholly acquired from DK. Find out the new ratio. [1]

a) 11:5:2

b) 11:3:5

c) 11:4:5

d) 11:4:7

Section B

11. Luv and Kush are partners sharing profits equally. They admit Shubh into partnership for equal share. Goodwill was agreed to be valued at two years' purchase of average profit of last four years. Profits for the last four years were: [3]

| Year Ended | Normal Profit/(Loss) (₹) |
|------------------|--------------------------|
| 31st March, 2016 | 70,000; |
| 31st March, 2017 | 1,00,000; |
| 31st March, 2018 | 55,000 (Loss); |
| 31st March, 2019 | 1,45,000. |

The books of account of the firm revealed as follows:

i. Firm had abnormal gain of ₹ 10,000 during the year ended 31st March, 2016.

ii. Firm incurred abnormal loss of ₹ 20,000 during the year ended 31st March, 2017.

iii. Repairs to car amounting to ₹ 50,000 was wrongly debited to vehicles on 1st May, 2017. Depreciation was charged on vehicles @ 10% on Straight Line Method.

Calculate the value of Goodwill.

12. A, B and C are partners sharing profits and losses in the ratio of 2 : 2 : 1. As a result of the change in profit-sharing ratio to 1 : 1 : 1, following Revaluation Account and Capital Accounts were drawn, in which some values are missing: [3]

REVALUATION ACCOUNT

| Dr. | | | Cr. | |
|-------------------------------------|---|--------|-------------------------|--------|
| Particulars | | ₹ | | ₹ |
| To Stock A/c | | 10,000 | By Machinery A/c | ? |
| To Provision for Doubtful Debts A/c | | 10,000 | By Sundry Creditors A/c | 10,000 |
| To Outstanding Expenses A/c | | ? | | |
| To Gain (Profit) transferred to: | | | | |
| A's Capital A/c | ? | | | |
| B's Capital A/c | ? | | | |
| C's Capital A/c | ? | ? | | |
| | | 50,000 | | 50,000 |

PARTNERS' CAPITAL ACCOUNTS

| Dr. | | | | Cr. | | | |
|--------------------|----------|----------|----------|--------------------|----------|----------|----------|
| Particulars | A (₹) | B (₹) | C (₹) | Particulars | A (₹) | B (₹) | C (₹) |
| To Advt. Susp. A/c | ? | ? | ? | By Balance b/d | ? | ? | ? |
| To Balance c/d | 1,50,000 | 1,40,000 | 1,30,000 | By Revaluation A/c | 8,000 | 8,000 | 4,000 |
| | 1,54,000 | 1,44,000 | 1,32,000 | | 1,54,000 | 1,44,000 | 1,32,000 |

You are required to complete the accounts.

13. Praveen, Sahil and Riya are partners having fixed capitals of ₹2,00,000, ₹1,60,000 and ₹1,20,000 respectively. [4]
They share profits in the ratio of 3: 1: 1. The partnership deed provided for the following which was not recorded in the books.
- i. Interest on capital @ 5% per annum.
 - ii. Salary to Praveen ₹1,500 per month and to Riya ₹1,000 per month.
 - iii. Transfer of profit to general reserve ₹10,000. Net profit for the year ended 31st March, 2015 was ₹1,00,000.
- Pass necessary rectifying entry for the above adjustments in the books of the firm. Also show your workings clearly.
14. A, B and C are in partnership sharing profits and losses in ratio of 4:3:3. They decide to change the profit sharing ratio to 7:7:6. Goodwill of the firm is valued at Rs.20,000. Calculate the sacrifice/gain by the partner and make the necessary journal entry. [4]

OR

Mita, Gopal, and Farhan were partners sharing profits and losses in the ratio 3 : 2 : 1. On 31st March 2018, they decided to change the profit sharing ratio to 5 : 3 : 2. On this date, the Balance Sheet showed deferred advertisement expenditure Rs.30,000 and contingency reserve Rs.9,000.

Goodwill was valued at Rs.4,80,000. Pass the necessary journal entries for the above transactions in the books of the firm on its reconstitution.

15. Balance Sheet of Madhu and Vidhi who are sharing profits in the ratio of 2 : 3 as at 31st March, 2016 is given below: [4]

| Liabilities | ₹ | Assets | | ₹ |
|-----------------|------------------|-------------------|----------|------------------|
| Madhu's Capital | 5,20,000 | Land and Building | | 3,00,000 |
| Vidhi's Capital | 3,00,000 | Machinery | | 2,80,000 |
| General Reserve | 30,000 | Stock | | 80,000 |
| Bills Payable | 1,50,000 | Debtors | 3,00,000 | |
| | | Less: Provision | 10,000 | 2,90,000 |
| | | Bank | | 50,000 |
| | 10,00,000 | | | 10,00,000 |

Madhu and Vidhi decided to admit Gayatri as a new partner from 1 st April, 2016 and their new profit-sharing ratio will be 2 : 3 : 5. Gayatri brought ₹4,00,000 as her capital and her share of goodwill premium in cash.

- Goodwill of the firm was valued at ₹3,00,000.
- Land and Building was found undervalued by ₹26,000.
- Provision for doubtful debts was to be made equal to 5% of the debtors.
- There was a claim of ₹ 6,000 on account of workmen compensation.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm.

16. Given below is the Balance Sheet of Mr. Raymond as at 31st March, 2018 : [6]

| Liabilities | ₹ | Assets | ₹ |
|----------------|----------|------------------------|----------|
| Capital | 4,00,000 | Plant and Machinery | 1,05,000 |
| Bank Overdraft | 60,000 | Building | 1,95,000 |
| Bills Payable | 15,000 | Furniture and Fixtures | 50,000 |
| Creditors | 50,000 | Investments | 25,000 |
| | | Stock | 45,000 |
| | | Sundry Debtors | 40,000 |
| | | Cash at Bank | 65,000 |
| | 5,25,000 | | 5,25,000 |

Raymond with a view to extend his business, negotiated with Simon, who entered into the partnership on 1st April, 2018 to share profits and losses in the ratio of 2 : 1.

The arrangement made between them was as follows :

- Furniture and fixtures are to be taken at 90% of their value.
- Buildings and Plant and Machinery are to be taken at an appreciated value of 10%.
- ₹4,000 of Sundry Debtors are bad and there was doubtful amount of ₹1,500.
- A creditor for ₹3,000 is not traceable for a number of years and the amount is to be written off.

e. Stock is to be taken at ₹42,000.

f. Investments and bank overdraft not to be taken over by the new partnership. An amount of ₹40,000 to be brought in by Simon as premium for goodwill.

Simon to bring in further cash to make his capital equal to that of Raymonds after making therein the adjustments mentioned above.

Make the necessary Journal entries to record the above transactions and prepare the opening Balance Sheet of the partnership.

OR

Following is the Balance Sheet of X and Y as at 31st March, 2019, Z is admitted as a partner on that date when the position of X and Y was:

| Liabilities | | ₹ | Assets | ₹ |
|------------------------------|--------|---------------|--------------|---------------|
| X's Capital | 10,000 | | Cash in Hand | 9,000 |
| Y's Capital | 8,000 | 18,000 | Debtors | 11,000 |
| Creditors | | 12,000 | Stock | 12,000 |
| General Reserve | | 16,000 | Building | 8,000 |
| Workmen Compensation Reserve | | 4,000 | Machinery | 10,000 |
| | | 50,000 | | 50,000 |

X and Y share profits in the proportion of 3 : 2. The following terms of admission are agreed upon:

- Revaluation of assets: Building ₹18,000; Stock ₹16,000.
- The liability on Workmen Compensation Reserve is determined at ₹2,000.
- Z brought in as his share of goodwill X 10,000 in cash.
- Z was to bring in further cash as would make his capital equal to 20% of the combined capital of X and Y after above revaluation and adjustments are carried out.
- The future profit-sharing proportions were: X-2/5th, Y-2/5th and Z-1/5th.

Prepare new Balance Sheet of the firm and Capital Accounts of the Partners.

17. Balance Sheet of X and Y, who share profits and losses as 5 : 3, as at April 1, 2019, is:

[6]

| Liabilities | ₹ | Assets | ₹ |
|------------------------------|----------|----------------------------|----------|
| X's Capital | 52,000 | Goodwill | 8,000 |
| Y's Capital | 54,000 | Machinery | 38,000 |
| General reserve | 4,800 | Furniture | 15,000 |
| Sundry creditors | 5,000 | Sundry debtors | 33,000 |
| Employees' provident fund | 1,000 | Stock | 7,000 |
| Workmen compensation Reserve | 10,000 | Bank | 25,000 |
| | | Advertisement Suspense A/c | 800 |
| Total | 1,26,800 | Total | 1,26,800 |

On the above date, they decided to change their profit sharing ratio to 3 : 5 and agreed upon the following.

- i. Goodwill be valued on the basis of 2 years' purchase of the average profit of the last three years. Profits for the years ended 31st March, are : 2016-17- ₹7,500, 2017-18 - ₹4,000 and 2018-19- ₹6,500.
- ii. Machinery and stock be revalued at ₹45,000 and ₹8,000 respectively.
- iii. Claim on account of workmen's compensation is ₹6,000.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm.