QB365 Student Learing Managemnet System
Exam Name: Pre- Quarterly - Practice
Std: 12th Standard - Accountancy
Chapter: Accounts From Incomplete Records, Accounts of Not-For-Profit Organisation, Accounts of Partnership Firms-Fundamentals, Goodwill In Partnership Accounts, Retirement and Death of a Partner, Admission of a Partner

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Questions:

IV) Answer all the questions

1. Ahmed does not keep proper books of accounts. Find the profit or loss made by him for the year ending 31st March, 2018.

Particulars	1.4.2017 Rs	31.3.2018 Rs
Bank balance	14,000 (Cr.)	18,000 (Dr.)
Cash in hand	800	1,500
Stock	12,000	16,000
Debtors	34,000	30,000
Plant	80,000	80,000
80,000	40,000	40,000
Creditors	60,000	72,000

Ahmed had withdrawn Rs. 40,000 for his personal use. He had introduced Rs.16,000 as capital for expansion of his business. A provision of 5% on debtors is to be made. Plant is to be depreciated at 10%.

2. Arjun carries on grocery business and does not keep his books on double entry basis. The following particulars have been extracted from his books:

Particulars	1-4-2018 Rs.	31-3-2019 Rs.
Plant and machinery	20,000	20,000
Stock	9,000	16,000
Sundry debtors	2,000	5,300
Sundry creditors	5,000	4,000
Cash at bank	4,000	6,000

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Other information for the year ending 31-3-2019 showed the following

	Rs.
Advertising	4,700
Carriage inwards	8,000
Cash paid to creditors	64,000
Drawings	2,000

Total sales during the year were Rs. 85,000. Purchases returns during the year were Rs. 2,000 and sales returns were Rs.1,000. Depreciate plant and machinery by 5%. Provide Rs. 300 for doubtful debts. Prepare trading and profit and loss account for the year ending 31st March, 2019 and a balance sheet as on the date.

3. From the following Receipts and Payments Account of Friends Football club, for the year ending 31st March, 2017, prepare Income and Expenditure Account for the year ending 31st March, 2017 and the Balance sheet as on that date.
In the books of Friends Football Club
Dr. Receipts and Payments Account for the year ended 31st March, 2017 Cr.

Receipts	Rs.	Rs.	Payments	Rs.	Rs.
To Balance b/d			By Furniture		7,000
Cash	1,000		By Sports materials purchased		800
Bank	10,000	11,000	By Special dinner expenses		1,500
To Subscriptions		5,000	By Electricity charges		900
To Legacies		6,000	By Balance c/d		
To Collection for special			Cash in hand	1,800	
dinner		2,000	Cash at bank	12,000	13,800
		24,000			24,000

Additional information:
(i) The club had furniture of Rs. 12,000 on 1st April 2016. Ignore depreciation on furniture.
(ii) Subscription outstanding for 2016 - 2017 Rs. 600.
(iii) Stock of sports materials on 31.03.2017 Rs. 100.
(iv) Capital fund as on 1st April 2016 was Rs. 23,000.

4. From the following Receipts and Payments account of Coimbatore Cricket Club for the year ending 31st March 2016, prepare income and expenditure account for the year ending 31st March, 2016 and a balance sheet as on that date.

In the books of Coimbatore Cricket Club Receipts and Payments Account for the year ending 31st March, 2016

Receipts	Rs.	Payments	Rs.
To Balance b/d:		By Maintenance	5,000
Cash at bank	8,000	By Furniture	15,000
To Subscriptions	11,000	By Tournament expenses	1,400
To Sale of old bats and balls	100	By Secretary's honorarium	4,500
To Subscription for tournament	2,000	By Bats and balls	7,400
To Legacies	20,000	By Balance c/d:	
		Cash at bank	7,800
	41,100		41,100

Additional information:
On 1st April, 2015 the club had stock of balls and bats Rs. 3,000 and an advance subscription of Rs. 500. Surplus on account of tournament should be kept in reserve for permanent pavilion.Subscription due on 31.03.2016 was Rs. 2,000. Stock of bats and balls on 31.3.2016 was Rs. 1,000.

5. State the differences between Receipts and Payments Account and Income and Expenditure Account

6. From the following information, prepare capital accounts of partners Shanthi and Sumathi, when their capitals are fixed.

Particulars	Shanthi Rs.	Sumathi Rs.
Capital on 1st January 2	1,00,000	80,000
Current account on 1st January 2018 (Cr.)	5,000	3,000
Additional capital introduced on 1st June 2018	10,000	20,000
Drawings during 2018	20,000	13,000
Interest on drawings	500	300
Share of profit for 20	10,000	8,000
Interest on capital	6,300	5,400
Salary	9,000	Nil
Commission	Nil	1,200

7. Durai and Velan entered into a partnership agreement on 1st April 2018, Durai contributing Rs. 25,000 and Velan Rs. 30,000 as capital. The agreement provided that:
(a) Profits and losses to be shared in the ratio 2:3 as between Durai and Velan.
(b) Partners to be entitled to interest on capital @ 5% p.a.
(c) Interest on drawings to be charged Durai: Rs. 300 Velan: Rs. 450
(d) Durai to receive a salary of Rs. 5,000 for the year, and
(e) Velan to receive a commission of Rs. 2,000
During the year, the firm made a profit of Rs. 20,000 before adjustment of interest, salary and commission. Prepare the Profit and loss appropriation account.

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8. State the differences between fixed capital method and fluctuating capital method.

9. Calculate the value of goodwill at 5 years purchase of super profit from the following information:
(a) Capital employed: Rs. 1,20,000
(b) Normal rate of profit: 20%
(c) Net profit for 5 years:
2014: Rs. 30,000; 2015: Rs. 32,000; 2016: Rs. 35,000; 2017: Rs. 37,000 and 2018: Rs. 40,000
(d) Fair remuneration to the partners Rs. 2,800 per annum.

10. From the following details, calculate the value of goodwill at 2 years purchase of super profit:
(a) Total assets of a firm are Rs. 5,00,000
(b) The liabilities of the firm are Rs. 2,00,000
(c) Normal rate of return in this class of business is 12.5 %.
(d) Average profit of the firm is Rs. 60,000

11. Sundar, Vivek and Pandian are partners, sharing profits in the ratio of 3:2:1. Their balance sheet as on 31st December, 2018 is as under:

Balance Sheet as on 31st December, 2018

Liabilities	Rs.	Rs.	Asset	Rs.
Capital accounts:			Land	80,000
Sundar	50,000		Stock	20,000
Vivek	40,000		Debtors	30,000
Pandian	10,000	1,00,000	Cash at bank	14,000
General reserve		36,000	Profit and loss A/c (loss)	6,000
Sundry creditors		14,000		
		1,50,000		1,50,000

On 1.1.2019, Pandian died and on his death the following arrangements are made:
(i) Stock to be depreciated by 10%
(ii) Land is to be appreciated by Rs. 11,000
(iii) Reduce the value of debtors by Rs. 3,000
(iv) The final amount due to Pandian was not paid
Prepare revaluation account, partners' capital account and the balance sheet of the firm after death.

12. Vijayan, Sudhan and Suman are partners who share profits and losses in their capital ratio. Their balance sheet as on 31.12.2018 is as follows Balance Sheet as on 31.12.2018

Liabilities	Rs.	Rs.	Asset	Rs.
Capital accounts:			Building	80,000
Vijayan	70,000		Stock	45,000
Sudhan	50,000		Debtors	25,000
Suman	30,000	1,50,000	Cash at bank	20,000
General reserve		18,000	Cash in hand	15,000
creditors		17,000		
		1,85,000		1,85,000

Suman died on 31.3.2019. On the death of Suman, the following adjustments are made:
(i) Building is to be valued at Rs. 1,00,000
(ii) Stock to be depreciated by Rs. 5,000
(iii) Goodwill of the firm is valued at Rs. 36,000
(iv) Share of profit from the closing of the last financial year to the date of death on the basis of the average of the three completed years' profit before death. Profit for 2016, 2017 and 2018 were Rs. 40,000, Rs. 50,000 and Rs. 30,000 respectively.
Prepare the necessary ledger accounts and the balance sheet immediately after the death of Suman.

13. Ameer and Raja are partners sharing profits in the ratio of 3:2. Their balance sheet is shown as under on 31.12.2018.

Liabilities	Rs.	Rs.	Assets	Rs.
Capital accounts:			Machinery	60,000
Ameer	80,000		Furniture	40,000
Raja	70,000	1,50,000	Debtors	30,000
Reserve fund		15,000	Stock	10,000
Creditors		35,000	Prepaid insurance	40,000
			Cash at bank	20,000
		2,00,000		2,00,000

Rohit is admitted as a new partner who introduces a capital of Rs. 30,000 for his 1/5 share in future profits. He brings Rs. 10,000 for his share of goodwill.
Following revaluations are made:
(i) Stock is to be appreciated to Rs. 14,000
(ii) Furniture is to be depreciated by 5%
(iii) Machinery is to be revalued at Rs. 80,000
Prepare the necessary ledger accounts and the balance sheet after the admission.

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14. The following is the balance sheet of James and Justina as on 1.1.2017. They share the profits and losses equally.

Liabilities	Rs.	Rs.	Assets	Rs.
Capital accounts:			Buildings	70,000
James	40,000		Stock	30,000
Justina	50,000	90,000	Debtors	20,000
Creditors		30,000	Bank	15,000
Reserve fund		15,000	Prepaid insurance	5,000
		1,40,000		1,40,000

On the above date, Balan is admitted as a partner with 1/5 share in future profits. Following are the terms for his admission:
(i) Balan brings Rs. 25,000 as capital.
(ii) His share of goodwill is Rs. 10, 000 and he brings cash for it.
(iii) The assets are to be valued as under:
Building Rs.80, 000; Debtors Rs. 18,000; Stock Rs. 33,000
Prepare necessary ledger accounts and the balance sheet after admission.

III) Answer any 7 questions and Q.no 40 is compulsory

15. From the following details, calculate the missing figure

	Rs.
Closing capital as on 31.3.2019	1,90,000
Additional capital introduced during the year	50,000
Drawings during the year	30,000
Opening capital on 1.4.2018	?
Loss for the year ending 31.3.2019	40,000

16. What are the limitations of incomplete records?

17. From the following particulars of Trichy Educational Society, prepare Receipts and Payments account for the year ended 31st December, 2018

Particulars	Rs.	Particulars	Rs.
Opening cash balance as on 1.1.2018	20,000	Locker rent received	12,000
Investments made	80,000	Sale of furniture	5,000
Honorarium paid	3,000	General expenses	7,000
Donation received	80,000	Postage	1,000
Audit fees paid	2,000	Subscription received	10,000

18. How the following items will appear in the final accounts of a club for the year ending 31st March 2019?

Dr. Receipts and Payments Account for the year ended 31st March, 2019 Cr.

Receipts	Rs.	Rs.	Payments	Rs.
To Subscription				
2017-2018	10,000			
2018-2019	50,000			
2019-2020	5,000	65,000		

There are 200 members in the club each paying an annual subscription of Rs. 400 per annum. Subscription still outstanding for the year 2017- 2018 is Rs. 2,000.

19. From the following balance sheets of Brindha and Praveena who share profits and losses in the ratio of 3:4, calculate interest on capital at 6% p.a. for the year ending 31st December 2017.

Balance sheet as on 31st December 2017

Liabilities	Rs.	Assets	Rs.
Capital accoun		Sundry assets	80,000
Brindha	30,000		
Praveena	40,000		
Profit and loss appropriation A/c	10,000		
	80,000		80,000

On 1st July 2017, Brindha introduced an additional capital of Rs. 6,000 and on 1st October 2017, Praveena introduced Rs. 10,000. Drawings of Brindha and Praveena during the year were Rs. 5,000 and Rs. 7,000 respectively. Profit earned during the year was Rs. 31,000.

20. Arul is a partner in a partnership firm. As per the partnership deed, interest on drawings is charged at 12% p.a. During the year ended 31st December 2018 he drew as follows:

Date	Rs.
March 1	3,000
June 1	3,000
September 1	3,000
December 1	3,000

Calculate the amount of interest on drawings.

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21. The following particulars are available in respect of a business carried on by a partnership firm:
(a) Profits earned: 2016: Rs. 30,000; 2017: Rs. 29,000 and 2018: Rs. 32,000.
(b) Profit of 2016 includes a non-recurring income of Rs. 3,000.
(c) Profit of 2017 is reduced by Rs. 2,000 due to stock destroyed by fire.
(d) The stock is not insured. But, it is decided to insure the stock in future. The insurance premium is estimated at Rs. 5,600 per annum.
You are required to calculate the value of goodwill on the basis of 2 years purchase of average profits of the last three years.

22. Rani, Jaya and Rathi are partners sharing profits and losses in the ratio of 2 : 2 : 1. On 31.3.2018, Rathi retired from the partnership. Profit of the preceding years is as follows: 2014: 10,000; 2015: Rs. 20,000; 2016: Rs.18,000 and 2017: Rs. 32,000 Find out the share of profit of Rathi for the year 2018 till the date of retirement if
(a) Profit is to be distributed on the basis of the previous year's profit
(b) Profit is to be distributed on the basis of the average profit of the past 4 years
Also pass necessary journal entries by assuming partners capitals are fluctuating.

23. What are the journal entries to be passed on revaluation of assets and liabilities?

24. Varun and Barath are partners sharing profits and losses 5:4. They admit Dhamu into partnership. The new profit sharing ratio is agreed at 1:1:1. Dhamu's share of goodwill is valued at Rs. 15,000 of which he pays Rs .10,000 in cash. Pass necessary journal entries for adjustment of goodwill on the assumption that the fluctuating capital method is followed.

II) Answer any 7 questions and Q.no 30 is compulsory

25. What is a statement of affairs?

26. From the following particulars, prepare bills receivable amount and compute the bills received from the debtors.

Particulars	Rs.
Bills receivable at the beginning of the year	1,40,000
Bills receivable at the end of the year	2,00,000
Cash received for bills receivable	3,90,000
Bills receivable dishonoured	30,000

27. How will the following items appear in the final accounts of a sports club?

Particulars	Rs.
Stock of sports materials (01.04.2018)	3,000
Sports materials purchased during current year	9,000
Sale of old sport materials during current year	500
Stock of sports materials (31.03.2019)	4,000

28. What is meant by fixed capital method?

29. From the following information, find out the value of goodwill by capitalisation method:
(a) Average profit = Rs. 60,000
(b) Normal rate of return = 10%
(c) Capital employed = Rs. 4,50,000

30. Mani is a partner, who withdrew Rs. 30,000 on 1st September, 2018. Interest on drawings is charged at 6% per annum. Calculate interest on drawings on 31st December, 2018 and show the journal entries by assuming that fluctuating capital method is followed.

31. What is super profit?

32. What is the journal entry to be passed to transfer the amount due to the deceased partner to the executor of the deceased partner?

33. Hari and Saleem are partners sharing profits and losses in the ratio of 5:3. They admit Joel for 1/8 share, which he acquires entirely from Hari. Find out the new profit sharing ratio and sacrificing ratio.

34. What is meant by revaluation of assets and liabilities?

I) Multiple Choice Question

35. Opening statement of affairs is usually prepared to find out the
    (a) Capital in the beginning of the year (b) Capital at the end of the year (c) Profit made during the year (d) Loss occurred during the year

36. Which of the following items relating to bills payable is transferred to total creditors account?
    (a) Opening balance of bills payable (b) Closing balance of bills payable (c) Bills payable accepted during the year (d) Cash paid for bills payable

37. Which one of the following statements is not true in relation to incomplete records?
    (a) It is an unscientific method of recording transactions (b) Records are maintained only for cash and personal accounts (c) It is suitable for all types of organisations
    (d) Tax authorities do not accept

38. Balance of receipts and payments account indicates the
    (a) Loss incurred during the period (b) Excess of income over expenditure of the period (c) Total cash payments during the period (d) Cash and bank balance as on the date

39. Income and Expenditure Account is prepared to find out
    (a) Profit or loss (b) Cash and bank balance (c) Surplus or deficit (d) Financial position

40. Subscription due but not received for the current year is
    (a) An asset (b) A liability (c) An expense (d) An item to be ignored

41. Legacy is a
    (a) Revenue expenditure (b) Capital expenditure (c) Revenue receipt (d) Capital receipt

42. As per the Indian Partnership Act, 1932, the rate of interest allowed on loans advanced by partners is
    (a) 8% per annum (b) 12% per annum (c) 5% per annum (d) 6% per annum

43. When fixed capital method is adopted by a partnership firm, which of the following items will appear in capital account?
    (a) Additional capital introduced (b) Interest on capital (c) Interest on drawings (d) Share of profit

44. Which of the following is the incorrect pair?
    (a) Interest on drawings – Debited to capital accouunt (b) Interest on capital - Credited to capital account (c) Interest on loan - Debited to capital account
    (d) Share of profit - Credited to capital account

45. The average rate of return of similar concerns is considered as
    (a) Average profit (b) Normal rate of return (c) Expected rate of return (d) None of these

46. Identify the incorrect pair
    (a) Goodwill under Average profit method - Average profit × Number of years of purchase (b) Goodwill under Super profit method - Super profit × Number of years of purchase
    (c) Goodwill under Annuity method - Average profit × Present value annuity factor
    (d) Goodwill under Weighted average profit method - Weighted average profit × Number of years of purchase

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47. Book profit of 2017 is Rs. 35,000; non-recurring income included in the profit is Rs. 1,000 and abnormal loss charged in the year 2017 was Rs. 2,000, then the adjusted profit is _____
    (a) Rs. 36,000 (b) Rs. 35,000 (c) Rs. 38,000 (d) Rs. 34,000

48. On retirement of a partner, general reserve is transferred to the
    (a) Capital account of all the partners (b) Revaluation account (c) Capital account of the continuing partners (d) Memorandum revaluation account

49. At the time of retirement of a partner, determination of gaining ratio is required
    (a) To transfer revaluation profit or loss (b) To distribute accumulated profits and losses (c) To adjust goodwill (d) None of these

50. ' A' was a partner in a partnership firm. He died on 31st March 2019. The final amount due to him is Rs. 25,000 which is not paid immediately. It will be transferred to
    (a) A's capital account (b) A's current account (c) A's Executor account (d) A's Executor loan account

51. A, B and C are partners sharing profits in the ratio of 4:2:3. C retires. The new profit sharing ratio between A and B will be
    (a) 4:3 (b) 3:4 (c) 2:1 (d) 1:2

52. X, Y and Z were partners sharing profits and losses equally. X died on 1st April 2019. Find out the share of X in the profit of 2019 based on the profit of 2018 which showed Rs. 36,000.
    (a) Rs. 1,000 (b) Rs. 3,000 (c) Rs. 12,000 (d) Rs. 36,000

53. The profit or loss on revaluation of assets and liabilities is transferred to the capital account of
    (a) The old partners (b) The new partner (c) All the partners (d) The Sacrificing partners

54. At the time of admission, the goodwill brought by the new partner may be credited to the capital accounts of
    (a) all the partners (b) the old partners (c) the new partner (d) the sacrificing partne