

IMPORTANT QUESTIONS –2019-20
CLASS - XII- ACCOUNTANCY

Fundamental of partnership

- “Partnership is the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all.”
- The true test of partnership is mutual agency.

(1 MARK)

1. How will you calculate interest on the drawings of equal amounts on the last day of every month of the calendar year?
2. What is the meant by partnership deed?
3. Name the two accounts made in fixed capital method.
4. What is meant by guarantee of profit to a partner?

(3 MARKS)

5. On 31st March, 2014, after the close of books of accounts, the capital accounts of A, B and C stood at Rs.24,000, Rs. 20,000 and Rs. 12,000 respectively. The profit for the year was Rs. 36,000 which was distributed equally. Subsequently, it was discovered that interest on capital @ 5% p.a. had been omitted. The profit sharing ratio was 2 : 2 : 1. Pass an adjustment journal entry.
6. Ram and Rahim were partners in the ratio of 1 : 1. Their capitals at the end of the financial year 2003-2004 were Rs. 4,00,000 and Rs. 2,00,000. During the year Ram's drawings were Rs. 50,000 and the drawings of Rahim were Rs. 20,000 which was duly debited to partner's capital accounts. Profit before charging interest on capital for the year was Rs. 60,000 which was also duly credited in their profit sharing ratio. Rahim bought additional capital of Rs. 40,000 on October 1, 2003. Calculate interest on capital @ 10% p.a. for the year 2003-2004, if firm closes its books on 31st March every year.

(4 MARKS)

7. Three chartered Accountants X, Y and Z form a partnership firm sharing profits and losses equally, subject to the following conditions:
 - (a) Z's share of profit is guaranteed to be not less than Rs. 60,000 p.a.
 - (b) Y gives a guarantee to the effect that the gross fees earned by him shall not be less than Rs. 50,000. Profit for the first year (year ended 31st March, 2014) of the partnership firm is Rs. 1,50,000. The gross fee earned by Y is Rs. 32,000. Prepare Profit and Loss Appropriation Account.
8. A and B shares profits and losses in the ratio of 1 : 1. Their capitals stood at Rs. 50,000 and Rs.30,000 respectively on 1st April 2013. They admitted C as a partner for 4/10 share. C introduced capital of Rs. 25,000 and was given a guarantee that his share of profit will not be less than Rs. 18,000 in any year. Partners were allowed interest @ 10% p.a. on their capitals. Net profits for the year ending 31st March 2014 were Rs. 35,000. Prepare Profit and Loss Appropriation Account.
9. a) R and S are partners sharing profits and losses in the ratio of 2 : 3 with capitals of ` 2,80,000 and ` 1,40,000 respectively. On 1st October 2013, R and S advanced loans of ` 56,000 and ` 28,000 respectively to the firm. Show the distribution of profit/ loss for the year ended 31st March, 2014 if the profit before interest for the year amounted to ` 2,100.
b) Is interest on partner's loan recorded in partner's loan account partner's current account or in both accounts?
10. Sarthak, Kshitiz and Sumedha were partners in a firm. On 1st April 2014, their fixed capitals were ` 75,000, ` 37,500 and ` 37,500 respectively.

As per the provisions of partnership deed:

- a) All the partner were entitled to receive 5% interest per annum on their capitals.
- b) Profits were to be divided in their capital ratio.
- c) Kshitiz was entitled for a salary of ` 7,500 per annum.

The net profits for the year ended 31st March, 2013 and 31st March, 2014 were ` 49,500 and ` 67,500 respectively. Net profits were divided equally without providing for the above terms. Pass an adjustment entry to rectify the above error. Show your workings clearly.

11. Renu and Savita are partners in a firm sharing profits and losses in the ratio of 3 : 2. Following was the Balance Sheet of the firm as at 31st March, 2014.

Liabilities		Assets	
Capital A/cs:		Sundry Assets	1,20,000
1,20,000			
Renu	90,000		
Savita	30,000		
	1,20,000		1,20,000

Profit ` 45,000 for the year ended 31st March, 2014 was divided between the partners without allowing interest on capitals @ 12% p.a. and salary to Renu @ 1,500 per month. During the year, Renu and Savita withdrew ` 15,000 and ` 30,000 respectively. Pass necessary adjustment entries and show your working clearly.

12. Anju, Manju and Vinita are partners of a firm. Their capitals as on 1st April, 2014 were Rs. 90,000; Rs. 70,000 and Rs. 50,000 respectively. Manju gave a loan of Rs. 30,000 to the firm on 1st July, 2014. Partnership deed states that partners are entitled to:

- Interest on Capital @ 10% p.a.
- Each partner has a right to withdraw up to Rs. 6,000 p.a. for personal use. Drawings in excess of the above limit will be charged interest @ 12% p.a.
- Firm will pay interest on loan @ 12% p.a.
- Vinita will get a commission of 5% of the net profit. During the year 2014-2015; firm earned a profit of Rs. 54,000. Partner's drawings were Rs. 12,000; Rs.8,000 and Rs.5,000 respectively. Prepare Profit and Loss Appropriation Account.

Valuation of goodwill

- Goodwill is the value of reputation of firm in respect of profits expected in future over and above the normal profits earned by other firms belonging to same industry.
- Goodwill is an intangible assets and is shown on the assets side under the heading fixed assets in the balance sheet.
- Goodwill = Average profit x Number of year purchase
OR
Super profit x Number of year purchase
OR
Capitalised value – Net Worth
OR
$$\frac{\text{Super profit} \times 100}{\text{Rate of Return}}$$

Note:
- Super profit = Average profit – Normal Profit
- Normal profit =
$$\frac{\text{Capital Employed} \times \text{Rate of Return}}{100}$$
- Capital employed or Net Worth = Total Assets – Outside Liabilities
- Capitalised Value =
$$\frac{\text{Average profit} \times 100}{\text{Rate of Return}}$$

(1 MARK)

- Name any two factors affecting goodwill of a partnership firm.
- What do you mean by number of year's purchase?
- What do you understand by super profit?
- What is the value of goodwill if the capital employed exceeds the capitalized value of business?

(3 MARKS)

- A business has earned average profits of ` 4,00,000 during the last few years. The normal rate of return in similar business is 10%. The total assets of firm are Rs. 4,00 000 and outside liabilities Rs. 8,00,000. What will be the value of goodwill by :
a) Super Profit Method if goodwill is valued at four years' purchase of super profit.

b) Capitalisation of Super Profit.

6. The average profit of a business was Rs. 3,00,000 during the past few years. Normal rate of return is 10% in similar kind of business. Calculate the value of goodwill by capitalization of average profits method if net assets (capital employed) of the business is Rs. 25,00,000.
7. Goodwill is to be valued at two years purchase of the average profit of the past four years. The profits for the past four years were:

Year	Profit (Rs.)	Adjustment to be made
1	57,000	Two items ignored to be accounted for: Outstanding expenses Rs. 3,000 Accrued Interest Rs. 2,000
2	74,000	
3	92,000	After charging an abnormal gain of Rs. 3,000
4	1,16,000	Personal insurance premium Rs. 18,000 paid for partner wrongly debited to account.

Not for profit organization

Q1. State one major feature of Not for Profit making Organizations.

(1)

Q2. What is the amount or property received by a non-profit origination as stated by the will of a deceased person, is commonly referred to as?

(1)

(3-4 Marks)

Q3. How will you deal with the following information in the final accounts: Prize fund(1-4-2007) Rs.1,60,000, 8% Prize Fund Investment 1,60,000 ; interest received on Prize fund investments Rs.10,000; Donation received for prize Rs.15,000 ; Prize awarded 26,000; prizes Expenses 2,500.

Q4. How will you deal with the following case while preparing the final accounts of a sports club for the year ended 31st March, 2009? (4)

Receipts	Rs.	Payments	Rs.
To Donation received	4000	By Sports Prizes Awarded	25,000
To Donation for sports Fund	50,000	By Expenses on Sports Events	26,000
To Interest Received on Sports Fund Investment	12,000		

Additional Information:

As on 1st April, 2008

Sports Fund

Rs. 1,20,000

10% Sports Fund Investment (Face Value Rs. 1,50,000)

Rs. 1,20,000

Trial Balance

Q5.

Name of accounts	Rs. (Dr.)	Name of accounts	Rs.(Cr.)
Debtors	1,00,000	Provision for bad debts	1,000
Bad debts	5,000	Commission	7,000
Sales tax	10,000		
Salary	50,000		

i) Further bad debts are of Rs.10, 000. Create provision for doubtful debts @ 5% p.a.

ii) Accrued commission Rs.4,000.

Show the above items in final accounts.

Q6. From the following information of a Not-For-Profit Organisation, show the 'Sports material' items in the 'income and expenditure account' for the year ending 31st March 2015 and balance sheets as at 31st March, 2014 and 31st March, 2015.

	31 st March	31 st March
	2014(Rs.)	2015(Rs.)
Stock of Sports Material	4,400	11,600
Creditors for Sports Material	15,600	18,400
Advance to suppliers for sports material	30,000	50,000

Payment to suppliers for the sports material during the year was Rs.2,40,000, there were no cash purchases made.

Q7. How the given items are deal with while preparing final accounts of a club for the year ending 31st December, 2015?

Subscription Received:

2014 2000

2015 30,000

2016 1500

Subscription of Rs.3000 was outstanding on 31st December 2014. Subscription outstanding on 31st December 2015 is 5,500. Advance subscription received on 31st December 2014 was Rs.1, 000.

Q8. Subscriptions received during the year ended 31st December 2014 by Royal Club were as under:

2013	Rs.3,000
2014	Rs.93,000
2015	Rs.2,000

The club has 500 members each paying @ Rs.200 as annual subscription. Subscriptions outstanding as on 31st December 2013 are Rs.6,000. Advance subscription on 31st December 2013 is Rs.4000. Calculate the amount of subscriptions to be shown in the income and expenditure account for the year ended 31st December and shown the relevant data in the balance sheet as on that date.

(6-8 Marks)

Q9. Following is the receipt and payment Account of Chennai Sports Club for the year ended 31-12-2006

Receipts	Rs.	Payments	Rs.
Balance B/d	5,000	Salary	12,000
Subscriptions	26,000	Furniture	10,000
Tournament Fund	15,000	Office Expenses	8,000
Sale of old newspaper	2,000	Tournament Expenses	21,000
Legacy	35,000	Sports Equipments	20,000
Entrance fees	4,000	Balance c/d	16,000

Other information:

On 31-12-2006 subscription outstanding was Rs.4000 and on 31-12-2005 subscription outstanding was Rs.3000 salary outstanding on 31-12-2006 was Rs.2000

On 1-1-2006 the club had building Rs.80,000, furniture Rs.20,000, 10% investment Rs.45,000 and sports Equipment Rs.25,000. Depreciation charged on these items including purchases was 10%.

Prepare income and Expenditure Account of the club for the year ended 31-12-2006.

Q.10 Following is receipt and payment account for the year ending 31st march 2015. Prepare income and expenditure and balance sheet.

Receipt and Payment Account

Receipt	Rs.	Payment	Rs.
To cash	2,82,600	By rent and taxes	1,72,200
To entrance fees	1,10,400	By salaries	2,18,000
To subscription	4,40,000	By electricity charges	12,400
To donations	2,12,200	By general expenses	25,000
To interest	8,200	By books	62,400
To income form cultural program	16,400	By office expenses	90,000
		By investments	2,80,000
		By cash at bank	1,23,800
		By cash in hand	86,000
	10,69,800		10,69,800

- In the beginning of the year the club had books worth Rs.6, 00,000 and furniture worth Rs. 1,16,000.
- Subscriptions in arrears on 1st April 2014 were Rs.12, 000 and Rs.14, 000 on 31st march 2015.
- Rs.36, 000 was due by way of rent in the beginning as well as at the end of the year.
- Write off Rs.10, 000 form furniture and Rs.60, 000 form books.

Q11. Following is the receipts and payment account of Kolkata Cricket Club for the year ended 31st December 2015.

Receipts and Payment Account

For the year ending 31st December 2015

Receipts	Rs.	Payment	Rs.
To Balance b/d	3,600	By building	80,000
To Donation for building	1,00,000	By match expenses	18,000
To life membership fee	8,000	By furniture	24,200
To match fund	16,000	By investment (purchased on 1 st April, 2015@ 10%p.a.)	32,000
To subscription	10,400	By salaries	14,000
To locker rent	800	By insurance	700
To interest on investments	2,000	By sundry expenses	940
To sale of furniture (book value Rs.16,000)	20,000	By balance c/d	960
To entrance fee	10,000		
	1,70,800		1,70,800

Additional Information:

- During the year 2015 the club had 1100 members and each paying an annual subscription of Rs.10
- 50% of the entrance fees is to be capitalized.
- Donation for building includes 10% general donations.
- Salaries outstanding as on 1st January 2015 was Rs.2,000 and as on 31st December 2015 was Rs.1000.

Prepare income and expenditure and balance sheet for the year ending 31st December 2015.

Q12. Receipts and payment account of Shankar sports club is given below for the year ended December 31, 2013

Receipts and payments account

(For the year ending December 31, 2013)

Receipits	Rs.	Payment	Rs.
Opening cash in hand	2600	Rent	18,000
Entrance fees	3200	Wages	7,000
Donantion	23000	Billiard table	14,000
Locker rent	1200	Furniture	10,000
Life membership fee	7000	Interest	2,000
Profit form entertainment	3000	Postage	1,000
Subscription	40000	Salary	24,000
		Cash in hand	4,000
	80,000		80,000

Prepare Income and Expenditure Account and Blance sheet with help of following information:

Subscription outstanding on 31st december 2012 is Rs.1200 and Rs.2300 on 31-12-2013, opening stock of postage is Rs.300 and closing stock is Rs.200. Rent Rs.1500 related to 2012 and Rs.1500 is still unpaid.

On January 1,2013 the club owned furniture Rs.15000. furniture valued at Rs.22500

On 31-12-2013 the club took a loan of Rs.20,000(@ 10%p.a.) in 2012.

Donation was received for building.

Q13. Form the following Receipts and Payment Account of Jan Kalyan Club, prepare and Expenditure Account and balance sheet for the year ending December 31, 2013

Receipt and payment accounts

For the year ending 31-12-2013

Receipts	Rs.	Payments	Rs.
To cash in hand	6,800	By salaries	24,000
To subscription	60,200	By travelling expenes	6,000
To donation	3,000	By stationery	2,300
To sale of furniture	4,000	By rent	16,000
(book value Rs.6000)		By repair	700
To Life membership fee	7,000	By building	30,000
To entrance free	800	By books purchased	6,000
To interest on Investment	5,000	By cash In hand	1,800
(@ 5% for full year)			
	86.000		86.000

Additional information

particulars	As on 1-01-2013	As on 31-12-2013
(i) Subscription received in advance	1,000	3,200
(ii) Outstanding subscription	2,000	3,700
(iii) Stock of stationery	1,200	800
(iv) Book	13,500	16,500
(v) Furniture	16,000	8,000
(vi) outstanding	1,000	2,000