



PRE MID EXAMINATION (APRIL-2023)

GRADE- XII ACCOUNTANCY (055)

TIME: 90 Minutes

MAX. MARKS: 40

GENERAL INSTRUCTIONS:

- All questions are compulsory.
- Show the workings clearly.
- There is no internal choice

SECTION A

1. Which of the following is not dealt through Profit and Loss Appropriation A/c?

- (a) Interest on partner's loan
- (b) Partner's salary
- (c) Interest on Partner's capital
- (d) Partner's commission

Assertion (A): Commission provided to partner is shown in profit and loss account.

Reason(R): Commission provided to partners is charged against profits and is to be provided at a fixed rate.

- a) Both A and R are true and R is the correct explanation of A.
- b) Both A and R are false.
- c) A is true but R is false.
- d) A is false but R is true.

1 MARK

2. The profits of the firm for the last five years are 2002 Rs. 20,000; 2003 Rs. 16,000; 2004 Rs. 24,000; 2005 Rs. 8000; 2006 Rs. 12,000. Calculate the goodwill of the firm. . **1 MARK**
3. Azad and Benny are equal partners. Their capitals are Rs 40,000 and Rs 80,000, respectively. After the accounts for the year have been prepared it is discovered that interest at 5% p.a. as provided in the partnership agreement, has not been credited to the capital accounts before distribution of profits. It is decided to make an adjustment entry at the beginning of the next year. Record the necessary journal entry. **1 MARK**
4. What is meant by Self-generated Goodwill? **1 MARK**
5. Does partnership have a separate legal entity? Give reason in support of your answer. **1 MARK**
6. Explain the importance of partnership agreement **1 MARK**
7. How does the location of the business affect the value of goodwill of a firm? **1 MARK**
8. Assertion(A): Avinash, a partner in the firm gave a loan of Rs 5 lakh to the firm without an agreement as the rate of interest on loan by Avinash is to be allowed at the rate 6% per annum.
Reason (R): According to the Indian partnership act 1932 interest on loan should be charged @ 6% p.a.
Choose the correct :
- a) Both A and R are true and R is the correct explanation of A.
b) Both A and R are false .
c) A is true but R is false.
d) A is false but R is true. **1 MARK**

9. Distinguish Between Average Profit Method and Super Profit Method. 1 MARK

SECTION B

10. Divya purchased Jyoti's business with effect from 1st April, 2019. Profits shown by Jyoti's business for the last three financial years were:

2016-17	₹ 1,00,000 (including an abnormal gain of ₹ 12,500)
2017-18	₹ 1,25,000 (after charging an abnormal loss of ₹ 25,000)
2018-19	₹ 1,12,500 (excluding ₹ 12,500 as insurance premium on the firm's property- now to be insured)

Calculate the value of the firm's goodwill on the basis of three year's purchase of the average profit of the last three years. 3 MARKS

11. Calculate the goodwill from the following information: goodwill is valued at three years purchase of average profit of the last six years. Profit and losses of the business in the last six years are as follows:

1 st year,	Rs, 40,000(Profit)
2 nd Year,	Rs, 60,000(Profit)
3 rd Year,	Rs, 10,000(Loss)
4 th Year,	Rs, 50,000(Profit)
5 th Year,	Rs, 30,000 (Loss)
6 th Year,	Rs, 80,000(Profit)

3 MARKS

12. L, M, and N were partners in firm sharing profit in the ratio of 3 : 4 : 5. Their fixed capitals were L Rs 4,00,000 , M Rs 5,00,000 and N Rs 6,00,000 respectively. The partnership deed provided for the following:

1. Interest on capital @ 6% p.a.
2. Salary of Rs 30,000 p.a. to N.
3. Interest on partner's drawings will be charged @ 12% p.a.

3 MARKS

13. During the year ended 31.3.2009, the firm earned a profit of Rs 2,70,000. L withdrew Rs 10,000 on 1.4.2008. M withdrew Rs 12,000 on 30.09.2008. and N withdrew Rs 15,000 on 31.12.2008. Prepare profit and loss appropriation account for the year ended 31.3.2009. **3 MARKS**

14. Sandeep and Mandeep are partners; their capitals on 31st March 2022 were Rs. 75,000 and 45,000.

Addition informations:

	Sandeep	Mandeep
Drawings	20,000	10,000
Interest on drawings	1,000	5,00
Salary	12,000	5,500

Profit for the year was Rs. 40000

Calculate interest on capital @6% p.a for the year ending 31st March 2022

3 MARKS

15. Raju and Jai commenced business in partnership on April 1, 2019. No partnership agreement was made whether oral or written. They contributed Rs.4,00,000 and Rs. 1,00,000 respectively as capitals. In

addition, Raju advanced Rs. 2,00,000 as loan to the firm on October 1, 2019. Raju had met with an accident on July 1, 2017 and could not attend the business until September 30, 2017. The profit for the year ended March 31, 2020 amounted to Rs, 50,600.

Disputes have arisen between them on sharing the profits of the firm.

Raju Claims:

- (i) He should be given interest at 10% p.a. on capital and so also on loan.
- (ii) Profit should be distributed in the proportion of capitals.

Jai Claims:

- (i) Net profit should be shared equally.
- (ii) He should be allowed remuneration of Rs, 1,000 p.a. during the period of Raju's illness.
- (iii) Interest on capital and loan should be given @ 6% p.a.

State the correct position on each issue as per the provisions of the Partnership Act. 1932 **4 MARKS**

16. Anju, Manju and Mamta are partners whose fixed capitals were Rs. 10,000, Rs. 8,000 and Rs. 6,000, respectively. As per the partnership agreement, there is a provision for allowing interest on capitals @ 5% p.a. but entries for the same have not been made for the last three years. The profit sharing ratio during there years remained as follows:

Year	Anju	Manju	Mamta
2016	4	3	5
2017	3	2	1
2018	1	1	1

Make necessary and adjustment entry at the beginning of the fourth year i.e. April 2022 **4 MARKS**

17. A business has earned average profit of rupees 100000 during the last few years and the normal rate of return is similar business is 10% find out the value of goodwill by:

- (a) Capitalisation of super profit method and
- (b) Super profit method if the Goodwill is valued at 3 years of purchases of super profit.

The assets of the business were rupees 10,00,000 and its external liabilities rupees 180000

4 MARKS

18. A and B are sharing profit and loss in the ratio of 3 : 1 on 1st April 2017 their capitals were :A Rs. 50000 and B Rs. 30000 During the year ended 31st March 2018 they earned a net profit of Rs. 50000. The terms of partnership are as follows:

- (a) Interest on capital is to be charged at the rate 6% per Annum.
- (b) A will get a commission at 2% on turnover.
- (c) B will get a salary of rupees 500 per month.
- (d) B will get a commission of 5% on profit after deduction of all expenses including such commission.

Partner's drawings for the year were :A Rs. 8000 and B Rs. 6000. The turnover for the year was Rs. 3,00,000.

After considering the above facts you are required to prepare the profit and loss appropriation accounts and partner's capital accounts if the capital accounts are fluctuating.

4 MARKS