

INTERNATIONAL COMMERCE OLYMPIAD -2016

CLASS XII

ACCOUNTANCY ASSIGNMENT

FUNDAMENTALS

Q.1. A and B are partners. A gave a loan of ` 8,000 to the firm on 1.4.12. The Partnership Deed is silent upon interest on loan. How much interest on loan will be provided to him?

Accounting year is calendar year

- (a) ` 480 (b) ` 360
(c) ` 200 (d) none of the above

Q.2. On 31.3.12, after the close of books of accounts, the capital a/c of Ram, Shyam & Mohan showed a balance of `24,000, ` 18,000 and ` 12,000 respectively. The profits for the year ended 31.3.12 amounted to Rs. 36,000 and the partner's drawings had been Ram-Rs. 3,600, Shyam-` 4,500 and Mohan-` 2,700. The Profit Sharing Ratio was 3:2:1. How much will be the opening capital?

- (a) Ram-`15,600, Shyam-`10,500, Mohan-` 8,700
(b) Ram-`15,650, Shyam-` 10,550, Mohan-` 2,750
(c) Ram-`15,600, Shyam-`10,500, Mohan-` 2,800
(d) None of the above

Q.3. If Partnership Deed is silent, how much salary will be provided to partners?

- (a) Proportionate to capital contribution
(b) Proportionate to time spent
(c) Nil
(d) none of the above

Q.4. A, B and C are partners in a firm. They decided to share profits upto ` 10,000 in the ratio of 50%, 30% and 20% respectively. Above this amount, profits are shared equally. If the profits of the firm for the year was `25,600. Distribute the profits.

- (a) A-`10,000, B-`8,500, C-`7,500
(b) A-`10,200, B-`8,100, C-`7,300
(c) A-`10,200, B-`8,200, C-`7,200
(d) A-`10,200, B-`8,200, C-`.7,500

(c) A sacrifices 3/30, B sacrifices 2/30 and C gains 5/30

(d) None of the above

Q.3. A and B share profits in the ratio of 5:4. They admit C for a $\frac{1}{10}$ th share of profits which he acquires in equal proportions from both. Calculate new ratio.

(a) 91:70:18

(b) 90:71:18

(c) 91:17:20

(d) 91:71:18

Q.4. K, L and M are partners sharing profits and losses in the ratio of 3:2:1. They admit N for $\frac{1}{6}$ th share. M would retain his original share. Find out the new profit sharing ratio.

(a) 12:8:5:5

(b) 10:8:5:4

(c) 15:8:4:5

(d) 12:8:4:5

Q.5. A and B share profits in the ratio of 7:3. C was admitted as a partner. A surrendered $\frac{1}{7}$ th of his share and B $\frac{1}{3}$ rd of his share in favour of C. The new profit sharing ratio of A, B and C will be:

(a) 3:2:1

(b) 3:1:1

(c) 2:1:1

(d) 3:2:2

Answers: 1. (a), 2. (a), 3. (d), 4. (a), 5. (b)

GOODWILL: NATURE AND VALUATION

Q.1. Goodwill is which type of asset?

(a) Fictitious asset

(b) Current asset

(c) Fixed Intangible asset

(d) Wasting asset

Q.2. Which one is method of valuation for goodwill?

(a) Average Profit Method

(b) Super Profit Method

(c) Capitalisation of Profits Method

(d) All of the above

Q.3. A business has earned average profits of `1,00,000 during the last few years and the normal rate of return in similar business is 10%. What will be the value of goodwill by Super Profit method if the goodwill is valued at 3 yrs' purchase of super profits. The assets of the business were `10,00,000 and its external liabilities were `1,80,000

(a) ` 50,000

(b) ` 60,000

(c) ` 54,000

(d) ` 58,000

Q.4. The average profits of a firm are `2,00,000. The total tangible assets in the firm are `14,00,000 and outside liabilities are `4,00,000. In the same type of business, the normal rate of return is 10% of the capital employed. Calculate value of goodwill by Capitalisation of Super Profits method:

(a) `15,00,000

(b) `5,00,000

(c) ` 7,00,000

(d) `10,00,000

Q.5. Which goodwill is generated in a business internally?

(a) Purchased Goodwill

(b) Hidden

Goodwill

(c) Self generated Goodwill

(d) None of the above

Answers: 1. (c), 2. (d), 3. (c), 4. (d), 5. (c)

ADMISSION OF A PARTNER

Q.1. A new partner should contribute towards goodwill on his admission because

(a) Goodwill is an important asset.

(b) The new partner should compensate the old partners for their sacrifice.

(c) That goodwill to be shared by all partners in new profit sharing ratio.

(d) None of the above

Q.2. The value of furniture given in the old Balance Sheet was `66,000 which was overvalued by 10%. The effect of the above transaction in the Revaluation A/c will be:

(a) `6,000 will be debited to Revaluation A/c

(b) `6,600 will be debited to Revaluation A/c

(c) ` 6,000 will be credited to Revaluation A/c

(d) ` 6,600 will be credited to Revaluation A/c

Q.3. A and B share profits in the ratio of 4:1. C is admitted for $\frac{1}{6}$ th share for which pays ` 20,000 for goodwill. New profit sharing ratio is 3:2:1. Journal entry for treatment of goodwill will be:

(a) Premium A/c Dr. 20,000

To A's Capital A/c 16,000

To B's Capital A/c 4,000

- (b) Premium A/c Dr. 20,000
 A's Capital A/c 16,000
 To B's Capital A/c 36,000
- (c) Premium A/c Dr. 20,000
 B's Capital A/c 16,000
 To A's Capital A/c 36,000
- (d) Premium A/c Dr. 20,000
 To A's Capital A/c 14,000
 To B's Capital A/c 6,000

Q.4. The opening balances of X and Y are ₹30,000 each closing balance of capital are ₹50,000 each. They admit Z as a partner for 1/4th share in the profits of the firm. Z brings ₹80,000 as his share of capital. The P&L A/c showed a credit balance of ₹40,000 on Z's admission. What will be the amount of goodwill brought by Z?

- (a) ₹1,50,000 (b) ₹1,00,000
 (c) ₹50,000 (d) ₹2,00,000

Q.5. What will be the journal entry to distribute General Reserve and P&L A/c (Dr.) balance given in Balance sheet to the old partners at the time of admission of a new partner?

- (a) P&L A/c Dr.
 Gaining Partner's Capital A/c Dr.
 To Sacrificing Partner's Capital A/c
 To General Reserve A/c
- (b) P&L A/c Dr.
 General Reserve A/c Dr.
 To Old Partner's Capital A/c
- (c) General Reserve A/c Dr.
 Old Partner's Capital A/c Dr.
 To Old Partner's Capital A/c
 To P&L A/c
- (d) Old Partner's Capital A/c Dr.
 To P&L A/c
 To General Reserve A/c

Answers: 1. (b), 2. (a), 3. (c), 4. (b), 5. (c)

RETIREMENT OF A PARTNER

1. A, B, C are partners sharing profits in the ratio of 5:3:2. B retires and his share is taken over by A and C in the ratio of 2:1. The new PSR will be
a) 13:17 b) 2:1 c) 7:3 d) 2:4

2. A, B, C are partners sharing profits in the ratio of 4:3:2. A retires and his share was taken by B and C in the ratio of 5:3. If A gets ₹ 12000 as goodwill then B and C will be debited with
a) ₹ 6500 and ₹ 5500 b) ₹ 7500 and ₹ 4500 c) ₹ 2000 and ₹ 10000 d) ₹ 4000 and ₹ 8000

3. A, B, C are partners sharing profits in the ratio of 4:3:2. B retires and remaining partners share profits in the ratio 5:3. Calculate gaining ratio.
a) 2: 3 b) 13:11 c) 2: 4 d) 5:3

4. On the retirement of a partner, the amount of profit on revaluation of assets and liabilities is credited to the capital accounts of :
a) Only the retired partner
b) All partners in old PSR
c) Remaining partners in new PSR
d) Remaining partners in old PSR

5. When is gaining ratio calculated
a) Admission b) death c) retirement d) death and retirement

Ans 1-c ,2-b,3-d ,4- b ,5-d

DEATH OF A PARTNER

1. A, B, C are three partners. B died on 31st August. Calculate B's share of profits when the annual profit was Rs 54000. Books are closed on 31st March every year.

- a) 2300 b) 7500 c)3455
d) 5700

2. A, B, C are three partners and C died .calculate new PSR .

- a) 3:4 b)1:1 c) 4:2 d)
3:1

3. A, B and C are sharing profits in the ratio of 2:2:1. B died on 31.3.12. Accounts are closed on 31st December. Sales for the year 2011 amounted to ` 3,00,000. Sales of `1,00,000 amounted between the period from 1st Jan 2012 to 31st March, 2012. The profits for the year 2011 amounted to ` 30,000. Calculate deceased partner's share in the profits of the firm.

- a) `5,000 b) `4,0000 c) `1,000 d)
`6,000

4. The legal representatives of a deceased partner is entitled , at his discretion, to interest on amount due from the date of death to the date of payment.

- a)3% b) 5% c) 7% d)
6%

5. X,Y,Z are partners sharing profits in the ratio of 2:2:1.Y dies and his share is taken over by Z only. Calculate new PSR.

- a) 4:5 b)2:3 c)5:6 d)
1:2

Ans 1- b-,2--b-,3--b,4--d-,5-b

DISSOLUTION OF PARTNERSHIP FIRM

1. Which Section of the Indian Partnership Act,1932 allows partners to dissolve the firm by notice given by a partner

- a) Sec 45 b) Sec 49 c) Sec 43 d) Sec 48

2. Which Section the Indian Partnership Act,1932 deals with settlement of accounts in dissolution of firm.

- A) sec 41 b)sec 56 c) sec 40 d)sec 49

3. How much amount will be paid to creditors for ` 25000 if ` 5000 creditors are not to be paid and remaining at the discount of 5%.

- a) ` 3000 b) `9100 c) ` 19000 d) `3400

4. How much amount will be paid to partner A , if his opening capital is ` 200000 ,his share in realisation profit is ` 10000 and he has taken over assets worth ` 25000.

- aa)`1000000 b) `185000 c) `158000
d) `56000

5. On dissolution of a firm , its Balance Sheets revealed capital of `500000, General Reserve of `200000; creditors of `100000, cash balance `20000. Assets realised 60%. What is the loss on realisation?

- a) `35666 b) `345000 c) `312000
d) `456000

Ans 1- c,2-a ,3-c ,4- b ,5-c

COMPANY ACCOUNTS – ISSUE OF SHARES

1. When Articles of Association of a company is silent then interest on calls in advance is provided at a) 12% p.a. b) 5% p.a. c) 6% p.a.

d) 10% p.a.

2. Securities Premium Reserve Account can be used for :

- a) Paying tax liability
b) paying dividend on shares

- c) allowing discount on the re-issue of forfeited shares
 - d) Meeting the cost of issue of shares or debentures
3. Loose tools should be shown as
- a) On the assets side of the balance sheet ,main head current assets , sub head inventories
 - b) Other expenses in Statement of Profit & Loss
 - c) Finance costs in Statement of Profit & Loss
 - d) On the assets side of the balance sheet
4. Discount allowed on the re issue of forfeited shares cannot exceed :
- a) 10% of the paid up capital
 - b) 10% of the reissued capital
 - c) the amount received on forfeited shares
 - d) Amount not received on the forfeited shares
5. If a share of `10 issued at a premium of ` 2 , on which ` 9 (including premium) have been called and ` 5 (including premium) paid is forfeited , the share capital account should be debited by
- a) ` 12
 - b) `10
 - c) ` 9
 - d) ` 7

Ans 1---a,2—d,3-----a,4---c,5-----d

COMPANY ACCOUNTS – ISSUE OF DEBENTURES

Q.1. If vendors are issued debentures of `1,60,000 in consideration of net assets of `2,00,000, the balance of `40,000 will be credited to

- (a) Reserve Capital
- (b) Goodwill A/c
- (c) Capital Reserve A/c
- (d) Securities Premium Reserve A/c

Q.2. X Ltd. issued ` 2,00,000 debentures at par but repayable at a premium of 5%, the premium payable will be debited to

- (a) Premium on redemption of debentures A/c
- (b) Loss on issue of debentures A/c
- (c) Capital Reserve A/c
- (d) Securities Premium Reserve A/c

Q.3. Debentures issued as collateral security will be debited to

- (a) Bank A/c
- (b) Debenture Suspense A/c
- (c) Debentures A/c
- (d) Collateral Security A/c

Q.4. Sunrise Ltd. issued 2,000 9% Debentures of `100 each at a discount of 5% redeemable at the end of 5 years at a premium of 6%. Loss on issue of debentures A/c will be debited by

- (a) ` 20,000
- (b) ` 28,000
- (c) ` 22,000
- (d) ` 25,000

Q.5. X Ltd. took over assets of `3,50,000 and liabilities of `30,000 of Y Ltd. for a purchase consideration of `3,30,000. What will it lead to?

- (a) A goodwill of 20,000
- (b) A capital reserve of `20,000
- (c) A goodwill of `10,000
- (d) No goodwill, no Capital Reserve

Answers: 1. (d), 2. (b), 3. (b), 4. (c), 5. (c)

COMPANY ACCOUNTS – REDEMPTION OF DEBENTURES

Q.1. Out of the following in which situation companies do not require creation of Debenture Redemption Reserve

- (a) When debentures are issued with a maturity period of 18 months or less.
- (b) When infrastructure companies issue debentures.
- (c) When financial companies issue debentures.
- (d) conversion of debentures into shares

Q.2. A Ltd. had `10,00,000 9% debentures due for redemption on 1.10.12 at a premium of 5%. The company had a Debenture Redemption Reserve of `1,64,000. How much Debenture Redemption Reserve needs to be created?

- (a) ` 86,000
- (b) ` 96,000
- (c) ` 54,000
- (d) ` 76,000

Q.3. Debentures can be redeemed out of

- (a) Capital
- (b) Surplus Funds
- (c) Profits
- (d) All of the above

Q.4. Where is Debenture Redemption Reserve transferred once all debentures are redeemed?

- (a) Capital Reserve (b) General Reserve
(c) Securities Premium Reserve (d) P&L A/c

Q.5. P Ltd. redeemed its 360 9% Debentures of `100 each which were issued at a premium of 5% by Converting them into equity shares of `10 each issued at a discount of 10%. How many shares will be issued for conversion?

- (a) 4,200 (b) 4,500
(c) 4,800 (d) 5,000

Q 6 . On 1st April 2013 , Ali Ltd issued 9% debentures of 100 each at par and redeemable at 5% premium after 3 years . calculate number of shares to be issued if debentures were redeemed by converting them into share of 10 each at a premium of 25%.

- (a) 10,00,000 (b) 5,00,000
(c) 8,40,000 (d) 10,50,000

Answers: 1. (c), 2. (a), 3. (d), 4. (b), 5. (a)

FINANCIAL STATEMENTS OF A COMPANY

Q.1. Under which main heading and sub-heading of assets side of Balance Sheet of a company will Mastheads & Publishing Titles be?

- (a) Current Assets, Inventories (b) Fixed Assets, Tangible Assets
(c) Fixed Assets, Intangible Assets (d) Current Assets, Other Current Assets

Q.2. How would you show Statement of Profit & Loss (Debit) Balance in Balance Sheet?

- (a) Subtract from Reserves under the head Reserves & Surplus (b) Subtract from Non Current Assets
(c) Footnote to Balance Sheet (d) Under the head Other Current Assets

Q.3. Out of the following which order of Equity and Liabilities is correct?

- (a) Shareholders' Fund, Non Current Liabilities, Current Liabilities, Share Application money pending Allotment

(b) Shareholders' Fund, Current Liabilities, Non Current Liabilities, Share Application money pending Allotment

(c) Shareholders' Fund, Share Application money pending Allotment, Non Current Liabilities, Current Liabilities

(d) Shareholders' Fund, Current Liabilities, Share Application money pending Allotment, Non Current Liabilities

Q.4. Employees Benefit Cost under Statement of Profit and Loss include

(1) Wages

(2) Bonus

(3) Interest expenses

(4) Depreciation

(a) 1&3

(b) 1&4

(c) 2&3

(d) 1&2

Q.5. Under which heading will you show other loan and advances from related parties?

(a) Long term borrowings

(b) Other long term liabilities

(c) Short term Borrowings

(d) Other Current Liabilities

Answers: 1. (c), 2. (a), 3. (c), 4. (d), 5. (a)

FINANCIAL STATEMENT ANALYSIS

Q.1. Vertical Analysis is

(a) The comparison of P&L A/c with the Balance Sheet.

(b) The comparison of one company's results with another company.

(c) The calculation of relative components of a particular accounting year.

(d) The comparison of the current year's figures with the previous year's figures.

Q.2. Which analysis is known as Trend Analysis?

(a) Inter firm analysis

(b) Intra firm analysis

(c) Cross Section analysis

(d) None of the above

Q.3. Which of the following is not a limitation of Financial statement Analysis?

(a) Historical analysis

(b) Variation in accounting practices

(c) Qualitative aspect ignored

(d) Understandable

Q.4. Which one of the following is the process of Financial statement Analysis?

- (a) Rearrangement of Financial statement, Comparison, Analysis, Interpretation
- (b) Rearrangement of Financial statement, Interpretation , Analysis, Comparison
- (c) Rearrangement of Financial statements, Analysis, Comparison, Interpretation
- (d) Comparison, Rearrangement of Financial statements, Analysis, Interpretation

Q.5. External Analysis is a _____ of Financial statement Analysis.

- (a) technique
- (b) uses
- (c) type
- (d) objective

Answers: 1. (c), 2. (b), 3. (d), 4. (a), 5. (c)

TOOLS FOR FINANACIAL STATEMENT ANALYSIS

1. Quick ratio is .75: 1.curent liabilities ` 60000.calculate current assets if stock is `1000
a) ` 46000 b) ` 560000 c) ` 44000

2. Current ratio is 2:1.sale of goods at a profit will
a) increase ratio b) decrease ratio c) no change in ratio

3. Selling price is 25% above cost. If sales are `800000 ,calculate COGS
a) ` 360000 b) ` 450000 c) ` 640000

4. If debt equity ratio is 2. Issue of bonus shares will
a) Increase ratio b) decrease ratio c) no change in ratio

5. A company has earned 500000 as profit before interest and tax. Its ROI is 20%. Calculate capital employed.
A) ` 3000000 b) ` 2500000
c) ` 4500000

2. If provision for depreciation of plant is ` 30000 (opening bal) and ` 35000 (closing bal).An item of plant costing ` 20000 having book value of ` 14000 was sold for ` 18000 during the year. Calculate depreciation of plant for the year.
- a) `12000 b) `11000 c) `10000 d) ` 6000
3. Buy back of equity shares is
- a) Investing b) financing c)operating d) cash equivalent
4. Issue of fully paid bonus share will result into
- a)Inflow b) outflow c) no flow d) cash equivalent
5. Issue of 9%debentures to the vendor for the purchase of machinery will result in
- a) Inflow b) outflow c) no flow d) cash equivalent

Ans 1-b,2-b ,3- b,4-c ,5-c