

OPEN STUDENT FOUNDATION

Date : 21-02-2024

STD 12 Commerce Elements of Account
12th Account Practice Sheet Day 5 (Part 1 - Ch.5)

Total Marks : 35

Section A

* Choose The Right Answer From The Given Options. [5]

- Profit -loss adjustment account is type of account.
(A) Nominal (B) Personal (C) Real (D) Temporary
- In which account profit or loss of revaluation account is to be recorded?
(A) Capital A/c in new ratio (B) Capital A/c in old ratio (C) Asset-receivable side of B/S (D) Capital-liabilities side of B/C
- Due to admission of a new partner, profit of old partners
(A) Increases (B) Decreases (C) Remains same (D) None of the above
- Revaluation account is type of account.
(A) personal (B) nominal (C) real (D) temporary
- Internally generated goodwill should in the books of accounts.
(A) Be shown (B) Not be shown (C) Be shown in capital ratio (D) Be shown in profit-loss ratio

Section B

* Answer The Following Questions In One Sentence. [4]

- How is a new partner admitted in a firm?
- To which account profit or loss of Revaluation Account is to be recorded?
- When new partner brings his share of goodwill in cash, in which ratio it is to distributed among old partners?
- What is sacrificing ratio? How it is calculated?

Section C

* Answer The Following Questions. [6]

- A and B are the partners sharing profit and loss in the ratio of $\frac{4}{5}$ and $\frac{2}{10}$ They admitted C as a new partner for 20% profit of the firm.
- A, B and C are the partners of a firm. Their profit sharing ratio is $\frac{1}{2}$, $\frac{3}{10}$ and $\frac{1}{5}$ respectively. They admit D, as a new partner for $\frac{1}{6}$ th share. C would retain his original share after D's admission. Calculate new profit-loss sharing ratio.

Section D

* Answer The Following Questions With Necessary Calculations.

12. Rutvi and Princy are partners sharing profit and loss in the ratio of 5: 3. The balance sheet of their firm as on 31-3-2017 was as under :

| Balance Sheet | | | | | |
|-------------------------------|----------|-----------------|-------------|----------|-----------------|
| Liabilities | | Amt. (₹) | Assets | | Amt. (₹) |
| Workmen's profit sharing fund | | 30,000 | Bank | 60,000 | |
| Creditors | | 1,20,000 | Debtors | 90,000 | |
| Workmen compensation reserve | | 60,000 | Stock | 60,000 | |
| Current account : | | | Building | 4,50,000 | |
| Rutvi | 1,50,000 | 3,45,000 | Investments | 1,05,000 | |
| Princy | 1,95,000 | | | | |
| Capital account : | | | | | |
| Rutvi | 1,20,000 | 2,10,000 | | | |
| Princy | 90,000 | | | | |
| | | 7,65,000 | | | 7,65,000 |

They admitted Manan as a partner on 1-4-2017 on the following terms:

- (1) Manan will bring his personal
- (2) niture RS.75,000 as capital. Out of creditors RS.60,000 are payable to Manan which is to be transferred to his capital account
- (3) Manan will be given $\frac{1}{5}$ th share in future.
- (4) Manan will bring RS.45,000 as goodwill in cash,
- (5) Goodwill of firm is valued at RS.3,00,000.
- (6) Credit purchase of RS.15,000 which was not recorded in creditors account and purchase account but it is included in closing stock.
- (7) Market value of stock of RS.45,000 is RS.36,000.
- (8) Liability of workmen compensation is RS.28,000.
- (9) Accrued interest on investment RS.24,000 is not recorded.

Prepare new balance sheet after admission.

Section E

* Answer The Following Questions In Detail.

13. A and B are the partners sharing profit and loss in equal proportion. They admitted C as a new partner for $\frac{1}{4}$ th share. Following balances were appearing in the balance sheet of A and B at the time of the admission of C.

| | | | | | |
|---------------|----|---------|-----------|----|--------|
| Patents | R | 30,000 | Goodwill | R | 20,000 |
| | s. | | | s. | |
| Land-Building | R | 1,80,00 | Machinery | R | 60,000 |
| | s. | 0 | | s. | |

Stock R 35,000
s.

Creditors R 40,000
s.

On C's admission, they decided that,

- (i) Patents are to be written off fully.
- (ii) Value of land and building is to be increased by 20%.
- (iii) Value of machinery is to be decreased upto 60%.
- (iv) Stock was overvalued by Rs. 4,000 than its cost price.
- (v) Creditors of Rs. 6,000 are not to be paid. Pass necessary journal entries and prepare the revaluation account.

14. Aabha and Beena are partners in a firm sharing profit and loss in the ratio of 2:1. Their balance sheet as on 31-3-2017 was as under:

| Balance sheet | | | | | |
|-----------------------------|---------------|-----------------|-------------------------------|--------------|-----------------|
| Liabilities | | Amt.(Rs.) | Assets | | Amt.(Rs.) |
| Capital account: | | | Goodwill | | 18,000 |
| Aabha | 80,000 | | Land-building | | 72,000 |
| Beena | <u>60,000</u> | 1,40,000 | Machinery | | 40,000 |
| General reserve | | 18,000 | Stock | | 36,000 |
| Workmen compensation res. | | 4,500 | Debtors | 24,000 | |
| Investment fluctuation res. | | 1,500 | - Bad debt reserve | <u>2,000</u> | 22,000 |
| Creditors | | 28,000 | Investment | | 8,000 |
| Bills payable | | 12,000 | Cash-Bank | | 2,000 |
| | | | Advertisement campaign expen. | | 6,000 |
| | | <u>2,04,000</u> | | | <u>2,04,000</u> |

They admitted Rushil as a new partner from 1-4-2017 on the following conditions:

- (1) Rushil will bring Rs.1,00,000 as his capital and Rs.24,000 as goodwill in cash.
- (2) Value of land and building is to be increased by Rs.17,000.
- (3) Value of machinery is to be decreased upto Rs.32,000.
- (4) Provision for bad debt is to be kept at 10 % on debtors.
- (5) Provision for outstanding electricity bills to be made at Rs.1,100.
- (6) New profit sharing ratio of all three partners is to be kept at 2:1:2. Pass necessary journal entries and prepare revaluation account, partners' capital account, cash-bank account and balance sheet after admission.
