

OSF

Date : 07-03-2024

STD 12 Commerce Elements of Account

Total Marks : 50

12th Account Practice Sheet Day 16 (Part 1 - Ch.5 to 7)

Section A

* **Choose The Right Answer From The Given Options.** **[8]**

1. Due to admission of a new partner, profit of old partners
- (A) Increases (B) Decreases (C) Remains same (D) None of the above
2. In how many ways a partner can be entered in a partnership firm as per provision of partnership act.?
- (A) One (B) Two (C) Three (D) Four
3. Old partner is also required to give his share in goodwill to other old partner, when
- (A) his capital is less
- (B) his new share in new profit-loss ratio is more than his old share
- (C) his new share in new profit-loss ratio is less than his old share
- (D) his new share in new profit-loss ratio is equal to old share
4. Joint life insurance policy is type of account.
- (A) Asset (B) Personal (C) Nominal (D) Traders
5. At the time of retirement or death of a partner,.....is subtracted from the total outstanding amount.
- (A) Loan advanced to firm (B) Interest on debit balance of current account (C) Interest on capital (D) Interest on loan advanced to firm
6. At the time of dissolution, the Goodwill is Rs. 50,000 in Balance Sheet. No specification has been given regarding it. What will be the effect?
- (A) Realisation A/c Cr. (B) Realisation A/c Dr. (C) Goodwill A/c Dr. (D) NO effect
7. At the time of dissolution ? 20,000 for machinery is shown in Balance sheet. No specification regarding its realisation has been made. What will be its accounting effect?
- (A) Partner's Capital A/c Cr. (B) No effect (C) Cash A/ C Cr. (D) Realisation A/c Cr.
8. At the time of dissolution furniture of ? 20,000 is shown in the balance sheet. There is no clarity for its realised value then from the following which effect is made?
- (A) Credited to Realisation A/c (B) Credited to Cash/Bank No (C) Credited to Partners' capital A/c (D) No entry will be made

Section B

* **Answer The Following Questions In One Sentence.** **[5]**

9. When revaluation account is debited and credited?
10. To which account bad debts reserve amount is to be transferred when a new partner is admitted?
11. Why assets and liabilities are revalued at the time of the admission of a new partner?
12. Explain the meaning of dissolution of partnership.
13. On which side of realisation A/c, the unrecorded expenditures given in adjustments are recorded?

Section C

*** Answer The Following Questions.**

[9]

14. A, B, C and D are the partners sharing profit and loss in the ratio of 4: 3: 2: 1, C retires. After the retirement of C A will maintain his old profit share
15. A, B and C are the partners sharing profit and loss in the ratio, $\frac{1}{3}$ and $\frac{1}{6}$ respectively.
(A) If A retires (B) If B retires (C) If C retires.
16. Pass journal entries for the following of firm in the case of firm's dissolution:
 1. Income tax liability is now payable Rs. 30,000 it is not recorded in the book.
 2. After making payment of all liabilities and loan of partners of firm, surplus of assets is Rs. 1,20,000. The profit and loss sharing ratio of partners A, B and C are 5:3:2.

Section D

*** Answer The Following Questions With Necessary Calculations.**

[12]

17. A, B and C are partners sharing profit and losses in the ratio of 3:2:1. They admitted D as a new partner. D brought 80,000 as capital and 60,000 as goodwill in cash. New profit sharing ratio of A, B, C and D is decided at 4:3:2:3. Old partners withdrew 50% of their share of goodwill in cash. Pass necessary journal entries. Partners maintain their capital accounts by fixed capital method.
18. P and Q are the partners sharing profit and loss in the ratio of 2:1. They decided to admit R as a new partner on 1-4-2016. All three partners' new profit-loss sharing ratio is decided at 3:1:2. The balance sheet of R and Q show the following balances:

General reserve	: 10,000
Profit-loss A/c	: 11,000
Workmen compensation reserve	: 14,000
Advertisement campaign expenditure	: 6000
Research and development expenditure	: 3000
Investment fluctuation reserve	: 10,000
Investment	: 15,000 (Market value 14,000)

The firm accepted claim of ₹ 5000 for workmen's compensation.

From the following situation pass necessary journal entries:

- (1) When the partners decide to distribute all balance of reserves and accumulated profit

and loss.

(2) When partners decide not to distribute all the balance of reserve and profit and loss. But without any change all reserve balance is to appear in the balance sheet.

19. A and B are the partners sharing profit and loss in the ratio of 3 : 2. They admitted C as a new partner for $\frac{1}{5}$ th share of profit. C brings 80,000 as his capital in cash. C gave his share of goodwill personally to A and B. There was a balance of goodwill ₹ 25,000 in the books of firm before C's admission.

Section E

*** Answer The Following Questions In Detail.**

[16]

20. E, M and I are partners sharing profit and loss in the ratio of 5:3:2. Balance sheet of their firm on 31-3-2017 was as under:

Balance sheet

Liabilities	Amt.(Rs.)	Assets	Amt.(Rs.)
Capital Accounts:		Building	1,20,000
E	60,000	Machinery	80,000
M	30,000	Stock	30,000
I	<u>50,000</u>	Debtors	40,000
Reserve fund	50,000	- Bad debt reserve	<u>2,000</u>
Workmen profit sharing fund	30,000	Cash	22,000
Creditors	70,000		
	<u>2,90,000</u>		<u>2,90,000</u>

I retired on 31-3-2017. Creditors of retirement were as under:

- (1) I's profit share will be gained by E and M in the ratio as 2:3.
- (2) Goodwill of the firm is valued at Rs.1,00,000.
- (3) Bad debt reserve on debtors is to be increased by 10%.
- (4) Building is valued at I 10%.
- (5) Value of machinery is to be reduced by 10 %.
- (6) Annual insurance premium of Rs.24,000 is paid for the year ended on 30-6-2017.
- (7) E and M will maintain total capital of the firm Rs.1,00,000 in their new profit and loss sharing ratio after retirement of I. Prepare necessary accounts and balance sheet after retirement.

Prepare necessary accounts and balance sheet after retirement.

21. A, B and C are the partners sharing profit and loss in the ratio of 5:3:1. 'A' retires on : 1-4-2017. The capital of A, B and C after all adjustments regarding loss of revaluation account, reserves and goodwill stood at 60,000, 50,000 and 70,000 respectively. On that day balance of cash was 30,000. Partners decided as under:
- (A) Amount due to A is to be paid in cash.
 - (B) The amount of cash to be paid or to be brought in by the remaining partners in such a way so as to make their capitals proportionate to their new profit-loss sharing ratio and minimum cash balance * 20,000 is to be maintained.

Give journal entries with necessary calculation and prepare partners' capital account and cash account:
