

OSF

Date : 07-03-2024

STD 12 Commerce Elements of Account

Total Marks : 50

12th Account Practice Sheet Day 17 (Part 1 - Ch.5 to 7)

Section A

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

1. When a new partner brought his share of goodwill in cash, it will not be debited to
A/c.
(A) Goodwill (B) Revaluation (C) Capital (D) Cash/Bank
2. 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
3. Where will you show balance of accounts like bad debts reserve, investment reserve, workmen compensation fund etc. at the time of retirement of a partner?
(A) In partner capital (B) In profit-loss
accounts adjustment accounts (C) In debtors (D) In new balance
accounts sheet
4. At the time of dissolution, unrecorded outstanding salary of Rs. 10,000 is being paid, where will it be credited?
(A) Realisation A/c (B) Partners' Capital (C) Salary A/c (D) Cash A/c
A/c
5. 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 (B) No effect (C) Cash A/ C Cr. (D) Realisation A/c Cr.
A/c Cr.
6. Which is the first payment made from the realisation of assets, at the time of the dissolution of a firm ?
(A) Dissolution expense (B) Loan of partner's wife
(C) Liabilities towards third parties (D) Partner's loan
7. At the time of dissolution, which of the following is not included in third party liability?
(A) Creditor (B) Provident Fund (C) Loan of Partner (D) Loan of Partners'
wife
8. 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

Section B

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

9. Which type of account the revaluation account is?

10. In which ratio accumulated reserves and fund be distributed among partners?
11. State the period upto which the retired partner is liable to receive the part of profit from the firm.
12. Which balances are debited to all partners' capital accounts in their old profit-loss sharing ratio?
13. In the second method of preparing realisation A/c, the amount of realisation of assets is written in which A/c?

Section C

*** Answer The Following Questions.**

[9]

14. *A* and *B* are the partners in a firm sharing profit & loss in the ratio of 3 : 2. *C* is admitted for $\frac{1}{4}$ th share in the profit. Calculate the new profit sharing ratio.
15. *X* and *Y* are the partners of a firm. They admitted *Z* as a new partner on 1 April, 2016. *X* sacrificed $\frac{1}{2}$ of his share and *Y* sacrificed $\frac{3}{4}$ th of his share in favour of *Z*. *X* and *Z* maintain their accounts as per fixed capital method. *Z* brought in ₹ 60,000 for his capital and ₹ 20,000 for his share of premium for goodwill in cash. Goodwill appeared in the books of the firm at ₹ 30,000 as on 31-3-2016. Give necessary journal entrizs at the time of *Z*'s admission.
16. *B*, *R* and *T* are the partners sharing profit and loss in ther ratio of 3:2:1. *B* retires. *B*'s capital after distributing profit of revaluation account and accumulated reserves and profit-loss is 1,20,000. *R* and *T* decided to pay ₹ 1,50,000 as final settlement including goodwill to *B*. *R* and *T* will distribute future profit and loss in the ratio of 3:2. Write necessary journal entries for goodwill.

Section D

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

[12]

17. *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	Investments	1,05,000
Princy	1,95,000		
Capital account :			
Rutvi	1,20,000		
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) nitre 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.

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 2:3. They admitted C as a new partner. C brought his share in capital and goodwill ₹ 40,000 and ₹ 60,000 in cash respectively. At the time of C's admission the balance of goodwill in balance sheet of the firm was ₹ 30,000. New profit and loss sharing ratio of all the partners is decided at 3 : 5 : 2.

Section E

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

[16]

20. Kanha and Kavisha are partners in a firm sharing profit-loss in the ratio of 2:3. Balance sheet of their firm as on 31-3-2016 was as under :

Balance Sheet

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Capital :		Goodwill	14,000
Tarana	1,90,000	Land-Building	1,00,000
Jineesha	1,21,000	Machinery	80,000
	3,11,000	Investment	50,000
Workmens' compensation reserve	12,000	Debtors	70,000
Investment fluctuation fund	4,000	Stock	36,000
Provident fund	16,000	Cash	40,000
Bad debt reserve	20,000	Research and development expense	8,000
Creditors	30,000	Profit-loss A/c	10,000
Outstanding expense	15,000		
	4,08,000		4,08,000

They admitted Palkhi as a new partner on 1-4-2016, on following terms:

- (1) Kanha sacrifices of her share and Kavisha sacrifices 4th of her share in favour of Palkhi.
 - (2) Goodwill of the firm is valued 80,000.
 - (3) Kanha and Kavisha will withdraw 50% of their share of goodwill.
 - (4) Depreciation on machinery is to be provided at 10%.
 - (5) Bad debt of 6000 is to be written off and provision for bad debt reserve is to be kept at 15% on debtors.
 - (6) Market value of investment is 15,000.
 - (7) Claim for workmen's compensation to be accepted 50,000.
 - (8) 10% of creditors are not to be paid.
 - (9) Palkhi will bring 1,20,000 as capital and her share of goodwill in cash.
21. M, N and O are the partners sharing profit and loss in the ratio of 2:1:2. Balance sheet as on 31-3-2016 was as under:

Balance Sheet

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Capital Accounts :		Land-building	1,00,000
M	1,00,000	Machinery	60,000
N	60,000	Stock	36,000
O	80,000	Debtors	40,000
General reserve	10,000	Cash	11,000
Workmen compensation reserve	18,000	Loan to O	30,000
Creditors	42,000	O's current A/c	4000
Bad debt reserve	6000	Advertisement campaign expenditure	5000
Current Accounts :		Profit-loss A/c	60,000
M	20,000		
N	10,000		
	3,46,000		3,46,000

O died as on 1-12-2016. Provisions of partnership deed were as under

- (1) Land-building is to be appreciated by 10%.
- (2) Value of machinery is to be reduced by 5%.
- (3) Provision for doubtful debts is to be kept at 10% on debtors.
- (4) Goodwill is to be valued at 3 years' purchase of the average profit of last 5 years.
- (5) Previous 4 years profit was as under:
 - 2011-12 ₹80,000
 - 2012-13 ₹60,000
 - 2013-14 ₹70,000
 - 2014-15 ₹50,000
- (6) O's share of profit till the date of his death based on last year's profit.
- (7) New profit and loss sharing ratio of M and N is decided at 3:2.
- (8) O's executors is to be paid ₹ 6800 immediately and the balance in 4 equal half yearly instalments with interest at 12 % p.a. Prepare O's capital account and O's executor's account till it is finally paid.
