

OSF

Date : 07-03-2024

STD 12 Commerce Elements of Account 12th Account Practice Sheet Day 23 (Part 1)

Total Marks : 100

Section A

* Choose The Right Answer From The Given Options.

[20]

1. In partnership firm every partner is for other partner.
(A) representative (B) creditor (C) officer (D) debtor
2. How many methods are there to keep capital accounts in a partnership firm?
(A) One (B) Two (C) Three (D) Four
3. If nothing is mentioned in partnership, what is the rate of interest on loan given by partner to the firm?
(A) 6 (B) 12
(C) 10 (D) Interest will not be calculated
4. Goods returned credit means
(A) purchase return (B) sales return (C) purchase (D) sales
5. Goods returned debit means
(A) purchase (B) purchase return (C) sales (D) sales return
6. In which proportion profit-loss will be shared between the partners if no provision is made in the partnership deed ?
(A) Capital proportion (B) Gaining ratio (C) Sacrificing ratio (D) Equal proportion
7. Goodwill depends on which aspect?
(A) On employee of business enterprise (B) On management of business enterprise
(C) On assets of business enterprise (D) On future maintainable profit
8. At the time of revaluation of goodwill, with which capitalized profit is compared?
(A) Capital invested in (B) Debts of business (C) Assets of business (D) None of the given the business
9. During reconstruction, if there is increase in the value of debts then it will be -
(A) Debited to revaluation account and added to the debts account (B) Credited to revaluation account and deduct it from debts account (C) Debited to revaluation account and deduct if from debts account (D) Credited to revaluation account and added to the debts account
10. Revaluation account is prepared when-
(A) Partnership firm starts
(B) Partnership firm closed down
(C) Status of partnership firm changed
(D) Reconstruction of partnership firm takes place
11. At the time of reconstruction of partnership firm, stock of goods is shown at in the balance sheet after revaluation.
(A) Market price (B) Cost price (C) M.R.P. (D) None of the given
12. When new partner brings his share of goodwill in cash, account is credited.
(A) cash (B) premium for goodwill (C) goodwill (D) his capital account
- 13.

When newly admitted partner is not able to bring his share of goodwill in cash account is debited.

- (A) Cash (B) Goodwill
(C) Premium for goodwill (D) His capital

14. Due to admission of a new partner, profit of old partners
- (A) Increases (B) Decreases (C) Remains same (D) None of the above
15. method is useful, when a new partner is not able to bring his share of goodwill in cash.
- (A) Premium (B) Discount (C) Revaluation (D) Simple average
16. In which ratio profit and loss incurred due to revaluation of assets and liabilities transfers to partners accounts?
- (A) In capital ratio (B) In old profit-loss ratio (C) In gain ratio (D) In sacrifice ratio
17. At the time of retirement of a partner, credit balance of profit and loss account shown in balance sheet is shown in.....
- (A) Capital accounts of all partners, on credit side, in old profit and loss ratio (B) Capital accounts of all partners, on debit side, in old profit and loss ratio. (C) Capital account of retiring partner, on credit side (D) Capital account of continuing partners on debit side, in their gain ratio.
18. At the time of dissolution a motor car of Rs. 30,000 is taken by a partner Axay which is not shown in the books of account. On which account amount of motor-car is debited?
- (A) Motor-car A/c (B) Realisation A/c (C) Cash/Bank No (D) Capital Me of Axay
19. 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
20. From the following which account is prepared for giving effect and showing accounting procedure of dissolution of partnership firms.
- (A) Goodwill A/c (B) Profit-loss A/c (C) Profit-loss Apph. (D) Cash /Bank A/c A/c

Section B

* Answer The Following Questions In One Sentence.

[10]

21. What is the other name of fixed capital account method?
22. Where would you show debit balance of partner's ^[2]current account in the balance sheet?
23. A partner has right to receive salary as shown in the partnership deed though business suffers a loss True or false?
24. What is the base for the valuation of goodwill?
25. Which kind of business have goodwill value?
26. What is reconstruction of partnership?
27. In which account revaluation account's profit-loss is transferred?
28. As per Indian Partnership Act 1932, what is the provision for unpaid amount I loan amount to the retiring partner?
29. Which balances are credited to all partners' capital accounts in their old profit-loss sharing ratio?

30. How would you deal with bad debts return, which is written off earlier?

Section C

* Answer The Following Questions.

[15]

31. Rajesh, Pushpa and Pratibha are the partners of a "Shreenathji Traders" partnership firm. Their profit-loss sharing ratio is 2: 3: 1 . Their firms' balance sheet as on 31-3-2017 is as under :

Shreenathji Traders' Balance Sheet as on 31-3-2017

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Capital : Rajesh	2,00,000	Non-current assets : Land	1,80,000
Pushpa	1,00,000	Building	3,00,000
Pratibha	2,00,000	Machinery	1,20,000
	5,00,000	Investments	40,000
Non-current liabilities :		Current assets :	
10 % bank loan	80,000	Debtors	50,000
Current liabilities : Creditors	1,70,000	Bills receivables	10,000
Bills payable	40,000	Closing stock	35,000
Workers' profit sharing fund	29,000	Bank balance	60,000
Outstanding expenses	10,000	Cash balance	30,000
		Income receivables	4000
	8,29,000		8,29,000

[3]

As on above date of the balance sheet, partners decided to change profit-loss sharing ratio to 1:1:1. On this date they decided to revalue the assets and liabilities for which information is as under: (1) The value of land is to be increased upto 2.50,000 and building value is to be

increased by 50,000.

(2) The value of machinery is to be decreased upto 80,000.

(3) The value of investments is to be reduced 30%

(4) Provision for bad debt reserve at 20 % and discount reserve of 5% is to be made on debtors.

(5) The stock value of 15,000 is to be reduced by 20 %.

(6) An amount of 20,000 is not to be paid to creditors.

(7) * 3000 for outstanding expenses and 2000 for income receivable are not recorded in the books. Form the above information, write journal entries in the books of the

partnership firm and also

prepare the revaluation account

32. A and B are the partners sharing profit and loss in the ratio of 5: 3 . They admitted C as a new partner. A sacrifices 30% his share and 'B' sacrifices 20% of his share in favour of C.

33.

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.

34. M , N and C are the partners sharing profit and loss in the ratio of $\frac{1}{3}$, $\frac{1}{2}$ and $\frac{1}{6}$. C retires and his share is taken up by M . Calculate the new ratio of profit and loss sharing of M and N .
35. Explain in brief, legal provisions of accounting settlement for partnership firm dissolution.

Section D

* **Answer The Following Questions With Necessary Calculations.** **[12]**

36. Partnership deed
37. Rajesh and Harish are partners of a partnership firm. On the basis of their partnership firm's profit and other information, determine the value of goodwill on the basis of two years purchase of super profit. .
- (1) Capital employed: Rs.8,00,000
 (2) Expected rate of return: 12 %
 (3) Previous year's profit:

Year	2014-15	2015-16	2016-17
Profit (Rs.)	1,20,000	90,000	1,50,000

38. Give accounting treatments for goodwill of different circumstances when firm goes for dissolution.

Section E

* **Answer The Following Questions In Detail.** **[32]**

39. 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	4000	Stock	36,000
Provident fund	16,000	Cash	40,000
Bad debt reserve	20,000	Research and development expense	8000
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.

40. C, S and T are the partners of a firm sharing profit and loss in the ratio of 2:1:2. Balance sheet of their firm on 31-3-2017 was as under:

Balance Sheet

Liabilities	Amt.(Rs.)	Assets	Amt.(Rs.)
Capital:		Land-building	1,40,000
C	80,000	Investments	70,000
S	70,000	Stock	50,000
T	<u>1,00,000</u>	Debtors	25,000
Workmen accident compensation fund	10,000	Cash	20,000
T's loan	25,000	Advertisement suspense A/C	15,000
Creditors	35,000		
	<u>3,20,000</u>	[5]	<u>3,20,000</u>

T died on 30-6-2017. As per partnership deed, following accounting treatments are necessary to be given at the time of death of a partner:

- (1) Interest on capital is to be allowed at 6% per annum.
- (2) Interest on drawings is to be charged at 12% p.a. T withdrew Rs.20,000 on 1-5-2017.
- (3) Goodwill is to be valued at two times the average profit of last three years: Profit of last three years was as under: 2014-15 Rs.80,000; 2015-16 Rs.75,000 and 2016-17 Rs.85,000
- (4) Profit share to be given on the basis of profit of previous year. Prepare Ts executor's account.

41. Dhaval, Kamal and Naval are the partners sharing profit and loss in the ratio of 2:2:1. Naval retires on 31-3-2016. Balance sheet of the firm as on 31-3-2016 was as under:

Balance Sheet

Liabilities	Amt.(Rs.)	Assets	Amt.(Rs.)
Capital Accounts:		Goodwill	10,000
Dhaval	30,000	Machinery	20,000
Kamal	20,000	Investments	1,00,000
Naval	<u>10,000</u>	Debtors	30,000
General reserve	5,000	Stock	10,000
Investment fluctuation fund	2,500	Cash-bank	5,000
Bad debt reserve	2,000		
Creditors	15,500		
	<u>85,000</u>		<u>85,000</u>

Following adjustments are agreed at the time of retirement:

- (1) Value of machinery is Rs.25,000 and Value of stock is Rs.5,000.
- (2) Value of investments is Rs.8,000, which is taken by Naval at this price.
- (3) An amount of Rs.5,000 included in creditors is no longer payable.
- (4) The provision for workmen compensation to be credited at Rs.2,000.
- (5) The provision for doubtful debts is to be kept at 10% on debtors.
- (6) Goodwill of the firm is valued at Rs.40,000.

Pass journal entries. Prepare necessary accounts and the balance sheet of the firm after Naval's retirement.

42. A, B and C are the partners sharing profit and loss in the ratio of 3:2:1. The balance sheet of the firm as on 31-3-2016 was as under:

Balance Sheet

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Creditors	10,000	Goodwill	30,000
Partners' loan :		Patents	25,000
A	12,000	Building	80,000
B	20,000	Furniture	60,000
General reserve	18,000	Stock	50,000
Capital Accounts :		Debtors	60,000
A	90,000	Cash	15,000
B	90,000		
C	80,000		
	3,20,000		3,20,000

B died on 30-6-2016. Under the partnership agreement, the executor of B is entitled to receive following:

- (1) Interest on his capital at 10% p.a.
- (2) Share in general reserve.
- (3) His loan and outstanding interest on loan.
- (4) Value of goodwill is decided at ₹ 30,000
- (5) Share of profit upto the date of death on the basis of last year's sales and profit. Sales for the year 2015-16 was ₹ 12,00,000. First three months sales of current year was ₹ 4,50,000. Net profit for the year 2015-16 was ₹ 2,40,000.
- (6) Patents are to be written off fully. Building is to be appreciated by 20%. Prepare the balance sheet as on 30-6-2016 after the death of B.

Section F

* **Answer The Following Essay Type Questions.**

[11]

43. Neela and Sheela are partners of partnership firm sharing profit-loss in capital proportion. From the following trial balance and adjustments prepare final accounts of the firm.

Trial balance of Partnership Firm of Neela and Sheela as on 31-3-17

Name of Accounts	Debit Balance(Rs)	Credit Balance(Rs)
Neela's capital and drawings	20,000	1,00,000
Sheela's capital and drawings	14,000	50,000
Suppliers and customers	90,000	60,000
Goods returned	2,000	3,000
Bills	15,000	20,800
Cash and Bank	1,000	14,000
Bad debts and bad debts reserve	400	1,300
Purchase and sales	1,40,000	2,60,500
Wages and outstanding wages	35,000	2,000
Machinery	36,500	
Depreciation on machinery	3,500	
Furniture	12,000	
Opening stock	46,100	
Prepaid insurance	200	
Salary	23,000	
Insurance premium	2,000	
Rent-taxes	12,000	

Advertisement expenses	2,900	
Goodwill	72,000	
Leasehold building (from 1-10-14 for 5 years)	14,000	
8% Leela's loan (1-11-16)		30,000
Total	<u>5,41,600</u>	<u>5,41,600</u>

Adjustments:

1. Closing stock Rs.1,10,000 and having market value 20% more than book value.
2. Per annum 6% interest is payable on Partners' capital.
3. Interest on drawings recoverable from partners . Neela Rs.900, Sheela Rs.600.
4. Provide 5% bad debt reserve on debtors.
5. Outstanding expenses at the end of accounting year: rent Rs.300 and salary Rs.950.
6. Provide depreciation: 10% on machinery and 5% on furniture.
