OPEN STUDENT FOUNDATION

Date : 23-02-2024 | STD 12 Commerce Elements of Account | Total Marks : 35

12th Account Practice Sheet Day 6 (Part 1 - Ch.6)

Section A

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

1. If partnership deed is silent, interest is payable at........... on unpaid amount payable to the retiring partner.

(A) 10 % p.a. (B) 12 % p.a. (C) 6 % p.a. (D) zero

2. 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 accounts (B) In profit-loss adjustment accounts (C) In debtors accounts (D) In new balance sheet

3. Joint life insurance policy is .... type of account.

(A) Asset (B) Personal (C) Nominal (D) Traders

4. Accounting year ends on 31-3-2016. A partner dies on 30-6-2016. Deceased partners' share in profit is 3 Profit share payable to the partner is to be calculated on the basis of last year's profit Rs.24,000........ amount will be paid as share in profit at the time of death.

(A) Rs. 8,000 (B) Rs. 24,000 (C) Rs. 1,333 (D) Rs. 2,000

5. If noting is clearly mentioned about , interest on loan given by partner to the firm .... % interest is to be allowed by firm to the partner.

(A) 5 (B) Bank rate (C) 6 (D) 8

Section B

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

6. Which balances are credited to all partners' capital accounts in their old profit-loss sharing ratio?

7. Why assets and Liabilities of a firm are revalued at the time of retirement or death of a partner?

8. State the various methods of accounting treatments for joint life insurance policy in the books of the firm.

9. From which date, partnership of any partner ends in case of insolvency of partner?

Section C

*** Answer The Following Questions. [6]**

10. A,B and C are the partners sharing profit in the ratio of 4: 5: 1 . Following journal entry for goodwill is passed at the time of the retirement of B: A's capital A/c Dr 6000 C/s capital A/c

Dr 4000 To B's capital A 10,000

11. X, Y and Z are the partners sharing profit and loss in the ratio of $3:2:1. Y$ retires as a partner. X gain $\frac{1}{9}$ th share and Z gains $\frac{2}{9}$ th share from the profit and loss share of Y. Calculate the new profit and loss sharing ratio of X and Z.

Section D

*** Answer The Following Questions With Necessary Calculations. [4]**

12. L, M N and O are the partners sharing profit and loss in the ratio of 5: 4: 3: 3 .L retires on 1-4-2017. At the time of retirement of L, goodwill appears at ₹ 75,000 in the books of old firm. The new profit and loss sharing ratio of M ,N and O is decided at 3: 1: 1 . On L's retirement, the goodwill of the firm is valued at ₹ 90,000.

Section E

*** Answer The Following Questions In Detail. [16]**

13. 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	10,000	60,000	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		
		85,000		85,000

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.

14. Karan, Fenil and Farshid are partners in a firm sharing profit and loss in the ratio of their capitals. Balance sheet of the firm as on 31-3-2017 was as under:

Balance Sheet

Liabilities		Amt. (₹)	Assets		Amt. (₹)
Creditors		16,000	Goodwill		40,000
Workmen compensation reserve		12,000	Land-Building		2,00,000
Employee's profit sharing fund		30,000	Patents		60,000
Provident fund		45,000	Machinery		80,000
Capital Accounts :			Debtors	35,000	
Karan	2,00,000		− Bad debt reserve	5000	30,000
Fenil	1,20,000		Stock		53,000
Farshid	80,000	4,00,000	Bank		40,000
		5,03,000			**5,03,000**

Farshid retires on the above date. Partners decided the following terms of retirement:

(1) The new profit-loss sharing ratio of Karan and Fenil is to be kept at 2:3.

(2) Goodwill of the firm is to be valued at ₹ 80,000. (3) Paid ₹ 60,000 for patents during current year which is for total 4 years.

(4) Machinery is to be depreciated by 10%

(5) Bad debt on debtors is to be written off ₹ 3000.

(6) ₹ 20,000 is to be paid to Farshid.

(7) Market value of stock is ₹ 54,000.

(8) New firm's total capital will be equal to total capital of old firm. The entire capital of the new firm is to be kept in new profit and loss sharing ratio of Karan and Fenil. All necessary adjustments are to be made through bank. Prepare (i) Revaluation account (ii) Capital accounts of partners (iii) Bank account (iv) Balance Sheet after retirement of Farshid.

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