

**CLASS: XII-**B  **ACCOUNTANCY** **DATE: 24 -9-19**

**MARKS:40 MONTHLY TEST- TIME: 1 1/2 Hrs.**

**1. Give the journal entry for the treatment of partner’s loan appearing on the asset side of the Balance Sheet, on dissolution of a partnership firm.**

**2. Name the liability which is not shown in the balance sheet, but at the time of dissolution of the firm.**

**3. When an asset is taken over by a partner what will be the journal entry.**

**4. In case of dissolution of a firm, which liabilities are to be paid first.**

**5. At what rate is interest is payable on the amount remaining unpaid to the executor of deceased partner?**

**6. A, B, C are partners in firm sharing profits in the ratio of 5:6:7 respectively. Their capitals were Rs. 500000; Rs.600000 and Rs. 700000 respectively. State the ratio in which the goodwill of the firm amounting to rs. 1600000 will be adjusted in the capital accounts of A and B in case of C;s death**

**7. Name the account which is opened to credit the share of profit of the deceased partner, till the time of his death to his capital account.**

**8. State any two deductions that may have to be made from the amount payable to the legal representative of deceased partner.**

**9. Identify a situation, under which court may order for dissolution of a partnership firm.**

**10. A,B are partners in a firm sharing profits in the ratio of 3:2, Mrs A has given a loan of Rs.20000 to the firm also obtained a loan of Rs.10000 B .The firm was dissolved and its assets were realized for Rs. 25000.State order Of payment of Mrs. A’s loan and B’s loan with reason, if there were no creditor of the firm.**

**11. The accumulated profit reserves are transferred to-----**

**12. On dissolution of firm, partners capital accounts are closed through-------**

**[a. realisation account, b. Drawings account,c. Bank account]**

**13. No entry is required when a ----------[ Partner/ Creditor] accepts a fixed assets in payment of his dues.**

**14. What will be the journal entry for realization of various assets and liabilities?**

**15. State any two differences between dissolution of partnership and dissolution of firm.**

**[15x1=15]**

**16. Leena, Meena, and Teena are partners in a firm whose books are closed on 31st March each year. Meena died on 30th June 2009 and according to the agreement, the share of profit of a deceased partner up to the date of the death is to be calculated on the basis of the average profits for the last five years. The net profits for the last 5 years have been 2005:Rs.14000, 2006: Rs. 18000, 2007: Rs. 16000; 2008: Rs.10000 [loss] and 2009: 16000. Calculate Meenas share of profits upto the date of death and pass necessary journal entry [4]**

**17. Record necessary journal entries to record the following unrecorded assets and liabilities in the books of Paras and Priya: [5]**

**1. There was an old furniture in the firm which had been written-off completely in the books. This was sold for Rs 3,000,**

**2. Ashish, an old customer whose Account for Rs 1,000 was written-off as bad in the previous year, paid 60%, of the amount,**

**3. Paras agreed to take over the firm’s goodwill (not recorded in the books of the firm), at a valuation of Rs 30,000,**

**4. There was an old typewriter which had been written-off completely from the books. It was estimated to realize Rs 400. It was taken away by Priya at an estimated price less 25%,**

**5. There were 100 shares of Rs 10 each in Star Limited acquired at a cost of Rs 2,000 which had been written-off completely from the books. These shares are valued @ Rs 6 each and divided among the partners in their profit sharing ratio.**

**18.The following is the Balance Sheet of Gupta and Sharma as on December 31,2017:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Balance Sheet of Gupta and Sharma as on December 31, 2017** | | | | |  |
| Liabilities | | Amount  Rs | Assets | Amount  Rs | |
| Sundry Creditors | | 38,000 | Cash at Bank | 12,500 | |
| Mrs.Guptas loan | | 20,000 | Sundry Debtors | 55,000 | |
| Mrs.Sharmas loan | | 30,000 | Stock | 44,000 | |
| Reserve fund | | 6,000 | Bills Receivable | 19,000 | |
| Provision of doubtful debts | | 4,000 | Machinery | 52,000 | |
| Capital | |  | Investment | 38,500 | |
| Gupta | 90,000 |  | Fixtures | 27,000 | |
| Sharma | 60,000 | 1,50,000 |  |  | |
|  | | 2,48,000 |  | 2,48,000 | |
|  | |  |  |  | |
|  |  |  |  |  |  |

Te firm was dissolved on December 31, 2017 and asset realised and settlements of liabilities as follow:

(a) The Realisation of the assets were as follows:

|  |  |
| --- | --- |
|  | Rs |
| Sundry Debtors | 52,000 |
| Stock | 42,000 |
| Bills receivable | 16,000 |
| Machinery | 49,000 |

(b) Investment was taken over by Gupta at agreed value of Rs 36,000 and agreed to pay of Mrs. Guptas loan.

(c) The Sundry Creditors were paid off *less*3% discount.

(d) The Realisation expenses incurred amounted to Rs 1,200.

Journalise the entries to be made on the dissolution and prepare Realisation Account, Bank Account and Partners Capital accounts

**19. Sheetal, Anjali, Rajendra were sharing profits and losses as 7:5:4. Their Balance sheet as on 31st March, 2011: [8]**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Balance Sheet as on 31st March 2012** | | | | | |
| **Dr.** |  | | | | **Cr.** |
| **Liabilities** | | **Amount**  **Rs** | **Assets** | **Amount**  **Rs** | |
| **Capital** | |  | **Furniture** | **17,000** | |
| **Sheetal** | | **23,000** | **Machinery** | **18,000** | |
| **Anjali** | | **15,000** | **Building** | **16,000** | |
| **Rajendra** | | **12,000** | **Cash** | **37,000** | |
| **Bills Payable** | | **4,000** |  |  | |
| **Creditors** | | **8,000** |  |  | |
| **Loan** | | **10,000** |  |  | |
| **General Reserve** | | **16,000** |  |  | |
|  | | **88,000** |  | **88,000** | |
|  | |  |  |  | |

**Rajendra died on 30th June 2012 and the following adjustments were agreed as per deed.**

**1) Furniture, Machinery and Building are to be revalued at Rs 16,700/-, Rs 16,200, to Rs 30,100.**

**2) Rajendra’s share is goodwill to be valued from firm’s goodwill which was valued at two times the average profit of last three years. Profits of last three years Rs 30,000, Rs 25,000, Rs 20,000/-.**

**3) His profit upto the date of death is to be calculated on the basis of last years profit.**

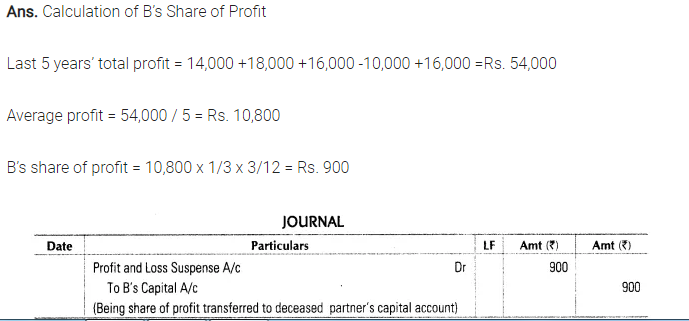
**4) Rajendra was entitled to get a salary of Rs 800/-per month.**

**5) Interest on capital at 10% be allowed.**

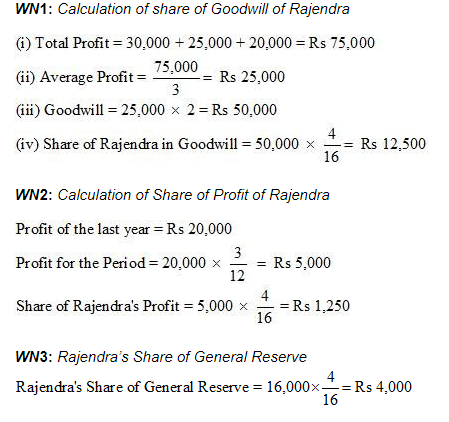
**6) Rajendra’s drawing upto date of death were Rs 600 p.m.  
  
Prepare:**

**1) Rajendra’s Capital A/c showing amount payable to his executor**

**2) Give working of share of goodwill and profit**



|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Rajendra’s Capital Account** | | | | |
| **Dr.** | **Cr.** | | | |
| **Particulars** | | **A** | **Particulars** | **A** |
|  | |  |  |  |
| Drawings | | 1,800 | Balance b/d | 12,000 |
| Executor’s A/c | | 33,650 | Profit and Loss Adjustment A/c (*Profit*) | 3,000 |
|  | |  | Goodwill | 12,500 |
|  | |  | Profit and Loss Suspense A/c | 1,250 |
|  | |  | Salary | 2,400 |
|  | |  | Interest on Capital | 300 |
|  | |  | General Reserve | 4,000 |
|  | | **35,450** |  | **35,450** |
|  | |  |  |  |

**Working Notes:**

***Note*:**  
***WN*4:***Profit and Loss Adjustment Account*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Profit and Loss Adjustment Account** | | | | | |
| **Dr.** | **Cr.** | | | | |
| **Particulars** | | | **Amount**  **Rs** | **Particulars** | **Amount**  **Rs** |
|  | | |  |  |  |
| Furniture | | | 300 | Building | 14,100 |
| Machinery | | | 1,800 |  |  |
| Profit transferred to: | | |  |  |  |
| Sheetal’s Capital | | 5,250 |  |  |  |
| Anjali’s Capital | | 3,750 |  |  |  |
| Rajendra’s Capital | | 3,000 | 12,000 |  |  |
|  | | | **14,100** |  | **14,100** |
|  | | |  |  |  |

**Note:***As per the book amount payable to Rajendra’s Executor is Rs 33,350 but as per our solution it is Rs 33,650.*

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| --- | --- | --- | --- | --- | --- | --- | --- |
| 1) | Bank A/c | | Dr. |  | 3,000 |  | |
|  | To Realisation A/c | |  |  |  | 3,000 | |
|  | (Unrecorded furniture sold) | | |  |  |  | |
|  |  |  |  |  |  |  | |
| 2) | Bank A/c | | Dr. |  | 600 |  | |
|  | To Realisation A/c | |  |  |  | 600 | |
|  | (Bad Debt recovered which was previously written off as bad) | | |  |  |  | |
|  |  |  |  |  |  |  | |
| 3) | Parasâ€™s Capital A/c | | Dr. |  | 30,000 |  | |
|  | To Realisation A/c | |  |  |  | 30,000 | |
|  | (Unrecorded goodwill taken over by Paras) | | |  |  |  | |
|  |  | |  |  |  |  | |
| 4) | Priyaâ€™s Capital A/c | | Dr. |  | 300 |  | |
|  | To Realisation A/c | |  |  |  | 300 | |
|  | (Unrecorded Typewriter estimated Rs 400 taken over by Priya at  25% less price) | | |  |  |  | |
|  |  | |  |  |  |  | |
| 5) | Parasâ€™s Capital A/c | | Dr. |  | 300 |  | |
|  | Priyaâ€™s Capital A/c | | Dr. |  | 300 |  | |
|  | To Realisation A/c | |  |  |  | 600 | |
|  | (100 shares of Rs 10 eachÂ  which were not recorded in the booksÂ  taken @ Rs 6 each by Paras and Priya and divided between them in  their profit sharing ratio) | | |  |  |  | |
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| **ooks of Gupta and Sharma**  **�**  **Journal**  **�** | | | | | | | � |
| **Date** | **Particulars** | | | **L.F.** | **Amount**  **Rs** | **Amount**  **Rs** | |
| 2012 | � | | | � | � | � | |
| Dec. 31 | Realisation A/c | | Dr. | � | 2,35,500 | � | |
| � | To Sundry Debtors A/c | | � | � | � | 55,000 | |
| � | To Stock A/c | | � | � | � | 44,000 | |
| � | To Bills Receivable A/c | | � | � | � | 19,000 | |
| � | To Machinery A/c | | � | � | � | 52,000 | |
| � | To Investment A/c | | � | � | � | 38,500 | |
| � | To Fixtures A/c | | � | � | � | 27,000 | |
| � | (Assets transferred to Realisation Account) | | | � | � | � | |
| � | � | � | � | � | � | � | |
| Dec. 31 | Sundry Creditors A/c | | Dr. | � | 38,000 | � | |
| � | Mrs. Gupta�s Loan A/c | | Dr. | � | 20,000 | � | |
| � | Mrs. Sharma�s Loan A/c | | Dr. | � | 30,000 | � | |
| � | Provision for Doubtful Debts | | Dr. | � | 4,000 | � | |
| � | To Realisation A/c | | � | � | � | 92,000 | |
| � | (Liabilities transferred to Realisation Account) | | | � | � | � | |
| � | � | � | � | � | � | � | |
| Dec. 31 | Bank A/c | | Dr. | � | 1,59,000 | � | |
| � | To Realisation A/c | | � | � | � | 1,59,000 | |
| � | (Assets realised: Sundry Debtors Rs 52,000, Stock Rs 42,000,  Bills Receivable Rs 16,000, Machinery Rs 49,000) | | | � | � | � | |
| � | � | � | � | � | � | � | |
| Dec. 31 | Realisation A/c | | Dr. | � | 20,000 | � | |
| � | To Gupta�s Capital A/c | | � | � | � | 20,000 | |
| � | (Gupta took over Mrs. Gupta's Loan) | | | � | � | � | |
| � | � | � | � | � | � | � | |
| Dec. 31 | Gupta�s Capital A/c | | Dr. | � | 36,000 | � | |
| � | To Realisation A/c | | � | � | � | 36,000 | |
| � | (Investment taken over by Gupta) | | � | � | � | � | |
| � | � | � | � | � | � | � | |
| Dec. 31 | Realisation A/c | | Dr. | � | 66,860 | � | |
| � | To Bank A/c | | � | � | � | 66,860 | |
| � | (Liabilities paid: Mrs. Sharma's Loan Rs 30,000 and Creditors  Rs 38,000 paid off less 3% discount) | | | � | � | � | |
| � | � | � | � | � | � | � | |
| Dec. 31 | Realisation A/c | | Dr. | � | 1,200 | � | |
| � | To Bank A/c | | � | � | � | 1,200 | |
| � | (Realisation expenses paid) | | � | � | � | � | |
| � | � | � | � | � | � | � | |
| Dec. 31 | Gupta�s Capital A/c | | Dr. | � | 18,280 | � | |
| � | Sharma�s Capital A/c | | Dr. | � | 18,280 | � | |
| � | To Realisation A/c | | � | � | � | 36,560 | |
| � | (Loss on Realisation transferred to Partners� capital Account) | | | � | � | � | |
| � | � | � | � | � | � | � | |
| Dec. 31 | Reserve Fund A/c | | Dr. | � | 6,000 | � | |
| � | To Gupta�s Capital A/c | | � | � | � | 3,000 | |
| � | To Sharma�s Capital A/c | | � | � | � | 3,000 | |
| � | (Reserve fund distributed among partners ratio) | | | � | � | � | |
| � | � | � | � | � | � | � | |
| Dec. 31 | Gupta�s Capital A/c | | Dr. | � | 58,720 | � | |
| � | Sharma�s Capital A/c | | Dr. | � | 44,720 | � | |
| � | To Bank A/c | | � | � | � | 1,03,440 | |
| � | (Final payment made to partners) | | � | � | � | � | |
| � | � | | � | � | � | � | |
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| **Realisation Account** | | | | | | | | | � |
| **Dr.** | | **�** | | | | | | **Cr.** | � |
| **Particulars** | | | | **Amount**  **Rs** | **Particulars** | | **Amount**  **Rs** | | |
| Sundry Debtors | | | | 55,000 | Sundry Creditors | | 38,000 | | |
| Stock | | | | 44,000 | Mrs. Gupta�s Loan | | 20,000 | | |
| Bills Receivable | | | | 19,000 | Mrs. Sharma�s Loan | | 30,000 | | |
| Machinery | | | | 52,000 | Provision for Doubtful Debts | | 4,000 | | |
| Investment | | | | 38,500 | Bank : | | � | | |
| Fixtures | | | | 27,000 | Sundry Debtors | 52,000 | � | | |
| Gupta�s Capital A/c (Mrs. Gupta Loan) | | | | 20,000 | Stock | 42,000 | � | | |
| Bank A/c: | | | | � | Bills Receivable | 16,000 | � | | |
| Creditors | | | 36,860 | � | Machinery | 49,000 | 1,59,000 | | |
| Mrs. Sharma�s Loan | | | 30,000 | � | Gupta�s Capital A/c (Investment) | | 36,000 | | |
| Expense | | | 1,200 | 68,060 | Loss transferred to | | � | | |
| � | | | � | � | Gupta�s Capital A/c | 18,280 | � | | |
| � | | | � | � | Sharma�s Capital A/c | 18,280 | 36,560 | | |
| � | | | � | � | � | | � | | |
| � | | | � | 3,23,560 | � | | 3,23,560 | | |
| � | | | � | � | � | | � | | |
| � | � | � | � | � | � | � | � | � | � |

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| **Partners� Capital Account** | | | | | | | | � |
| **Dr.** | **�** | | | | | | **Cr.** | � |
| **Particulars** | | **Gupta** | **Sharma** | **Particulars** | **Gupta** | **Sharma** | | |
| Realisation (Investment) | | 36,000 | � | Balance b/d | 90,000 | 60,000 | | |
| Realisation (Loss) | | 18,280 | 18,280 | Realisation (Mrs. Gupta Loan) | 20,000 | � | | |
| Bank | | 58,720 | 44,720 | Reserve Fund | 3,000 | 3,000 | | |
| � | | � | � | � | � | � | | |
| � | | 1,13,000 | 63,000 | � | 1,13,000 | 63,000 | | |
| � | | � | � | � | � | � | | |
| � | � | � | � | � | � | � | � | � |

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| --- | --- | --- | --- | --- | --- | --- |
| **Bank Account** | | | | | | � |
| **Dr.** | **�** | | | | **Cr.** | � |
| **Particulars** | | **Amount**  **Rs** | **Particulars** | **Amount**  **Rs** | | |
| Balance b/d | | 12,500 | Realisation� | 68,060 | | |
| Realisation (Assets realised) | | 1,59,000 | (Payment of expenses and liabilities) | � | | |
| � | | � | Gupta�s Capital A/c | 58,720 | | |
| � | | � | Sharma�s Capital A/c | 44,720 | | |
| � | | � | � | � | | |
| � | | 1,71,500 | � | 1,71,500 | | |
| � | | � | � | � | | |
| � | � | � | � | � | � | � |

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**NOTE**:As per the solution, the total of Bank Account is Rs 1,71,500. However, the answers for the same has not been mentioned in the book.