

## Assignment Class 12 Accounts

### Topic- Partnership fundamentals

Time Allowed: 1 hr.

Maximum Marks: 31

Q-1 X, Y and Z were partners sharing profit and losses in the ratio of 4 : 3 : 2. From 1st April 2023 they decided to change the profit sharing ratio. On that date, general reserve appeared in the books at 1,80,000. Partners decided not to distribute the reserve. Firm recorded the following Journal entry. Z's capital A/c Dr. 20,000 To X's capital A/c 20,000 The new ratio between X, Y and Z is:

- (a) 2:3:4      (b) 1:2:3      (c) 1:1:1      (d) 4:4:3

2. X and Y are equal partners in a firm. X used ₹ 15,000 from firm's cash in his personal deal and earned a profit of ₹ 6,000. Now he wants to retain this profit with him only. Y does not agree. State which statement is true.

a) X should return to the firm ₹ 15,000. (b) X should return to the firm ₹ 21,000.

(c) X should return to the firm ₹ 6,000. (d) X should return to the firm ₹ 10,500

3. If I will purchased assets worth rs. 12,30,000. It paid 3,00,000 of consideration by bank draft and the balance by issuing debentures of rs. 500 each at a Premium of 10% in full satisfaction of the purchase consideration. Find the amount of share capital credited ?

**Read the following hypothetical situation, answer Question No. 4 and 5.**

Kumar and Deep are partners sharing profits in the ratio of 5 : 2. Kumar's capital is ₹ 1,50,000 and Deep's capital is ₹ 70,000. They admit Nita as a new partner and agree to give her 1/4th share in future profit. Nita brings ₹ 1,20,000 as her capital.

4. New Ratio of Kumar, Deep and Nita will be: (a) 5:2:1 (b) 1:1:1 (c) 15:6:7 (d) 3:2:1

5. Share of goodwill credited to Deep's capital A/c will be:

(a) ₹ 25,000 (b) ₹ 10,000 (c) ₹ 15,000 (d) 35,000

6. The balance sheet of a firm under dissolution shows Debtors at rs. 80,000 and provision for bad debts at rs 4500. If debtors of rs. 8000 proved bad and remaining realized 85% of its value, for realisation of debtors the realization a/c will be:

a) Debited by rs. 61,200      b) Credited by rs. 61,200      c) Debited by rs. 57,375

d) Credited by rs. 57,375

7. On 1st October, 2022, firm advanced loan to Mohan, a partner of ₹ 2,00,000. In absence of a deduction interest on loan payable by Mohan on 31st March 2023 will be:

(a) ₹ 12,000      (b) ₹ 6,000      (c) ₹ 3,000      (d) NIL

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8. Capital employed of a firm is ₹ 4,40,000. The annual profit earned by the firm during the year is rs. 56,000. The money could be kept in a bank for 3 years at 8% p.a. considering 2% as fair compensation for risk involved in business, the goodwill of the firm on the basis of capitalisation will be:

- (a) ₹ 5,60,000      (b) ₹ 4,40,000      (c) ₹ 1,20,000      (d) ₹ 2,60,000

9. X Ltd. forfeited 300 shares of ₹50 each due to non-payment of allotment money of ₹ 15 and final call of ₹ 5 per share. Out of these 120 shares were reissued as fully paid up and ₹ 1,200 has been transferred to capital reserve. Calculate the rate at which these shares were reissued.

- (a) ₹ 25 per share      (b) ₹ 30 per share      (c) ₹ 35 per share      (d) ₹ 40 per share

10. Realisation expenses amounted to rs. 30,000. Half of these were paid by the firm and balance was paid by Mohan, a partner. What entry should be passed?

11. Yamini, Monu and Nitin were partners sharing profits in the ratio 4 : 3 : 2. Nitin died on 1st October 2023. Amount due to Nitin's executor after all adjustments was ₹ 1,48,000. The executor was paid ₹ 28,000 in cash immediately and the balance in two equal annual instalments with interest @ 8% p.a. starting from 1st October 2024. Accounts are closed on 31st March each year. Prepare Nitin's Executors' Account till he is finally paid. (3)

12. Aman, Raman and Chayan are equal partners. They decided to dissolve their firm. Pass necessary Journal entries for following after various assets (other than cash and bank) and third party liabilities have been transferred to Realisation Account.

(a) Realisation expenses of ₹ 5,000 paid by Raman from his personal account for which he is entitled a remuneration of ₹ 3,000 from the firm

(b) There were total debtors of ₹ 80,000. A provision of bad and doubtful debts also stood in books at ₹ 4,000. Amounting 9,000 debtors proved bad and rest paid the amount due.

(c) Chayan agreed to pay off his wife's loan of ₹ 5,000 at a discount of 10%

(d) The firm had a debit balance of ₹ 18,000 in the Profit and Loss Account on the date of dissolution.

(e) A creditor for ₹ 40,000 accepted machinery valued at rs. 70,000 and paid the firm rs. 30,000

(f) Aman's loan of ₹25,000 was refunded by the firm. (6)

13. Manohar and Karn are good friends. They were interested to promote Indian handicraft items in all over the world. They decided to set up a handicraft export unit in a remote area of Bihar. They want to provide lot of employment and business opportunity to the villagers. For this they started a business on 1st April, 2022 and contribute the capital of ₹4,00,000 and ₹ 2,50,000 respectively. On 1st July, 2022, Manohar gave a loan of ₹80,000 and Karn introduced a fresh capital of ₹60,000 on 1st October, 2022. Profit for the year ended 31st March, 2023 was ₹ 1,22,760. According to partnership deed, both Manohar and Karn entitled interest @ 12% per annum on capital. Karn also asked for a monthly salary of ₹ 2,000 as he spent additional over time on regular basis. During the year, Manohar withdrew ₹ 1,000 at the beginning of every month and Karn ₹5,000 at the end of every quarter, As per deed

interest to be charged on drawing @ 6% p.a. Prepare Profit and Loss Appropriation A/c and Capital A/c of Partners.(3)

14. Give necessary Journal entries for the above Parkash, Dheeraj and Raman were partners in a firm. On 1st April, 2022 the balance in their capital accounts stood at ₹ 4,00,000, ₹ 3,00,000 and ₹ 2,00,000 respectively. They shared profits in the proportion of their capital. Partners are entitled to interest on capital @ 8% per annum and a commission of ₹ 7,000 per annum to Dheeraj. Dheeraj's share of profit excluding commission but including interest on capital is guaranteed at ₹ 80,000 p.a. Raman's share of profit excluding interest on capital is guaranteed at ₹ 50,000 p.a. Any deficiency arising on that account shall be met by Parkash. The profit of the firm for the year ended 31st March, 2023 amounted to ₹ 2,59,000. Prepare Profit and Loss Appropriation Account for the year ended 31st March, 2023. (3)

15. Krishna, Nandan and Parth are partners sharing profits and losses in the ratio of 2: 2 : 1. Their fixed capitals on 31.03.2023 were ₹ 60,000, ₹ 40,000 and ₹ 30,000 respectively. After preparing the final accounts for the year ended 31.03.2023 it was discovered that interest on capital @ 12% p.a. was not allowed and interest on drawings amounting to ₹ 2,500, ₹ 1,800 and ₹ 1,600 respectively was also not charged. Pass the necessary adjustment Journal entry showing your workings clearly.(3)

16. Lotus Ltd. made the allotment of ₹ 3 per share on its 50,000 equity shares. Reema, a shareholder holding 1,000 shares paid the First Call money along with the Allotment money while Seema another shareholder failed to pay the Allotment and First Call money on her 600 shares. The First Call amount was ₹ 4 per share. Pass the necessary Journal entries for Allotment and First Call using the 'Calls-in-Arrear Account' and 'Calls-in-Advance Account'. (3)

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Q1. Following is the balance sheet of Amit and Vidya as at 31<sup>st</sup> March 2021.

1. Liabilities	Amount	Assests	Amount
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Capitals:

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Amit	1,10,000	Plant and Machinery	1,20,000
Vidya	60,000	Stock	30,000
EPF	16,000	Debtors	44,000
		Less: Prov for DD	2,000
			42,000
Workmen's compensation	30,000	Cash at Bank	20,000
Creditors	26,000	Goodwill	20,000
		P&L a/c	10,000
	<u>242000</u>		<u>242000</u>

On the above date, Chintan was admitted as a partner for 1/4th share in the profits of the firm with the following terms :

(a) ₹2,900 will be written off as Bad Debts

(b) Stock was taken over by Vidya at ₹35,000

(c) Goodwill of the firm was valued at ₹40,000. Chintan brought his share of goodwill premium in cash.

(d) Chintan brought proportionate capital and the capitals of the other partners were adjusted on the basis of Chintan's Capital. For this necessary cash was to be brought in or paid off to the partners as the case may be. Prepare Revaluation Account and Partners' Capital Accounts.(6)

Q2. Cheese and Slice are equal partners. Their capitals as on April 01, 2022 were Rs. 50,000 and Rs. 1,00,000 respectively. After the accounts for the financial year ending March 31, 2023 have been prepared. it is observed that interest on capital 6% per annum and salary to Cheese @ ₹5,000 per annum, as provided in the partnership deed has not been credited to the partners capital accounts before distribution of profits.

You are required to give necessary rectifying entries using P&L adjustment account.(3)

Q3: Sandeep, Maheep and Amandeep were partners in a firm sharing profits in the ratio of 2: 2: 1. The firm closes its books on 31st March every year. On 30th June, 2020 Maheep died. The partnership deed provided that on the death of a partner his executors will be entitled to the following:

a) Balance in his capital account which amounted to ₹1,15,000 and interest on capital till date of death which amounted to ₹5,000

b) His share in the profits of the firm till the date of his death amounted to ₹20,000.

c) His share in the goodwill of the firm. The goodwill of the firm on Maheep's death was valued at 1,50,000

d) Loan to Maheep amounted ₹ 20,000 .

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It was agreed that the amount will be paid to his executor in three equal yearly instalments with interest @10% p.a. The first instalment was to be paid on 30.06.2021

Calculate the amount to be transferred to Maheep's executors Account and prepare the executor's account till it is finally settled.(4)

Q-4. A, B and C are in partnership, sharing profits in the proportion of two-third, one-sixth and one-sixth respectively.

A died on the 30<sup>th</sup> June, 2022 three months after the annual accounts had been prepared and in accordance with the partnership agreement, his share of the profits to the date of death was estimated on the basis of the profit for the preceding year. In addition to this the agreement provided for interest on capital at 5% p.a. on the balance standing to the credit of the capital account at the date of the last Balance sheet, and also for goodwill, which was to be brought into account at two year's purchase of the average profits of the last three years.

Net profits for three preceding years are rs. 33500, 41500 and 40500 respectively.

A's capital on 31<sup>st</sup> March, 2022 stood at rs. 1,20,000 and his drawings from then to the date of the death amounted to rs. 9000.

You are required to prepare A's capital account as at the date of death, for a settlement with his executors.(3)

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Q-5 Show how will you deal with the following items while preparing Realisation Account Make an extract of Realisation Account for each transaction):

- (i) Stock's book value was ₹ 40,000, 60% of it was taken over by X at a valuation of 80% and remaining was sold at 90% less 5% selling commission.
- (ii) Investments' book value was ₹ 30,000. 70% investments were sold through a stock broker at 110% less brokerage @ 2% and 50% of the remaining investments were taken over by B at 90% and rest proved worthless.
- (iii) Debtors and Provision for Bad Debts were ₹50,000 and ₹ 3,000 respectively, 60% Debtors were realised at 95% and remaining were sold to a debt collecting agency for 60%
- (iv) Plant and Machinery book value of which was ₹1,50,000 were mortgaged with the bank for 80,000, Bank sold it for ₹ 1,35,000 and after deducting its loan and accrued interest of ₹ 4,500 paid the balance to the firm. (4)

Q-6 Radha and Shyam were partners in a firm sharing profits in the ratio of 3 :2. Their capitals Were 70,000 and 50,000 respectively. On 1st April, 2023, they admitted Rukmini as a partner for 1/4 profit. Rukmini introduced 40,000 as capital. Shyam guaranteed Rukmini that her share in profit plus interest on capital will not be less than rs. 18,000 and agreed to bear the share guarantee

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alone. Profits for the year ended On 31st March, 2022 were ₹ 68, 000 before charging due Interest On capitals at the rate of 12% p.a. Prepare Profit and Loss Appropriation Account. (3)

- Q-7 Arya, Abhishek and Advika were sharing profits in the ratio of 3 : 4 : 3. On 1st September, 2023, Arya died. According to partnership agreement deceased partner's share in profit was to be computed on the basis of last year's profit which was ₹ 2,52,000 including ₹ 20,000 of profit on sale of machinery and excluding ₹ 8,000 of loss of goods by fire. For the last several years, firm's profits are showing upward trend of 10% every year.(3)
- Q-8 Sun and Kiran are partners sharing profits and losses equally. They decided to dissolve their firm. 4 Assets and Liabilities have been transferred to Realisation Account. Pass necessary Journal entries for the following:
- All partners are agreed that the process of realisation at the time dissolution will be accomplished by Sun for which he will be paid ₹10,000 along with the amount of expense which amounted to 2% of total value realised from the Assets on dissolution. Some assets were sold for Cash at a cumulative Value of ₹12,00,000 and the remaining were taken over by creditors at a valuation of ₹3,00,000.
  - Deferred Advertisement Expenditure A/c appeared in the books at ₹28,000.
  - Out of the Stock of ₹1,20,000; Kiran (a partner) took over 1/3 of the stock at a discount of 25% and 50% of remaining stock was took over by a Creditor of ₹30,000 in full settlement of his claim. Balance amount of stock realized at ₹25.000.
  - An outstanding bill for repairs and renewal of ₹3,000 was settled through an unrecorded asset which was valued at ₹10,000. Balance being settled in Cash.(4)