BRAIN INTERNATIONAL SCHOOL

SUBJECT: ACCOUNTANCY **CLASS XII** **OCTOBER'18**

Chapter3: Change in profit sharing ratio

1. Define (i) sacrificing ratio (ii) gaining ratio

2. x, y and z are sharing P & L in the ratio of 5:3:2. They decide to share future profits and losses in the ratio of 2:3:5 with effect from 1st April 2002. They decide to record the effect of the accumulated profits, losses and reserves without affecting their book figures, by passing a single adjusting entry.

	Rs
General reserve	24000
Profit & Loss a/c	6000
Advertisement suspense A/c (Dr)	12000

3.x, y and z are partners sharing P & L in ratio of 5: 3; 2, decide to share future P & L in the ratio of 2: 3: 5 with effect from 1st April 2002. an extract of their Balance Sheet as on 31-3-2002 is as follows:

Liabilities	Rs	Assets	Rs
Investment fluctuation Reserve	1500	Investment (at cost)	20000

Show the accounting treatment in each of the following cases:
(a) If no other information is given.

(b) If market value of investment is Rs 20000.

(c) If market value of investment is Rs 19000.if market value of investment is Rs 18000.

(d) If market value of investment is Rs 20500.

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Chapter -6: Dissolution Of A Firm

1. Distinguish between Dissolution of a firm and Dissolution of a Partnership.

2. Differentiate between Revaluation A/c and Realisation A/c.

3 .Discuss the provisions of sec 48 of Indian Partnership Act,1932, which deals with settlement of accounts at the time of dissolution of firm.

4. A and B are partners in a firm sharing profits in the ratio of 3:2. Mrs. A has given a loan of Rs.20,000 to the firm and the firm. Also has taken a loan of Rs.10,000 from B. The firm was dissolved and its assets were realized for Rs.25,000. State the order of payment of Mrs. A's loan and B's loan with reason, if there were no other creditors of the firm.

5. Journalise the following transactions:

a. Realisation expenses paid by partners, Ankit and Pulkit are Rs.3,600 and Rs.2,400 respectively. However, these expenses are borne by the firm.

b. Harish, a partner was allowed a commission of Rs.6,000 to carry out dissolution work of the firm. Actual expenses paid by him amounted to Rs.9,000

c. Kamal, a partner is to bear all expenses of realization for which he is allowed a commission of Rs.6,000. Actual realization expenses were Rs.5,000 and were paid by the firm.

d. A debtor whose debt of Rs.9,300 was written off as bad in the books paid Rs.7,500 in full settlement.

e. A creditor of Rs. 4,000 omitted from books was also paid.

f. 50% of the creditors were paid Rs.4,000 less in full settlement and the remaining creditors were paid full amount. (Book values of creditors given in Balance Sheet just before dissolution= Rs.1,00,000

g. Creditors agreed to take over debtors in full settlement of their claim. (Book values given in Balance Sheet just before dissolution: Creditors = Rs.1,00,000; Debtors= Rs.90,000)

h. Half of the creditors accepted an unrecorded machinery and cash of Rs.3,000 in full settlement of their claims. Remaining creditors were paid out at a discount of 10%. (Book value of creditors given in Balance Sheet just before dissolution= Rs.1,00,000)

i. Creditors accepted Plant & Machinery valued at Rs.1,50,000 and paid cash to the firm Rs.40,000. (Book values of creditors given in Balance Sheet just before dissolution= Rs.1,10,000

j. There were total debtors of Rs.76,000. A provision of bad and doubtful debts also stood in the books at Rs.6,000. Rs.12,000 debtors proved bad and rest paid the amount due.

k. Loan to Rohit, a partner was adjusted through his capital Account, Rs.15,000

6. The book value of assets (other than cash and bank) transferred to realization account is Rs.1,00,000. 50% of the assets are taken over by a partner, Atul, at a discount of 20%. 40% of the remaining assets are sold at a profit of 30% on cost. 5% of the balance being obsolete, realized nothing and remaining assets are handed over to a creditor, in full settlement of his claim. Pass the journal entries for the realization of the assets.