

OPEN STUDENT FOUNDATION

Date : 21-02-2024

STD 12 Commerce Elements of Account
12th Account Practice Sheet Day 3 (Part 1 - Ch.3)

Total Marks : 25

Section A

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

1. 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

Ans. :

(A) Market price

2. Who shared accumulated profit-loss or Reserve fund?

(A) Continuing/old partners (B) Employees (C) Partners including new partners (D) None of the above

Ans. :

(A) Continuing/old partners

3. While calculating partner's gain or benefit, if answer comes to negative(-), then can say that

(A) Partner's sacrifices (B) No gain, no loss for partner (C) Partner's gain (D) None of the given

Ans. :

(A) Partner's sacrifices

4. While revaluating the assets and liabilities of a firm if there is decrease in the value of assets then it will be

(A) Debited to revaluation account and deduct it from assets value
(B) Credited to revaluation account and deduct it from asset value
(C) Debited to revaluation account and added to the asset value
(D) Credited to revaluation account and added to the asset value

Ans. :

(A) Debited to revaluation account and deduct it from assets value

5. 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

Ans. :

(A) Debited to revaluation account and added to the debts account

Section B

* **Answer The Following Questions In One Sentence.**

[5]

6. How workers profit sharing fund be distributed among the partners?

Ans. :

As workers profit sharing fund is a liability for the business it would not be distributed among the partners.

7. How accumulated profit and reserves are distributed among partners at the time of reconstruction of partnership firm?

Ans. :

Accumulated profit and reserves are distributed among partners in their old profit and loss ratio at the time of reconstruction of partnership firm.

8. After revaluation at what price are all assets and liabilities recorded in balance sheet?

Ans. : After revaluation, at their new revised values all assets and liabilities are recorded in the balance sheet.

9. At the time of finding out sacrifice ratio or gain ratio if negative answer is there what is suggest?

Ans. : Negative answer of sacrifice ratio suggest gain for partner and negative answer of gain ratio suggest sacrifice for partner.

10. What is sacrifice ratio?

Ans. :

When there is a change in the ratio of profit and loss sharing of existing partners, a portion of profit of certain partners is reduced. This reduced share of profit of a partner is known as 'Sacrifice Ratio'.

Sacrifice ratio of a partner = Old profit and loss ratio of a partner New profit and loss ratio of a partner.

Section C

* **Answer The Following Questions.**

[15]

11. Write specimen journal entries for revaluation in following circumstances:

(A) When assets' value are increased and decreased.

(B) When liabilities' value are increased and decreased.

Ans. :

Specimen journal entries for revaluation of assets and liabilities:

Journal Entry

Date /No.	Particulars	L.F.	Debit(Rs.)	Credit(Rs .)
1.	When there is an increase in the value of assets then: Respective assets A/c To Revaluation A/c (Being the assets value increase is recorded due to revaluation)	D r.	***	***
2.	When there is decrease in the value of assets then:			

	Revaluation A/c	D r.	***	***
	To Respective assets A/c (Being the assets value decreases is recorded due to revaluation)			
3.	If there is an increase in amount of liability then:	D r.	***	***
	Revaluation A/c			
	To Respective Liability A/c (Being the liability amount increased due to revaluation)			
4.	If there is decrease in amount of liability then:	D r.	***	***
	Respective liability A/c			
	To Revaluation A/c (Being the liability amount decreased due to revaluation)			

12. Komal, Krupa and Karishma are the partners' of a partnership firm. They distribute profit-loss in the ratio of 3:2 :1. All the partners have decided to change the profit-loss sharing ratio to 5 : 3 : 2 for future. From this information calculate the sacrifice ratio.

Ans. :

	Komal		Krupa		Karishma	Total
Old Ratio	3	:	2	:	1	6
Old Share	$\frac{3}{6}$:	$\frac{2}{6}$:	$\frac{1}{6}$	
New Ratio	5	:	3	:	2	10
New Share	$\frac{5}{10}$:	$\frac{3}{10}$:	$\frac{2}{10}$	

Sacrifice by partner = Old share - New share

Komal's Sacrifice	$= \frac{3}{6} - \frac{5}{10}$	$= \frac{30 - 30}{60}$	$= \frac{0}{60}$	$= 0$	
Krupa's Sacrifice	$= \frac{2}{6} - \frac{3}{10}$	$= \frac{20 - 18}{60}$	$= \frac{2}{60}$	$= \frac{1}{30}$	
Karishma's Sacrifice	$= \frac{1}{6} - \frac{2}{10}$	$= \frac{10 - 12}{60}$	$= -\frac{2}{60}$	$= -\frac{1}{30}$	(Gain)

13.

Ram, Shyam and Ghanshyam are the partners in a firm sharing profit and loss equally. They decided to share profit and loss in the ratio of 3:2:1 in future. In these circumstances, calculate which partner has sacrificed and how much?

Ans. :

	Ram		Shyam		Ghanshyam	Total
Old ratio	1	:	1	:	1	3
Old share	$\frac{1}{3}$		$\frac{1}{3}$		$\frac{1}{3}$	
New ratio	3	:	2	:	1	6
New share	$\frac{3}{6}$		$\frac{2}{6}$		$\frac{1}{6}$	

Now let's calculate sacrifice ratio by partners.

$$\text{Sacrifice by partner} = \text{Old share} - \text{New share}$$

$$\begin{aligned} (1) \text{ Ram's sacrifice} &= \frac{1}{3} - \frac{3}{6} \\ &= \frac{2-3}{6} \end{aligned}$$

$$\text{Ram's sacrifice} = \frac{-1}{6} \text{ (Gain)}$$

Here, $\frac{-1}{6}$ share in sacrifice formula, it means Ram is gaining $\frac{1}{6}$ shares.

$$\begin{aligned} (2) \text{ Shyam's sacrifice} &= \frac{1}{3} - \frac{2}{6} \\ &= \frac{2-2}{6} \\ &= \frac{0}{6} \end{aligned}$$

$$\text{Shyam's sacrifice} = 0 \text{ (No gain, no sacrifice)}$$

From the above calculation sacrifice ratio of Shyam = 0. i.e. Shyam has sacrificed nothing, as his share of profit remains the same.

$$\text{Old ratio} = \frac{1}{3}$$

$$\text{New ratio} = \frac{2}{6} = \frac{1}{3}$$

14. Bhavesh, Vipul and Hiral are the partners in a firm sharing profit and loss in the ratio of 2:2:1. They decided to share profits and losses in the ratio of 3:2:1 in future. From this information, calculate the sacrificing ratio.

Ans. :

	Bhavesh		Vipul		Hiral	Total
Old ratio	2	:	2	:	1	5
Old share	$\frac{2}{5}$		$\frac{2}{5}$		$\frac{1}{5}$	
New ratio	3	:	2	:	1	6
New share	$\frac{3}{6}$		$\frac{2}{6}$		$\frac{1}{6}$	

Share of sacrifice = Old share – New share

$$\begin{aligned}
 (1) \text{ Bhavesh's sacrifice} &= \frac{2}{5} - \frac{3}{6} \\
 &= \frac{12 - 15}{30} \\
 &= \frac{-3}{30}
 \end{aligned}$$

$$\text{Bhavesh's sacrifice} = \frac{-1}{10} \text{ (Gain)}$$

$$\begin{aligned}
 (2) \text{ Vipul's sacrifice} &= \frac{2}{5} - \frac{2}{6} \\
 &= \frac{12 - 10}{30}
 \end{aligned}$$

$$\text{Vipul's sacrifice} = \frac{2}{30} \text{ (Sacrifice)}$$

15. Poonam, Dhaval and Komal are the partners in a firm. Their profit and loss sharing ratio is 3:2:1. All the partners have decided to change the profit and loss ratio and it is 1:2:2. Calculate the sacrificing ratio of partners.

Ans. :

	Poonam		Dhaval		Komal	Total
Old ratio	3	:	2	:	1	6
Old share	$\frac{3}{6}$		$\frac{2}{6}$		$\frac{1}{6}$	
New ratio	1	:	2	:	2	5
New share	$\frac{1}{5}$		$\frac{2}{5}$		$\frac{2}{5}$	
