

**INTERNATIONAL INDIAN SCHOOL BURAI DAH**

**WORKSHEET-5**

**Chapter-5 & 6**

**Chapter – Dissolution of Partnership & Accounting for Share Capital**

**Chapter –5 Dissolution of Partnership**

1.Match the following:

When assets are sold for cash	(i) Bank A/c Dr To Realisation A/c
When an asset is taken over by a partner	No entry
When the assets are given to any of the creditors towards the payment of his dues	Partner Capital A/c Dr To Realisation A/c

Choose the correct option from below

- a. a(iii), b(ii), c(i)                      c. a(ii), b(iii), c(i)  
b. a(i), b(iii), c(ii)                      d. a(i), b(ii), c(iii)

2.Name the Account which is prepared for finding the profit or loss on getting amount from selling of all assets and paying amount of liabilities.

- a. Dr. side of Realisation Account                      c. Realisation Account  
b. Dr. side of Revaluation Account                      d. Cr.Side of Revaluation Account

3.What should be the journal entry when A takes over loan payable to Mrs. A ₹20000

a.

RealisationA/cDr.	20000
To A's CapitalA/c	20000

b.

Bank A/cDr.	58000
To A's CapitalA/c	58000

c.

LoanA/cDr.	58000
To A's Capital A/c	58000

d.

Realisation A/c Dr.	58000
To Bank A/c	58000

4. Bank Loan ₹29,000 was paid at the time of dissolution. What journal entry will be recorded for the same?

a.

Bank Loan A/c Dr.	29,000
To Bank Loan A/c	29,000

b.

Realisation A/c Dr.	29,000
To Bank A/c	29,000

c.

Bank A/c Dr.	29,000
To Realisation A/c	29,000

d.

Bank Loan A/c Dr.	29,000
To Bank A/c	29,000

5. As per which section of the Indian Partnership Act, 1932, at the suit of a partner, the Court may dissolve a firm?

a. Section 04

b. Section 44

c. Section 48

d. Section 31

6. At the time of the dissolution of the firm, how undistributed profits such as General Reserve, Credit Balance of P&L A/C are dealing with?

7. The firm of Ravi and Mohan was dissolved on 1.3.2013. According to the agreement Ravi had agreed to undertake the dissolution work for an agreed remuneration of Rs.2,000 and bear all realisation expenses. Dissolution expenses were Rs. 1,500 and the same were paid by the firm. Pass necessary journal entry for the payment of dissolution expenses.

8. When an asset is taken over by a partner, why is his capital account debited?

9. What is the dissolution of partnership?

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

11. Pass Journal entries in the following cases-

f. Expenses of Realisation Rs. 1,500

g. Expenses of Realisation Rs. 600, but paid by Mohan, a partner,

h. Mohan, one of the partners of the firm, was asked to look into the dissolution of the firm for which he was allowed a commission of Rs. 2,000.

i. Motor car of book value 50,000 taken over by creditors of the book value of Rs. 40,000 in final settlement.

12. A and B share profits and losses in the ration of 5:2. They have decided to dissolve the firm. Assets and external liabilities have been transferred to Realisation A/c. Pass the Journal Entries to affect the following:

j. Bank Loan of Rs. 12,000 is paid off.

k. A was to bear all expenses of Realisation for which he is given to commission of Rs. 400.

l. Deferred Advertisement Expenditure A/c appeared in the book at Rs. 28,000.

m. Stock worth Rs. 1,600 was taken over by B at Rs. 1,200.

n. As unrecorded Computer realized Rs. 7,000.

o. There was an outstanding bill for repairs for Rs. 2,000. Which was paid off.

13. The amount of sundry assets transferred to Realisation Account was Rs 80,000. 60% of them have been sold at a profit of Rs. 2,000. 20% of the remaining were sold at a discount of 30% and remaining were taken over by Ramlal (a partner) at book value. Journalise.

14. Rohit, Kunal and Sarthak are partners in a firm. They decided to dissolve their firm. Pass necessary Journal entries for the following after various assets (other than Cash and Bank) and the third party liability have been transferred to Realisation Account:

p. Kunal agreed to pay off his wife's loan of Rs. 6,000.

- q. Total Creditors of the firm were Rs. 40,000. Creditors worth Rs. 10,000 were given a piece of furniture costing Rs. 8,000 in full and final settlement. Remaining Creditors allowed a discount of 10%.
- r. Rohit had given a loan of Rs. 70,000 to the firm which was duly paid.
- s. A machine which was not recorded in the books was taken over by Kunal at Rs. 3,000 whereas its expected value was Rs. 5,000.
- t. The firm had a debit balance of Rs. 15,000 in the Profit and Loss Account on the date of dissolution.
- u. Sarthak paid the realisation expenses of Rs. 16,000 out of his private funds, who was to get a remuneration of Rs. 15,000 for completing dissolution process and was responsible to bear all the realisation expenses.

15. Kumar, Shy am and Ratan were partners in a firm sharing profits in the ratio of 5: 3 : 2 respectively. They decided to dissolve the firm with effect from 1st April, 2013. On that date, the balance sheet of the firm was as follows

#### Balance Sheet

Liabilities		Amt (Rs.)	Assets		Amt (Rs.)
Creditors		1,20,000	Plant		80,000
Capital A/cs			Furniture		45,000
Kumar	68,000		Motor Van		25,000
Shyam	50,000		Stock		30,000
Ratan	<u>27,000</u>	1,45,000	Debtors		71,000
			Cash		14,000
		<u>2,65,000</u>			<u>2,65,000</u>

as at 1st April, 2013

The dissolution resulted in the following

- i. Plant of Rs. 40,000 was taken over by Kumar at an agreed value of Rs. 45,000 and remaining plant realised Rs. 50,000.
- ii. Furniture realised Rs. 40,000.
- iii. Motor van was taken over by Shyam for Rs. 30,000.
- iv. Debtors realised Rs. 1,000 less.
- v. Creditors for Rs. 20,000 were untraceable and the remaining creditors were paid in full.
- vi. Realisation expenses amounted to Rs. 5,000.

Prepare the realisation account, capital accounts of partners and bank account of the firm.

## Chapter-6 Accounting for Share Capital

1. Give the definition of a company as contained in the companies act, 1956.
2. Can forfeited shares be issued at a discount? If so to what extent?
3. As a director of a company you had invited applications for 20,000 equity shares of Rs.10 each at a premium of Rs.2 each. The total applications money received at Rs.3/- per share was Rs.72,000. Name the kind of subscription. List the three alternatives for allotting these shares.
4. What do you mean by Private placement of shares?
5. What is Sweat Equity?
6. What maximum amount of discount can be allowed on the reissue of forfeited shares?
7. Can a company issue shares at a discount? What conditions must
8. Write the difference between an equity share and preference share.
9. Differentiate between Reserve capital and capital reserve.
10. Employees stock option plan- "A right to buy and not an obligation". Comment
11. Write a short note on minimum subscription
12. Entry for reissue of forfeited shares at a discount will be
  - a. Bank A/c Dr.  
Share Forfeiture A/c Dr.  
To Share Capital A/c
  - b. Bank A/c Dr.  
To Share Capital A/c
  - c. Share Capital A/c Dr.  
Share Forfeited A/c Dr.  
To Bank A/c
  - d. Bank A/c Dr.  
Share Capital A/c Dr.  
To Share Forfeited A/c
13. Which of the following is not true about a private company?
  - e. Restriction on the right to transfer its shares
  - f. Private company ends with the words 'Private Limited'.
  - g. Minimum paid up share capital Rs.1,00,000

h. Minimum paid up capital is 5,00,000

14. \_\_\_\_\_ Shares are not convertible.

i. Equity Shares      b. Convertible Preference Shares

c. Both Preference Shares and Convertible Preference Shares

d. Preference Shares

15. In the situation of \_\_\_\_\_, a company do not reject any application

a. Oversubscription      b. Uncalled share capital

c. Under subscription      d. Both Oversubscription and Uncalled share capital

16. What type of shares can be issued at discount?

j. Both Preference Shares and Equity Shares      c. Equity Shares

k. Sweat Equity Shares      d. Preference Shares

17. What amount of profit on reissue will be transferred to Capital Reserve under the following situations?

- (i) Z Ltd. forfeited 800 equity shares of Rs. 10 each issued at a discount of 10% for the non-payment of first and final call of Rs. 3 per share. The forfeited shares were reissued at Rs. 12 per share as fully paid-up.
- (ii) 3,000 shares of Rs. 10 each of Rakesh was forfeited by crediting Rs 5,000 to Forfeited Shares Account. Out of these, 1,800 shares were reissued to Mohan for Rs. 9 per share fully paid-up.
- (iii) Z Ltd. forfeited 20 shares of Rs 100 each 60 called-up issued at par to Shiv on which he paid Rs. 20 per share. Out of these, 15 shares were reissued to Rajesh as Rs. 60 paid-up for Rs. 45 per share.

18. DN Ltd issued 50,000 shares of Rs. 10 each payable as Rs. 2 per share on application, Rs. 3 per share on allotment and Rs. 5 on first and final call. Applications were received for 70,000 shares. It was decided that

- (iv) Refuse allotment to the applicants of 10,000 shares.
- (v) Allot 20,000 shares to Mohan who had applied for similar number.
- (vi) Allot the remaining shares on pro-rata basis.

Mohan failed to pay the allotment money and Sohan who belonged to the category and was allotted 3,000 shares paid both the calls with allotment. Calculate the amount received on allotment.

19. The authorised capital of Suhani Ltd is Rs. 45,00,000 divided into 30,000 shares of Rs. 150 each. Out of these, company-issued 15,000 shares of Rs. 150 each at a

premium of Rs. 10 per share. The amount was payable as follows: Rs. 50 per share on application, Rs. 40 per share on allotment (including premium), Rs. 30 per share on first call and balance on final call. Public applied for 14,000 shares. All the money was duly received.

Prepare an extract of balance sheet of Suhani Ltd as per Revised Schedule III, Part I of the Companies Act, 2013 disclosing the above information. Also prepare 'notes to accounts' for the same.

20.Y Ltd. forfeited 1,500 shares of Rs. 10 each (Rs. 7 called-up) for non-payment of the allot money of Rs. 4 per share including Rs. 1 as premium. Of these 1,000 shares were reissue M at per share as Rs. 7 called-up. Journalise the above transactions in the books of Y.

21.Kayafab Ltd. issued 1,00,000 equity shares of Rs. 10 each payable as Rs. 2 on application; Rs. 4 on allotment and Rs. 2 each on first and final call. Applications were received for 1,50,000 shares. Applicants of 50,000 shares were sent letters of regret and application money was refunded Madhur, a holder of 3,000 shares failed to pay allotment money which he paid along with the first call. Rohan, a shareholder holding 700 shares paid both the calls along with allotment. Sohan, a holder of 1,000 shares did not pay the first call and the final call. His shares were forfeited. The forfeited shares were reissued at Rs. 11 per share as fully paid-up.

Pass necessary journal entries for the above transactions in the books of the company.

22.AB Ltd. invited applications for issuing 75,000 equity shares of Rs. 100 each at a premium of t 30 per share. The amount was payable as follows

On application and allotment — Rs. 85 per share

On first and final call — The balance amount.

Applications for 1,27,500 shares were received. Applications for 27,500 shares were rejected and shares were allotted on pro-rata basis to the remaining applicants. Excess money received on application and allotment was adjusted towards sums due on first and final call. The calls were made. A shareholder, who applied for 1,000 shares, failed to pay the first and final call money. His shares were forfeited. All the forfeited shares were reissued at Rs. 150 per share fully paid up. Pass necessary journal entries for the above transactions in the books of AB Ltd.