1/10/1

**MN10AAZ**

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**TIME : 2 Hrs.** **MARKS : 60**

N. B. : 1) All Questions are compulsory carrying 15 marks each.

2) Question No. 1 carries internal option, i.e. Question No. 1 of 15 marks OR Question No. 1 of 15 marks, out of which any one is to be attempted.

3) Question No. 2 carries internal option, i.e. Question No. 2 of 15 marks OR Sub-question No. 2(a) of 8 marks plus Sub-question No. 2(b) of 7 marks, out of which any one Question totalling 15 marks is to be attempted.

4) Question No. 3 carries internal option, i.e. Question No. 3 of 15 marks OR Sub-question No. 3(a) of 8 marks plus Sub-question No. 3(b) of 7 marks, out of which any one Question totalling 15 marks is to be attempted.

5) Question No. 4 carries internal option, i.e. Question No. 4 of 15 marks OR Question No. 4 of 15 marks, out of which any one is to be attempted.

6) In all, Four Questions are to be attempted.

7) Use of simple 12-digit non-programmable calculator is allowed.

Q. 1. ( 15 marks)

A and B were partners in a business sharing profits and losses in the ration of 2 : 1. The Balance sheet of the firm on 31st March 2012 was as follows:-

**Balance Sheet as on 31st March 2012**

| Liabilities | Rs. | Assets | Rs. |
|---|---|---|---|
| Partner's Capitals : | | Fixed Assets | 60,000 |
| A | 60,000 | Stock | 27,000 |
| B | 20,000 | Debtors | 40,000 |
| Reserve | 9,000 | Cash | 3,000 |
| Loan from Partner B | 20,000 | | |
| Creditors | 21,000 | | |
| Total | 1,30,000 | Total | 1,30,000 |

It was decided to admit C into the partnership on the above date for 1/5th share in the profits and losses. The other terms of the admission were as follows :

a) C will bring in Cash Rs. 40,000 towards his capital plus Rs. 20,000 towards his share of goodwill.

b) The new profit-sharing ratio of A, B and C was agreed as 2 : 2 : 1 respectively.

c) Fixed assets were to be depreciated by 10%.

d) Stock in the above balance sheet was found to be under-valued by Rs. 3,000. This was to be corrected.

e) Loan from partner B was to be converted into capital contribution from B.

f) Adjustments for goodwill were to be made through Partners Capital Accounts without opening Goodwill Account.

Prepare the following :-

i) Revaluation Account

ii) Partner's Capital Accounts

iii) Balance Sheet of the firm as on 31/3/2012 after admission of C as above.

**OR**

Q. 1. (15 marks)

D, E and F were in partnership sharing profits and losses in the ratio of 2 : 1 : 1 respectively. The Balance sheet of the firm as on 31st March, 2012 was as follows :

Balance Sheet as on 31st March, 2012

| Liabilities | Rs. | Assets | Rs. |
|---|---|---|---|
| Partner's Capitals : | | Fixed Assets | 80,000 |
| D | 80,000 | Stock | 44,000 |
| E | 50,000 | Debtors | 20,000 |
| F | 30,000 | Investments (at cost) | 40,000 |
| Reserve | 16,000 | Cash | 16,000 |
| Creditors | 24,000 | | |
| Total | 2,00,000 | Total | 2,00,000 |

Partner F retired on the above date on the following terms :-

a) The remaining partners D and E will continue the business sharing profits and losses in the ratio of 2 : 1 respectively.

b) The total goodwill of the firm was agreed at Rs. 48,000. Adjustments for F's share of goodwill were to be made through the partners capital accounts without opening goodwill account.

c) Fixed Assets were to be appreciated by 10%.

d) Stock in the balance sheet was found to be over-valued by Rs. 4000. This was to be corrected.

e) Investments were sold for cash at a profit of 10% on cost.

f) The amount due to partner F on his retirement was paid in cash immediately in full settlement.

Prepare the following :-

i) Revaluation Account

ii) Partner's Capital Accounts

iii) Balance sheet of the firm as on 31st March, 2012, after retirement of F as above.

Q. 2. ( 15 marks )

G, H and J were in partnership sharing profits and losses in the ratio of 3 : 2 : 1 respectively. The Balance sheet of the firm as on 31st March, 2012 was as follows :-

Balance Sheet as on 31st March, 2012

| Liabilities | Rs. | Assets | Rs. |
|---|---|---|---|
| Partner's Capitals : | | Fixed Assets | 25,000 |
| G | 40,000 | Stock | 30,000 |
| H | 25,000 | Debtors | 50,000 |
| J | 15,000 | Cash | 5,000 |
| Creditors | 20,000 | | |
| Bills Payable | 10,000 | | |
| Total | 1,10,000 | Total | 1,10,000 |

The firm was dissolved on the above date. The following additional information is available :

a) Fixed assets realised Rs. 31,000
b) Stocks were sold for cash at a discount of 10% on book value.
c) Collections from all debtors were made after allowing 2% cash discount.
d) Creditors and Bills Payable were paidin full.
e) Realisation expenses amounted to Rs. 4,000 and was paid in cash.
f) Remaining amount was used to repay partners capitals according to their rights.

Prepare the following :-

i) Realisation Account
ii) Partners' Capital Accounts
iii) Cash Account

**OR**

Q. 2. A) ( 8 marks)

B, C and M were partners in a business sharing profits and losses equally. M died on 1st October, 2011. The remaining partners B and C continued the business sharing profits and losses equally.

The following Trial balance is available as on 31st March 2012.

| | Dr. Rs. | Cr. Rs. |
|---|---|---|
| Partners Capitals : B | | 5,00,000 |
| Partners Capitals : C | | 4,00,000 |
| Partners Capitals : M | | 3,05,000 |
| Net Profit (1/4/2011 to 30/9/2011) | | 1,80,000 |
| Net Profit (1/10/2011 to 31/3/2012) | | 1,20,000 |
| Drawings : B | 10,000 | |

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| | | |
|---|---|---|
| Drawings : C | 10,000 | |
| Drawings : M | 5,000 | |
| Fixed Assets | 8,80,000 | |
| Stock (31/3/2012) | 4,00,000 | |
| Debtors | 3,50,000 | |
| Cash | 50,000 | |
| Creditors | | 2,00,000 |
| Total | 17,05,000 | 17,05,000 |

Additional Information :

a) Goodwill of the firm on 1st october 2011 was agreed at Rs. 2,40,000, to be adjusted through Partners Capital Accounts.

b) No payment had been made in respect of amounts due to deceased partner M.

Prepare the following :-

i) Partner's Capital Accounts

ii) Balance Sheet of the firm as on 31/3/2012.

Q. 2. B) (7 marks)

B and C were partners in a business, sharing and profits and losses equally P was admitted as a partner, and new profit sharing ratio was agreed as equally.

The following revaluations were agreed on admission of P :-

a) The value of stock was to be increased by Rs. 16,000.

b) The value of creditors was to be increased by Rs. 16,000.

c) An unrecorded asset of Rs. 9,000 was agreed to be brought into the books.

Prepare Revaluation Account Showing the sharing of profit and loss on revaluation.

Q. 3. ( 15 marks)

K, L and M were in a partnership business sharing profits and losses in the ratio of 3 : 2 : 2 respectively. The following was their Balance sheet as on 31st March, 2012.

Balance Sheet as on 31st March 2012

| Liabilities | | Rs. | Assets | Rs. |
|---|---|---|---|---|
| Partner's Capitals | | | Fixed Assets | 70,000 |
| K | 70,000 | | Stock | 47,000 |
| L | 40,000 | | Debtors | 40,000 |
| M | 20,000 | 1,30,000 | Cash | 3,000 |
| Creditors | | 20,000 | | |
| Bills Payable | | 10,000 | | |
| Total | | 1,60,000 | Total | 1,60,000 |

The firm was dissolved on the above date. The following additional information is available :-

a) It was agreed to make piecemeal distribution of cash at the end of every month beginning from 30th April 2012, using Excess Capital Method.

b) The assets excluding cash were realised as follows :

| Date | Particulars | Amount Realised | Realisation Expenses |
|---|---|---|---|
| 30/4/12 | 1st Instalment | Rs. 25,000 | Rs. 1,000 |
| 31/5/12 | 2nd (last) instalment | Rs. 1,28,000 | Rs. 2,000 |

c) Liabilities were paid in proper order.

Prepare the following :-

1) Statement of Excess Capital of Partners.
2) Statement of Piecemeal Distribution of Cash.

**OR**

Q. 3. A) (8 marks)

P and Q were partners in the business sharing profits and losses equally. They decided to admit R as a partner on 1st October 2011. After admission, P, Q and R were to share profits and losses equally.

The following information is available for the year ended 31st March, 2012 :-

| | Rs. |
|---|---|
| Sales (including Rs. 4,00,000 for pre-admission period) | 12,00,000 |
| Gross Profit | 3,00,000 |
| Depreciation | 20,000 |
| Advertisement | 3,000 |
| Rent | 40,000 |
| Commission on Sales | 6,000 |
| Salaries | 60,000 |
| Carriage Outward | 9,000 |

Prepare Columnar Profit and Loss Account for the year ended 31st March 2012 showing the net profit or loss of pre-admission period and post-admission period with total column.

Also show how the profit or loss of the two periods will be shared by the partners.

Q. 3. B) (7 marks)

X, Y and Z were partners in a business sharing profits and losses in the ratio of 3 : 2 : 1 respectively. Z retired on 31st March, 2012 and the following revaluations were agreed :-

a) A provision of 5% was to be made for doubtful debts on Sundry Debtors of Rs. 40,000.

b) Stock appearing in the books at Rs. 30,000 was to be revalued at 32,000.

c) An unrecorded liability of Rs. 6000 was to be brought into the books.

Pass Journal entries for recording the above revaluations and for sharing of profit or loss on revaluation.

Q. 4. A) (8 marks)

In each of the following cases, state whether the given statement is true or false :- (Reasons need not be given)

a) On admission of a parner, the number of partners decreases.

b) Unpaid balance of deceased partner's capital account must be transferred to his Legal Representative's Account on the date of death.

c) Revaluation profit on admission of a new partner must be shared by old partners in old profit-sharing ratio.

d) A debit balance in Realisation account indicates loss on revaluation.

e) In piecemeal distribution, cash realised from assets is paid to liabilities only after all assets are realised.

f) Revaluation Account is also called Profit and Loss Adjustment Account.

g) On dissolution of a partnership firm, the cash and bank balances are transferred to realisation account.

h) Under Excess Capital Method, the excess capital of a partner is paid first before payment of remaining capital.

Q. 4. B) (7 marks)

Find out the most appropriate matching in the two Columns given below and REWRITE the MATCHED PAIRS suitably :-

| 1st Column | 2nd Coumn |
|---|---|
| a) Sacrifice Ratio | 1) Realisation Account |
| b) Dissolution | 2) Paid after Partner's Loans |
| c) Admission | 3) Intangible Asset |
| d) External Liabilities | 4) Old Ratio minus New Ratio |
| e) Gain Ratio | 5) Paid before Partners' Loans |
| f) Partners' Capitals | 6) Revaluation Account |
| g) Goodwill | 7) New Ratio minus Old Ratio |

**OR**

Q. 4. ( 5 X 3 marks each = 15 marks)

a) Calculate Sacrifice Ratio from the following on admission of C :-

Profit-sharing ratio A and B = 1 : 1

Profit - Sharing ratio of A, B & C = 4 : 3 : 3

b) Pass One Journal Entry for adjustment of goodwill on admission of M to the firm of A and B from the following information :-

Total goodwill of the firm Rs. 2,00,000
Profit share of new partner M 1/5th
Cash to be brought in by M towards goodwill ?
Sacrifice Ratio of A and B (given) 3 : 2

c) Pass One Journal Entry for sharing of revaluation profit or loss on death of partner P in the firm of A, B and P from the following :-
Revaluation Profit Rs. 70,000
Old Profit Sharing Ratio of A, B and P = 4 : 2 : 1
New Profit Sharing Ratio of A and B = 4 : 3

d) Pass One Journal Entry for sharing of revaluation profit or loss on admission of Q into the firm of A and B from the following :-
Revaluation Loss Rs. 5,000
Profit sharing Ratio of A and B = 3 : 2
Profit sharing Ratio of A, B and Q = 2 : 1 : 1

e) Calculate Gain Ratio from the following on retirement of Z from the firm of X, Y and Z from the following :-
Profit-sharing ratio of X, Y and Z = 3 : 2 : 1
Profit sharing ratio of X and Y = 3 : 2

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