MN10ADJ

TIME : 2 Hrs. **Marks : 60**

Q.1 From the following Trial Balance of Rinku and Pinku, you are required to prepare a Trading and profit and loss A/c for the year ended 31st December, 2012 and a Balance sheet as on that date. **[15]**

Trial Balance as on 31st Dec., 2012

Particulars	Debit Rs.	Credit Rs.
Capital A/c		
Rinku		60000
Pinku		40000
Drawing A/c		
Rinku	2000	
Pinku	1000	
Stock on 1-1-2012	44000	
Bills receivable	1800	
Purchases and Sales	190000	302000
Return	6000	2000
Salaries	10000	
Carriage outwards	1400	
Wages	24000	
Insurance	1600	
Discount received	-	200
Postage	800	
Debtors and Creditors	70400	64200
Furniture	24000	
Cash in hand	9800	
Machinery	80000	
Rent and Taxes	1200	
Printing and Stationery	400	
	468400	**468400**

Adjustments

1. The closing stock on 31st December, 2012 was valued at Rs. 56000.
2. The outstanding expenses were

   a) Wages Rs. 2000 b) Salaries Rs. 930
3. Goods of Rs. 2000 were distributed as free samples.
4. Interest on partner's capitals was to be provided at 7% p.a.
5. Prepaid Insurance was Rs. 100
6. Depreciation was to be provided on furniture at 10% and on machinery at 5%
7. A reserve for bad and doubtful debts was to be created at 5% of sundry Debtors.

OR

Q.1 The firm of Alpha, Beeta and Gama present you with the following Balance sheet drawn as on 31st March 2013. **[15]**

Liabilities		Rs.	Assets	Rs.
Sundry Creditors		74,000	Cash	6000
Capital accounts			Sundry Debtors	68000
Alpha	80000		Stock in Trade	78000
Beeta	60000		Machinery	102000
Gama	54000	194000	Current A/c	
			Beeta	8000
			Gama	6000
		268000		**268000**

Partners shared profit and losses in the ratio of 4:3:3 Due to differences among the partners, it was decided to wind up the firm, realise the assets and distribute cash among the partners at the end of each month.

1. April, 2013 — Rs. 30,000 from Debtors and Rs. 40,000 by sale of stock. Expenses on realisation Rs. 1000.
2. May, 2013 — Balance of Debtors realised Rs. 20,000 Balance of Stock Fetched Rs. 48,000.
3. June, 2013 — Part of Machinery was sold for Rs. 36,000. Expenses incidental to sale Rs. 1200.
4. July, 2013 — Part of Machinery valued in the books at Rs. 10000 was taken by Alpha, in Part discharge at an ogreed value of Rs. 20,000. Balance of machinery was sold for Rs. 60,000 (net)

Partners decided to keep a minimum cash balance of Rs. 4000 in the first two months and Rs. 2000 thereafter. Show how the amounts due to partner's will be settled as per Highest Relative Capitals.

Q.2 Objectives : **[5]**

A) Fill in the blanks by choosing the correct options given.

1. In the absence of agreement, interest on partner's loan is .... and no interest is payable on capital.
   - a) 9% p.a.
   - b) 7% p.a.
   - c) 6% p.a.
   - d) 5% p.a.
2. Revaluation Account is also known as ....
   - a) Trading A/c
   - b) Profit and loss Adjustment A/c
   - c) Profit and loss appropriateion A/c
   - d) Profit & loss A/c

3. Amount payable to retiring partners can be transferred to .... Account if not paid.

a) Cash bank A/c b) Loan A/c
c) Partner's Capital A/c d) Current A/c

4. The deficiency of an insolvent partner is suffered by the solvent partners in their .... ratio.

a) Profit sharing ratio b) Gain ratio
c) Sacrifice ratio d) old ratio

5. Valuation of Goodwill is done as laid down in the ....

a) Law b) Partnership Act
c) Company A/c d) Partnership deed

B) Match the following paris. **[5]**

Group A		**Group B**
1. Set of rules and regulations	1.	To get additional capital
2. Intangible asset	2.	Partnership Deed
3. Admission of a partner	3.	Profit
4. Winding of business	4.	Goodwill
5. Credit balance of revaluation A/c	5)	Dissolution of firm

C) State whether the following statements are TRUE or FALSE : **[5]**

1. Insolvency means liabilities exceed the assets.
2. Reserves are always transferred on admission of a partners.
3. A deceased partner is not entitled to Goodwill.
4. The Shares of the retiring partner is called the sacrifice ratio.
5. Income received but not earned is an asset.

OR

Q.2 Calculate the following ratios :- (Any 3) **[15]**

1. Raj and Manish are partners in a firm sharing profit in the ratio of 3:2 They admitted Naresh as a new partner for 1/4th share. The new profit sharing ratio between Raj and Manish will be 2:1 Calculate their new profit sharing ratio as well as the sacrifice ratio.

2. Vikas, Prashant and Abhinav are partners sharing profits in the ratio of 6:5:3. They admitted Mohit as a new partner for 1/8th share in the future profit. Calculate new profit sharing ratio of Vikas, Prashant

Abhinav and Mohit and sacrifice ratio of Vikas, Prashant and Abhinav.

3. X, Y, and Z share profit 2:2:1, Z retires. X and Y decide to share profits 2:1. Calculate the Gain Ratio ?

4. P and Q are the partners sharing profit and loss in the ratio of 3:2 and Mr. R is admitted as a new partner for 1/6th share. in the future profit. Calculate New Profit sharing ratio of P and Q and R & the sacrifice ratio of P and Q.

Q.3 The Balance sheet of Rahul and Mehul as on 31st December, 2012 is set out below. They share profit and losses in the ratio of 2:1 **[15]**

Balance sheet as on 31st Dec., 2012

Liabilities	Rs.	Assets	Rs.
Capital		Building	20,000
Rahul	40,000	Furniture	6,000
Mehul	30,000	Stock	12,000
General Reserve	24,000	Debtors	60,000
Creditors	16,000	Cash	6,000
		Profit and loss A/c	6,000
	110000		110000

They agreed to admit Pehul as a partner into the firm on the following terms.

1. Pehul to bring Rs. 12,000 as capital and 9000/- as a Goodwill which is to be retained in the Business. He will be entitled to 1/4th share of profits of the firm.
2. Rent of Rs. 400 due but not received has not been recorded in the books.
3. 50% of the General Reserve for doubtful debts.
4. Stock is to be revalued at Rs. 13,000/-
5. Furniture is to be depreciated by 5%
6. The new profit sharing ratio is 2:1:1
7. Creditor of Rs. 1000 are not likely to claim and hence should be written off.

Prepare a profit and loss Adjustment A/c partners capital A/c's and Balance sheet of the firm after admission of Pehul.

OR

Q.3 The Balance sheet of Patel, Shah and Mehta is as follows. Who are sharing profits and losses as 3:2:1 respectively. **[15]**

Balance sheet as on 31-12-2013

Liabilities	Rs.	Assets	Rs.
Capital		Cash	5,400
Patel	12,000	Debtors	9,000
Shah	9,000	Stock	6,000
Mehta	6,000	Plant and Machinery	15,000
Creditors	7,200		
Bills Payable	1,200		
	35,400		35,400

Mehta retires from the business on the above date on the following terms.

1. Stock and Plant and Machinery to be appreciated by 5% and 10% respectively.
2. Provision for doubtful debts to be created at 5% on debtors.
3. The provision of Rs. 300 be made in respect of outstanding rent.
4. Goodwill of the firm is valued Rs. 9000 and remaining partners decide that goodwill should be written back.
5. The amount payable to the retiring partner to be transferred to his loan A/c

Prepare profit and loss Adjustment A/c, partners capital A/c and Balance sheet of Patel and shah.

Q.4 Malti, Manisha and Meenakshi were partners showing profits and losses in the ratio of 2:2:1 their Balance sheet as on 31st December 2012 was as follows : [15]

Liabilities	Rs.	Assets		Rs.
Sundry Creditors	16,500	Stock		18000
Outstanding Exp.	4,500	Cash		6150
Capital		Investment		22500
Malti	30,000	Machinery		41850
Manisha	22,500	Sundry		
Meenakshi	30,000	Debtors	15600	
		(-) R.D.D.	600	15000
	103500			103500

Manisha died on 31st March 2013. The following adjustments were made in the book of the firm

1. Goodwill of the firm was valued at Rs. 15000.
2. Stock was valued at Rs. 22500 and plant and Machinery was depreciated by 10%.
3. R.D.D. is no longer necessary.
4. A contingent liability for compensation Rs. 535 is to be provided.
5. Investment worth Rs. 15000 were taken over by Meenakshi and remaining investments were sold at a profit of Rs. 1000.
6. The deceased partner's share in profit upto the date of death was to be calculated on the basis of last year's profit which was Rs. 12,000

Prepare necessary ledger A/c and Balance sheet as on 1st April, 2013

OR

Q.4 A, B and C are partners sharing profits and losses as 5:3:2. The business is dissolved on 31.12.12 when the Balance sheet stands as below. [15]

Liabilities	Rs.	Assets	Rs.
Capital		Car	10,000
A	10,000	Machinery	50,000
B	40,000	Debtors	45,000
C	20,000	Stock	60,000
Creditors	1,00,000	Cash and Bank	5,000
	1,70,000		**1,70,000**

Machinery and stock are sold for Rs. 25,000 and Rs. 18,000 respectively. Car is taken by B for Rs. 12000, Debtors realise Rs. 20,000. Deficiency of any partner is Capital Account is to be met by other partners in profit sharing ratio.

A is insolvent, C can bring in Rs. 5000 only.

Prepare the accounts in the books of the firm.

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