

**SARDAR PATEL UNIVERSITY**  
 B.Com. (Honours) (IA & CBI) Examination-2016  
 Semester- I (CBCS) (NC)  
 18<sup>th</sup> April, 2016, Monday  
 02:30 P.M. to 04:30 P.M.  
**Partnership Accounts (UB01CCOH02)**

Total Marks: 60

Note: Figures to the right indicate full marks of the questions.

- Q-1 A and B are partners sharing profit and loss in the ratio of 3:2. On 30<sup>th</sup>, 2009 position was [15]  
 as follows:

Liabilities	Rs.	Assets	Rs.
Capital:	1,00,000	Building	60,000
A- 52000		Machinery	20,000
B -48000		Stock	15,000
Provident Fund	25,000	Debtors	40,000
Creditors	16,000	Less: BDR	<u>5,000</u>
Less: discount reserve	<u>1,000</u>	Furniture	4,000
		Cash	6,000
	1,40,000		1,40,000

They admitted Mr. C with following conditions:

1. C will get 1/5<sup>th</sup> share in a new firm.
2. C will bring Rs.18,000 cash as goodwill but 50% of this cash to be retained in the business.
3. C will bring such cash as capital to keep Rs.40,000 cash in the new firm.
4. Depreciate fixed assets by 30%.
5. Provide up to 10% BDR on debtors.
6. Maintain up to 7% discount reserve on creditors.

Prepare Profit and Loss Adjustment Account, Capital Account, Cash Account and Balance Sheet of the new firm.

OR

- Q-1 Alu and Balu are sharing profits as per 3:1. Their balance sheet on 31<sup>st</sup> Mar. 2009 is: [15]

Liabilities	Rs.	Assets	s.
Capital:	92,000	Land & Building	50,000
Alu- 60,000		Furniture	2,000
Balu- <u>32,000</u>		Debtors	33,000
Creditors	50,000	Less: BDR	<u>1,000</u>
Bills Payable	20,000	Bills Receivable	6,000
Provident Fund	5,000	Stock	20,000
General Reserve	4,000	Vehicle	20,000
Profit & Loss a/c	4,000	Cash balance	45,000
	1,75,000		1,75,000

They admitted Kalu with following terms:

1. Kalu will get  $\frac{1}{5}^{\text{th}}$  share in the new firm.
2. Stock, furniture and Vehicle are to be reduced by 10%.
3. Provide BDR on debtors up to 10%.
4. Land and Building are to be increased by 15%.
5. Goodwill of the firm is valued Rs.10,000 but Kalu will bring 50% cash as goodwill , remaining amount is to be shown in balance sheet.
6. Kalu will bring Rs.20,000 cash as capital.
7. Capital of partners in a new firm should be as per new ratio on the basis of Mr. Kalu with necessary cash adjustments.

Prepare Profit and Loss Adjustment Account, Capital Account, Cash Account and Balance Sheet of the new firm with necessary working notes.

Q-2 Gandhi, Bhavsar and Patel are sharing profit as per capital. Their Balance Sheet is as under: [15]

Liabilities	Rs.	Assets	Rs.
Creditors	20000	Land & Building	100000
Profit & Loss A/c	12000	Debtors	20000
Bank Overdraft	3000	Less: BDR	<u>1000</u>
Capital:	1,80,000	Stock	30000
Gandhi	90,000	Machine	40000
Bhavsar	60,000	Bills Receivable	20000
Patel	<u>30,000</u>	Cash Balance	6000
	<b>2,15,000</b>		<b>2,15,000</b>

Bhavsar retired and agreed that:

1. Land and Building valued at Rs.1,20,000 and Machine at 20% less.
2. BDR on debtors up to 2% only.
3. Insurance Premium Rs.400 is prepaid.
4. One bill for repairs Rs.3,000 is unpaid.
5. Provide 10% discount reserve on creditors.
6. Goodwill of the firm valued Rs.36,000, but only goodwill of Bhavsar to be adjusted.
7. New Profit sharing ratio is equal.
8. Net assets of new firm should be Rs.1,20,000 as per new ratio with cash adjustments.
9. Balance of Bhavsar retained as 10% loan in a new firm.

Prepare necessary accounts and new Balance Sheet of the firm.

OR

Q-2 Write short notes on followings: [15]

1. Treatment of goodwill on retirement of a partner
2. Problems arising on admission or death of a partner
3. Revaluation a/c

- Q-3 Alu, Balu and Kalu are partners of 2:2:1. Their Balance Sheet as on 31<sup>st</sup> March, 2009 is as under: [15]

Liabilities		Rs.	Assets	Rs.
Capital:			Goodwill	5,000
Alu	50,000		Land & Building	25,000
Balu	<u>50,000</u>	1,00,000	Machinery	20,000
General Reserve		15,000	Furniture	10,000
Creditors		10,000	Debtors	30,000
Bills Payable		5,000	Stock	5,000
			Cash Balance	5,000
			Profit & Loss A/c	10,000
			Capital – Kalu	20,000
		1,30,000		1,30,000

Kalu became insolvent and firm was dissolved. Particulars are as follow:

1. Cash Sales: Building Rs. 30,000; Machinery Rs. 10,000; Stock Rs. 3,000; Goodwill Rs. Nil.
2. Debtors of Rs. 10,000 collected fully, but 30% of bad debts occurred for remaining debtors.
3. Furniture taken over by Alu at Rs. 8,000 and he accepted to pay Bills Payable.
4. Realization expenses paid Rs. 2,000.
5. Kalu can pay 50% of amount from his private assets for capital deficiency.

Prepare accounts for firm: (i) Realization A/c (ii) Partners' Capital A/c (iii) Cash A/c.

OR

- Q-3 Lucky, Very Lucky and Un Lucky are partners of 2:2:1. Their Balance Sheet as on 31<sup>st</sup> March, 2009 was as follows: [15]

Liabilities		Rs.	Assets	Rs.
Capital :			Building	48,000
Lucky	1,50,000		Patent	5,000
Very Lucky	<u>75,000</u>	2,25,000	Stock	66,000
Bank Loan		30,000	Debtors	80,000
Creditors		65,000	Less: BDR	<u>4,000</u>
			Cash	50,000
			Capital: Un Lucky	75,000
		3,20,000		3,20,000

Partners dissolved the firm. Building sold at Rs. 50,000 and Stock at Rs. 60,000. Value of Patent is nil. Bad debts on Debtors was Rs. 15,000. From Bank Loan 50% amount paid by Lucky and balance paid by Very Lucky. Creditors paid by 10% discount. Realization expenses were Rs. 3,500 out of which Rs. 2,000 paid by Lucky and the firm paid balance. An un-recorded debt was Rs. 15,000, paid by the firm fully.

Un Lucky declared insolvent. 20 paise per rupee as final dividend received from his assets.

Prepare Realization A/c, Partners Capital A/c and Cash A/c.

Q-4

A, B and C were partners sharing profits and losses in the ratio of 3:2:1. Their Balance Sheet was as follows when they dissolved the firm on 31<sup>st</sup> March, 2009: [15]

Liabilities	Rs.	Assets	Rs.
Creditors	1,05,000	Bank	15,000
Capital :		Debtors	1,47,000
A           70,000		Stock	55,000
B           35,000			
C <u>7,000</u>	1,12,000		
	<b>2,17,000</b>		<b>2,17,000</b>

A Bill Receivable of Rs. 5,000 maturing on 30<sup>th</sup> June, 2009 was discounted by the firm. It was mutually agreed that the realization of assets should be distributed at the end of each month. The expenses and realizations month wise were as follows:

Date	Assets Realized Rs.	Expenses Rs.
30-04-2009	41,000	3,500
31-05-2009	63,000	2,700
30-06-2009	73,750	4,200
01-07-2009	17,500	1,750

All the debtors and stock were fully realized by 31<sup>st</sup> July, 2009. The Bill Receivable discounted was duly met by the acceptor. Show a statement of distribution of each installment by Surplus Capital Method.

OR

Q-4[a] A, B and C were partners sharing profits and losses in the ratio of 4:2:1 respectively. They decided to dissolve their partnership on 31<sup>st</sup> March, 2009. On the date of dissolution, their Balance Sheet was as under: [10]

Liabilities	Rs.	Assets	Rs.
Capital :		Building	20,000
A           15,000		Land	30,000
B           22,500		Furniture	25,000
C <u>25,000</u>	62,500	Cash Balance	7,750
General reserve	5,250		
Creditors	5,000		
Bank Loan	10,000		
	<b>82,750</b>		<b>82,750</b>

Assets were sold piecemeal in three installments Rs. 5,750; Rs. 22,750 and Rs. 19,000. The cost of dissolution was estimated at Rs. 750 and the amount was kept as reserve, until the last installment. At the time of the last installment, the cost of dissolution of Rs. 500 was paid.

Show a statement of distribution of each installment by Maximum Loss Method.

[b]

Write a note on Maximum Loss Method.

[05]

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