

**SARDAR PATEL UNIVERSITY**  
**B. Com. (I Semester) (NC 2010 Batch) Examination**  
**2016**  
**Friday, 21<sup>st</sup> October**  
**2.00 pm - 4.00 pm**  
**UB01CCOM04/12 - Accounting for Firms**

**Total Marks : 60**

- Notes:** (1) Figures to the right indicate marks.  
 (2) Show all necessary workings.

- Q.1 Ram and Bharat are partners of a firm sharing profits and losses in the ratio of 2:1 respectively. On 31st March, 2016 their Balance Sheet appeared as under: (15)

Liabilities	Rs.	Assets	Rs.
<b>Capital Accounts:</b>		Buildings	8000
Ram 16000		Furniture	2400
Bharat 12000	28000	Stock	4800
General Reserve	9600	Debtors	30000
Creditors	6400	Cash on hand	4800
Bank overdraft	6000		
	<b>50000</b>		<b>50000</b>

It was decided to admit Laxman into the firm subject to following terms:

1. Laxman will bring in Rs. 4800 by way of his capital and Rs. 3600 by way of his goodwill which is to be retained in the business.
2. Laxman will be entitled to 1/4th share of the profits.
3. Rs. 900 is to be provided for doubtful debts.
4. Depreciation on furniture is to be provided @ 5%.
5. Stock is to be revalued at Rs. 4200.

**Prepare:** 1. Profit and Loss Adjustment Account.  
 2. Partners' Capital Accounts  
 3. Balance Sheet of the new firm

**OR**

Q.1

- (a) A and B are partners sharing profits in the ratio of 3:2. They admitted C. Goodwill of the firm was valued at Rs. 36000. C brings his share of goodwill in cash. New profit sharing ratio of A,B and C is 5:2:2 respectively. Journalise the transaction. (07)
- (b) X and Y are partners with capital of Rs. 130000 and Rs. 90000 respectively. They admit Z as partner with 1/5th share in the profits of the firm. Z brings Rs. 80000 as his capital. Give journal entries to record goodwill. (08)

- Q.2 Ravi, Kiran and Usha are partners sharing profits and losses in the ratio of 3:2:1 respectively. On 31-12-2015, the Balance Sheet of the firm was as under: (15)

Liabilities	Rs.	Assets	Rs.
Creditors	13600	Cash	4700
Capital Accounts:		Debtors	8000
Ravi      15000		Stock	11700
Kiran     10000		Building	23000
Usha     10000	35000	Profit & Loss A/c	1200
	<b>48600</b>		<b>48600</b>

Kiran retired on the above mentioned date on the following terms:

1. Building to be appreciated by Rs. 7000.
2. Provision for doubtful debts to be made at 5% on debtors.
3. Goodwill of the firm is valued at Rs. 18000 and adjustment in this respect to be made in the continuing partners' capital accounts without raising goodwill account.
4. Rs. 3000 to be paid to Kiran immediately and the balance in his capital account to be transferred to his loan account.

**Prepare :** (1) Profit and Loss Adjustment Account  
 (2) Partners' Capital Accounts  
 (3) Cash Account  
 (4) Balance Sheet after Kiran's retirement.

OR

- Q.2 (a) A, B and C have been sharing profits and losses in the ratio of 5:3:2. B retires. His share is taken over by A and C in the ratio of 2:1. Calculate the new profit sharing ratio. (05)
- (b) Write Short notes on : (05)
1. Payment to the retiring partner. (05)
  2. Gaining Ratio (05)

- Q.3 The following was the Balance Sheet of 'A' and 'B' as on 31st March, 2016: (15)

Liabilities	Rs.	Assets	Rs.
Creditors	38000	Bank Balance	11500
Smt. A's Loan	10000	Stock	6000
B's Loan	15000	Debtors	19000
General Reserve	5000	Furniture	4000
Capital Accounts:		Plant	28000
A      10000		Investments	10000
B      8000	18000	P & L A/c	7500
	<b>86000</b>		<b>86000</b>

The firm was dissolved on 31st March, 2016 on the following terms:

1. 'A' agreed to take investments at Rs. 8000 and to pay off Smt. A's loan
2. Other assets were realised as follows:  
 Stock Rs. 5000                      Debtors Rs. 18500  
 Furniture Rs. 4500                  Plant Rs. 25000
3. Expenses on realisation amounted to Rs. 1600.
4. Creditors agreed to accept Rs. 37000 only.

The profits and losses were shared in the ratio of 3:2.

**Prepare :** (1) Realisation Account  
(2) Partners' Capital Accounts  
(3) Bank Account

**OR**

- Q.3 'I' and 'V' were partners sharing profits and losses in the ratio of 3:2. On the date of dissolution their capitals were I: Rs. 7650, V: Rs. 4300. The creditors were amounted to Rs. 27500. The balance of cash was Rs. 760. The assets realised Rs. 25430. The expenses on dissolution were Rs. 1540. All partners were solvent. (15)

**Prepare:** (1) Realisation Account  
(2) Partners' Capital Accounts  
(3) Cash Account

- Q.4 P, Q and R were partners sharing profits and losses in the ratio of 3:2:1 decided to dissolve the firm on 1st April, 2016. The following was their Balance Sheet on that date: (15)

Liabilities		Rs.	Assets		Rs.
<b>Capital:</b>			Cash in hand		1000
P	4000		Other Assets		9000
Q	2400				
R	800	7200			
Creditors		2800			
		<b>10000</b>			<b>10000</b>

Other Assets were sold by following instalments:

1st instalment Rs. 1600

2nd instalment Rs. 2600

3rd instalment Rs. 2400

Prepare a statement showing the distribution of cash by Surplus Capital Method.

**OR**

- Q.4 (a) Write short note on:  
Maximum Loss Method (07)
- (b) After paying all the creditors at the time of dissolution of a firm of R, S and T, the two instalments of Rs. 4000 and Rs. 26000 were received in July and in August 2016. Their profit sharing ratio is 2:1:2. Their capitals are Rs. 30000, Rs. 20000 and Rs. 30000 respectively. (08)  
Prepare a statement showing distribution of cash.



