Time 1.5 Hrs. ***Partnership*** ***Max. Marks: 35***

Q1. A,B and C are partners sharing profit and losses as to 1/2, 1/3 and 1/6 respectively. On 31st March 2009 their Capital Account after including the profits for the year ended 31st March 2009 and dealing with drawings stood at Rs.26,000, Rs.20,000, and Rs.11,500 respectively. Subsequently they found out that interest on capital at 15 % p.a. and interest on drawings at the rate of 10% had been omitted. The profit for the year in arriving at the above figures of capital amounted to Rs.18,000.The drawings of A, B and C during the year had been Rs.3,000; Rs.1,000 and Rs.1,500 respectively. The interest on drawings works out to Rs.210 for A, Rs.120 for B & Rs.120 for C. ***Give*** the necessary journal entries for rectifying the above omission. (8)

Q2. A and B were partners with profit sharing ratio of 2:1. Their balance sheet on 31.03.95 was as follows:

Liabilities			***Amount***	***Assets***	***Amount***
Creditors			40,000	S. Debtors	50,000
Provision for d/d			5,600	Bank	10,600
Bank Loan			20,000	Cash	25,000
B\P			25,000	Stock	30,000
Workmen's compen-sation Fund			15,000	Building	70,000
				Patents	10,000
Capitals:-	A	75,000		Investments	15,000
	B	60,000	1,35,000	Goodwill	30,000
			2,40,600		2,40,600

They admitted C into partnership on this date. The new ratio is agreed as 5:3:2. C brings `50,000 as his share of capital but unable to bring `15,000 for goodwill.

The following adjustments were agreed upon:-

(i) Provision for doubtful debts is to be reduced to `2,000.
(ii) Stock is to be reduced by 10%.
(iii) Investments are appearing at 25% more than the market value. It is now to be reduced to market value.
(iv) Patents are now valued at 60%.
(v) Value of Buildings is to be increased to 125%.
(vi) Liability on account of workmen's compensation fund is estimated at `18,000.
(vii) Bank Loan is to be paid off by C .
(viii) Capitals of the other partners to be adjusted in the new ratio.

Prepare Revaluation A/c, Cash A/c, Partner's Capital A/c and the opening balance sheet of A, B and C (12)

Q.3 X, Y & Z were partners with profit sharing ratio 2:1:1. Their balance sheet on 31.03.12 was as follows:

Liabilities		**Amount**	**Assets**	**Amount**
Creditors		30,000	Cash	12,400
Prov. For d/d		2,400	Stock	25,000
B/P		25,000	S. Debtors	40,000
General Reserve		20,000	Investments (Market value 13,000)	15,000
Workmen's Compen-sation fund		10,000	Patents	10,000
Capitals:-			Building	70,000
X	45,000			
Y	30,000			
Z	30,000		Goodwill	20,000
		1,05,000		_______
		1,92,400		1,92,400

Z decided to retire on this date & W is to be admitted. The new ratio is agreed as 3:2:1 between X, Y & W. The following adjustments were agreed upon:-

i) Debtors are all good.
ii) Stock is to be reduced by 20%.
iii) Investments are now to be recorded at market value.
iv) Patents are valued at 40%.
v) Value of buildings is to be increased by 40%.
vi) Liability on account of workmen's compensation fund is estimated at Rs.12,000.
vii) Create a provision for discount against creditors and bills payable @ 4%.
viii) Goodwill of the firm valued at Rs.60,000 but no account for goodwill is to be opened.
ix) 60% of the amount payable to Z is to be paid immediately in cash & partners are to bring amount in such a way that capital of the three partners be in their profit sharing ratio. Firm also decided to maintain cash to the extent of Rs.10,000. The balance to Z will be paid in two half yearly instalments with interest @ 10% p.a.

Prepare Revaluation A/c, Cash A/c, Partners Capital A/c, Z's loan A/c and the opening Balance sheet of X, Y & W. (15)