

## PART - A

NOTE: Answer all the questions.

Choose and write the correct answer with option.

10X1=10

- The Debit balance of the current account, will be shown in the \_\_\_\_\_ side of the balance sheet.  
a) Liabilities    b) Assets    c) Income
- If a firm is Maintaining both 'Capital Account' Current Accounts of the Partners A and B. Additional Capital Introduced By B will be recorded in \_\_\_\_\_  
a) B's Current Account    b) B's Capital Account  
c) Either B's Capital Account or Current Account
- \_\_\_\_\_ is the Value of the reputation of the firm which the business builds up to its efficient services to its customers and quality of its products.  
a) Asset    b) Liabilities    c) Goodwill
- What are the Methods for Calculating of Valuation of Goodwill \_\_\_\_\_  
a) 1    b) 2    c) 3
- When the Value of an asset increases, it results in \_\_\_\_\_  
a) Loss    b) Profit    c) Expenses
- In the Event of Admission of a New partner, Legally there is \_\_\_\_\_ of old partnership.  
a) Dissolve    b) Continue    c) Admission
- A, B and C Shares profits 1/2 to A, 1/3 to B and, 1/6 to C. If B retires then, the new Profit Sharing ratio is \_\_\_\_\_  
a) 1:2    b) 3:1    c) 2:1
- When the amount due to an Outgoing partner is not paid immediately, then it is transferred to \_\_\_\_\_.  
a) Capital A/C    b) Loan A/C    c) Cash A/C
- \_\_\_\_\_ ratio is calculated by taking out the difference between new profit sharing ratio and old profit Sharing ratio.  
a) Gaining    b) Capital    c) Sacrifice.
- At the time of retirement of a partner, Calculation of new profit ratio is  
a) Not necessary    b) necessary    c) optional

## PART - II

Note: Answer any 4 questions in which Q.NO. 11 is compulsory.

4X2=8

- What is Profit and Loss Appropriation Account?
- What is accumulated Reserve?
- Sabari and Solairaj are two partners sharing profits and Losses Equally. Sabari drew regularly Rs.400 at the End of Every month during the year. Solairaj drew

12<sup>th</sup> A/c

Rs.800 regularly at the beginning of Every month during, the year. calculate interest on their drawings at 10% P.A.

14. What is Sacrifice Ratio?
15. Mahendran and Narasimhan are partners of a firm sharing profit and Loss in the ratio of 5:4 on 31.03.2005 the firm's books shows a Reserve Fund Rs.36,000. They decided to admit Aparajitha on 1st April 2005. For 1/3 rd Share. Pass Entry.
16. Goodwill is to be Valued at three years purchase of Five years of the firm were.  
2000 - Rs. 4,200  
2001 - Rs. 4,500  
2002 - Rs. 4,700  
2003 - Rs. 4,600  
2004 - Rs. 5,000

### Part - III

**Note: Answer any 4 questions in which Q.NO. 17 is compulsory.**

**4X3=12**

17. Manjula and Vennila started business on 1st April 2004 with Capital of Rs.60,000 and Rs.50,000 respectively. On 1st July 2004 Manjula withdrew Rs.8000 from his Capital. Vennila introduced additional capital Rs.10,000 on 30.9.2004. calculate Interest On Capital at 5% for the year ending 31st March 2005.
18. P and Q are partners sharing profits in the ratio of 3:2. They admit R For 1/5th share which acquires Equally from P and Q. Calculate New profit sharing ratio and Sacrificing ratio of old Partners.
19. Give a Journal Entry for following Transactions:-
  - a) To bring into record investment of Rs.18,000 Which had not, so far been recorded in the books of the Firm.
  - b) To Depreciate stock, Furniture and Machinery by Rs.18,000, Rs.6000 and Rs.30,000 Respectively.
  - c) To Provide for workmen's Compensation of Rs.24,000
20. The Average net profits of the firm expected in the future are Rs. 54,000 per year. The Average Capital Employed in the business is Rs.3,00,000. The rate of interest expected from capital invested in the business is 10%. The remuneration of the partners is estimated to be Rs. 9000 per annum. Find out the value of goodwill on the basis of two years purchase of super profits.
21. What are the Factors affecting goodwill? [Any 5 point]
22. How can a Partner Retire from the Firm?

### PART - IV

**Note:- Answer for all the questions.**

**3X5=15**

23. What are the differences between fixed capital Account and Fluctuating capital Account.

[Or]

24. Ananthi and Aravind are partners with Capital of Rs. 90,000 and Rs. 60,000 respectively on 1st April 2004. The trading profit for the year ending 31st March, 2005 was Rs. 60,000. Interest on Capital is to be allowed at 12% per annum. Aravind entitled to a salary of Rs. 15,000 p.a. The drawings of the partners were Ananthi Rs. 15,000 and Aravind Rs. 10,000. The interest on Drawings are Ananthi Rs. 500 and Aravind Rs. 250. Assuming that Ananthi and Aravind are Equal partners. Prepare the Profit and Loss Appropriation Account and the Capital Accounts as on 31st March 2005.

[Or]

Show How the following items will appear in the Capital A/c of the partners, Ramu and Somu, When their capitals are a) Fluctuating and b) Fixed.

Particulars	Ramu	Somu
Capital on 1.4.2004	Rs. 90,000	Rs. 60,000
Drawing during 2004 - 2005	Rs. 18,000	Rs. 15,000
Interest on Drawing	Rs. 500	Rs. 300
Share of profit 2004 - 2005	Rs. 12,000	Rs. 8,000
Interest on Capital	Rs. 5,400	Rs. 3,600
Partner's Salary	Rs. 6,000	---

25. The following is the Balance sheet of CHANDRU, And ARUMUGAM Sharing Profits 3:2, as on 31.03.2005.

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	1,60,000	Bank	20,000
Bills Payable	40,000	Land and Building	1,40,000
Capital accounts:		Plant and Machinery	Rs. 20,000
80,000		Stock	40,000
CHANDRU 80,000		Sundry Debtors	60,000
ARUMUGAM <u>60,000</u>	<u>1,40,000</u>		<u>3,40,000</u>
	<u>3,40,000</u>		

On 1.4.2005 they decided to admit Saravanan in to the Partnership on the following terms.

- Saravanan shall bring in a Capital Rs. 60,000
- Goodwill of the firm being valued at Rs. 40,000
- Land and Buildings be appreciate by 10%
- Stock be depreciated by Rs. 6000 and Provision for Outstanding Liabilities be created at Rs. 4000.

Prepare the Revaluation account, Capital account Bank account and the Balance Sheet of the Reconstituted Partnership.

Lalitha, Jothi and Kanaga were Partners of a firm Sharing profit and Losses in the Ratio 3:2:3. set out below was their Balance sheet as on 31.3.2003

Liabilities	Rs.	Asset	Rs.
Sundry Creditors	62,500	Cash in Hand	750
Bills Payable	32,000	Cash at Bank	2,04,500
Capital:-		Sundry Debtors	89,000
Lalitha 2,00,000		Stock	1,11,500
Jothi 1,25,000		Furniture	17,500
Kanaga 1,50,000	4,75,000	Plant & Machinery	48,750
Profit and Loss A/C	22,000	Building	1,20,000
Outstanding Expenses	<u>500</u>		<u>5,92,000</u>
	<u>5,92,000</u>		

Lalitha retired from the partnership on 1st April 2004 on the following terms

1. Goodwill of the firm was to be valued at Rs.30,000
2. The assets are to be valued as under:-
 

Stock	Rs. 1,00,000
Furniture	Rs. 15,000
Plant and Machinery	Rs. 45,000
Building	Rs. 1,00,000
3. A provision for Doubtful debts be created at Rs. 4250
4. Lalitha was to be paid off immediately. you have prepare only Revaluation Account and Partner's Capital Account.

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