Reg. No. | | | | | | | | | |

BCMCMC 202

Credit Based III Semester B.Com. Degree Examination, October/November 2017 (2014-15 and Earlier Batch)

FINANCIAL ACCOUNTING – III

Time : 3 Hours Max. Marks : 120

***Instruction** : Show working note **wherever** necessary.*

SECTION – A

Answer **any four** questions. **(4×6=24)**

1. What is sacrifice ratio ? What is the need of calculating sacrifice ratio ?

2. State the order in which payments are made on dissolution of a partnership firm.

3. Sumana, Sushma and Sumedha are partners in a firm. Sharing profits and losses in the ratio of 5 : 4 : 3. Sushma retires from the firm. The new profit sharing ratio between Sumana and Sumedha is 5/9 and 4/9. Calculate the gain ratio.

4. Sadashay and Thanmay are partners sharing profits and losses in the ratio of 7 : 5. They admit Uday as a new partner. He acquires his share as 1/12th from Sadashay and 1/8th from Thanmay. Calculate the new profit sharing ratio and sacrificing ratio.

5. The Balance Sheet of Dharma, Bheema and Arjuna, sharing profits and losses in the ratio of 2 : 2 : 1 is as follows :

Balance Sheet as on 31-12-2013

Liabilities	Rs.	Assets		Rs.
Capitals :		Debtors 1,50,000		
Dharma	7,20,000	– RBD	6,000	1,44,000
Bheema	8,30,000	Stock		50,000
Arjuna	6,64,000	Building		20,20,000
	22,14,000			**22,14,000**

P.T.O.

Dharma retired on the above date and the following adjustments have been agreed upon :

a) Stock be decreased by Rs. 8,000.

b) RBD be brought upto 6% on debtors.

c) Provision for o/s electricity bill be made at Rs. 4,000.

d) Unrecorded furniture be valued at Rs. 5,000

Prepare Revaluation account.

6. Amar, Arun and Anand carried on business in partnership sharing profits in the ratio of 3 : 2 : 1. The Balance Sheet on 31-12-2016 showed their capital being, Amar Rs. 30,000; Arun Rs. 25,000 and Anand Rs. 20,000. On 31st March 2017, Amar died. Prepare his Executor's A/c taking into consideration the following facts :

   a) The firm had insured partners lives separately. Amar for Rs. 20,000; Arun for Rs. 15,000 and Anand for Rs. 10,000. The premiums have been charged to P & L A/c. Surrender value on 31st March 2017 amounted in each case to one half of the sum assured.

   b) Amar's share of profit for the portion of the current financial year was to be based on the average profits of the last three completed years. The profits were Rs. 10,000, Rs. 12,000 and Rs. 15,000.

SECTION – B

Answer **any four** questions. **(4×12=48)**

7. Write note on :

   a) Piecemeal distribution of cash and its significance.

   b) Joint life and several life policies.

8. Explain briefly various methods of treatment of goodwill on the admission of a partner.

9. Ramesh, Yogish and Santhosh partners in a partnership firm sharing profits in the ratio of 2 : 2 : 1, took out a Joint Life Policy for Rs. 90,000 on 15th April 2011 by paying an annual premium of Rs. 4,500. The accounts were closed on 31st December every year.

Following were the surrender value of the policy : 2011 – Nil : 2012 – Rs. 800; 2013 – Rs. 1,500; 2014 – Rs. 2,600 and 2015 – Rs. 4,000.

Ramesh died on 10th May 2015 and the claim was received on 25th May 2015.

Show Joint Life Policy Account and Joint Life Policy Reserve A/c.

10. Sundar, Raman and Nagesh share profits in 3 : 2 : 2 ratio. Nagesh died on 1st July 2016. The Balance Sheet on 31-12-2015 was

Liabilities	Rs.	Assets	Rs.
Capital :		Goodwill	9,450
Sundar	15,000	Fixed Assets	20,000
Raman	10,000	Investments	2,500
Nagesh	10,000	Stock	5,000
General Reserve	2,600	Debtors	5,000
Reserve for Bad Debts	400	Cash	2,500
Creditors	6,450		
	44,450		**44,450**

The following arrangements were agreed upon :

a) Fixed Assets be valued at Rs. 29,000; investments Rs. 2,350, stock Rs. 4,700.

b) Goodwill be valued at two years purchase of average profits of the past five years.

c) Nagesh's profit to the date of death be calculated on the basis of average profits of the past three years.

d) Profits of the last five years were : 2015 – Rs. 5,000, 2014 – Rs. 4,000, 2013 – Rs. 4,500, 2012 – Rs. 7,000, 2011 – 5,750.

Prepare Partners Capital A/c and Balance Sheet of continuing partners.

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The assets realised as follows :

I Installment Rs. 14,000

II Installment Rs. 10,000

III Installment Rs. 10,000

Show the distribution of cash under surplus capital method.

SECTION – C

Answer **any two.** **(2×24=48)**

13. Saakshi and Raashi are in partnership sharing profits and losses in the ratio of 3 : 2. On 1-1-2017 their Balance Sheet was as under.

Liabilities	**Rs.**	**Assets**	**Rs.**
Capitals :		Fixed Assets	45,000
Saakshi	40,000	Stock	30,200
Raashi	30,000	Debtors 26,600	
General Reserve	5,000	– RBD 1,600	25,000
Creditors	20,000	Cash	800
Bank O.D.	6,000		
	1,01,000		**1,01,000**

On the above date, Sonakshi was admitted as a partner for 20% profits in the firm. The terms are :

a) Goodwill of the firm is fixed at Rs. 30,000. Goodwill is to be raised and written off immediately.

b) Fixed assets are revalued at Rs. 50,000 and the provision for doubtful debts to be raised to Rs. 2,100.

c) Sonakshi brings necessary amount of cash and stock worth Rs. 2,000 and debtors Rs. 3,000 as her share of capital.

d) The total capital of the new firm is fixed at Rs. 1,00,000 and the partners agreed to provide capital in the new profit sharing ratios.

e) Saakshi and Raashi agreed to share future profits equally, excess and shortage of capital arising out of adjustments are to be transferred to their newly opened current accounts.

Prepare necessary ledger accounts to the above effects and draft the Balance Sheet of the new firm.

14. Neena and Meena were working in partnership sharing profits equally. On 31-12-2016, Neena decided to retire and in her place it was decided to admit Mekhala her daughter from 1-1-2017 and her share of profits will be one third.

Balance Sheet as on 31-12-2016

Liabilities	Amount Rs.	Assets	Amount Rs.
Capitals :		Goodwill	30,000
Neena	1,08,600	Land and Building	80,100
Meena	96,000	Furniture	18,600
Creditors	29,400	Motor car	24,000
		Debtors	48,300
		Bank	33,000
	2,34,000		**2,34,000**

It was decided as follows :

1) Goodwill should be raised to Rs. 40,000.

2) Motor car would be taken over by Neena at its book value.

3) Value of Land and Buildings would be increased by Rs. 16,560.

4) Meena and Mekhala would introduce sufficient capital to pay off Neena and to leave thereafter a sum of Rs. 14,700 as working capital in a manner that the capitals of the new partners will be in proportion to their profit sharing ratio.

5) The new partners decided not to show the goodwill as an asset.

Prepare 1) Partner's Capital Accounts 2) Revaluation Account and 3) Balance Sheet of Meena and Mekhala.

15. Raja and Rama were partners in a firm sharing profits in the ratio of their capitals. The Balance Sheet on September 30, 2016 is as follows :

Liabilities	Rs.	Assets	Rs.
Creditors	55,000	Cash	4,500
Reserve Fund	7,000	Debtors	40,000
Capitals :			
Raja	75,000	Stock	37,000
Rama	50,000	Plant	85,000
		Investments	20,500
	1,87,000		**1,87,000**

The firm was sold to XY Ltd. on the following terms.

a) The company was to purchase the whole concern except cash and investments at 10% less than book value.

b) The creditors were taken over at the book figure.

c) The company agreed to pay Rs. 5,000 for goodwill.

d) The purchase consideration was paid half in cash and half in fully paid shares of Rs. 10 each of the company.

The firm realised its own investments and the shares at 5% less.

Prepare :

a) Partner's Capital Accounts.

b) Realisation Account.

c) Bank Account.

16. Nithya, Sathya and Mithya were partners sharing profits and losses in the ratio of 3 : 2 : 1. The partnership was dissolved on 31-3-2016. On which date the Balance Sheet of the firm was as follows :

Liabilities	Rs.	Assets	Rs.
Capital :		Sundry Assets	67,500
Nithya	80,000	Debtors	34,150
Sathya	40,000	Bills Receivable	25,180
Reserves	36,000	Stock	45,160
Creditors	1,73,130	Mithya's Capital	1,25,000
		Cash at bank	32,140
	3,29,130		3,29,130

The lives of partners were severally insured; Nithya for Rs. 1,00,000, Sathya for Rs. 50,000 and Mithya for Rs. 60,000. The premium were charged to P & L A/c. On the date of dissolution the surrender value of each policy was 30% of sum assured. Nithya took over his policy and policies of Sathya and Mithya were surrendered.

In the course of realisation, it was found that

a) A liability of Rs. 15,000 for goods purchased has been omitted from the Balance Sheet and the goods have been included in the stock.

b) B/R amounting to Rs. 35,000 which was discounted with the bank was dishonoured and proved to be valueless.

Nithya agreed to takeover the goodwill of the firm at Rs. 25,000. B/R were retired by the acceptors for Rs. 24,000. The remaining assets realised for Rs.1,14,790. The expenses of realisation amounted to Rs. 6,000. Mithya is insolvent and her estate paid Rs. 11,200. The partnership deed provided that the capital deficiency should be shared by the solvent partners in the capital ratios as appeared in the Balance Sheet.

Prepare :

1) Partner's Capital Accounts.

2) Realisation Account.

3) Bank Account.

Reg. No. | | | | | | | | | |

BCMCMC 210

Credit Based Third Semester B.Com. Degree Examination, October/November 2017
(2015-16 and Earlier Batches)
COMMERCE
Financial Accounting – III

Time : 3 Hours Max. Marks : 120

Instruction : *Provide working notes* ***wherever*** *necessary.*

SECTION – A

Answer **any four** of the following questions : **(4×6=24)**

1. Distinguish between revaluation a/c and realisation a/c.

2. What is sacrifice ratio ? What is the need for calculating sacrifice ratio ?

3. The balance sheet of A, B and C, sharing profits and losses in the ratio of 2 : 2 : 1 is as follows :

Balance Sheet as on 31-12-2016

Liabilities	₹	Assets		₹
Capitals :				
A	7,20,000	Debtors	1,50,000	
B	8,30,000	Less : RBD	6,000	1,44,000
C	6,64,000	Stock		50,000
		Buildings		20,20,000
	22,14,000			**22,14,000**

A retired on the above date and the following adjustments have been agreed upon :

1) Stock be decreased by ₹ 5,000.
2) RBD be brought upto 5% of debtors.
3) Provision for outstanding electricity bill be made at ₹ 2,100.
4) Unexpired insurance be carried forward to the extent of ₹ 750.

Prepare revaluation A/c on the retirement of A.

P.T.O.

4. X and Y are partners sharing profits and losses in ratio of 3 : 2. They admit Z. X contribute $^1/_4$ of his share and Y contributes $^1/_8$ of his share. Calculate new profit sharing ratio of the partners.

5. M and N are partners in a business sharing profit and losses in the ratio of 3.2. N died on 31st May, 2017 and his executors are entitled to the following :

   a) His capital as on 31-3-2017 ₹ 1,00,000

   b) His salary for two months @ ₹ 15,000 p.m.

   c) Interest on capital @ 18% for two months.

   d) Goodwill of the entire firm ₹ 50,000

   e) Profit of the firm till the date of N's death ₹ 30,000.

   Prepare N's executor's a/c.

6. What is meant by piece-meal distribution of cash on the dissolution of a partnership firm ?

SECTION – B

Answer **any four** of the following questions : (4×12=48)

7. A, B and C are in partnership sharing profits equally. Their Balance Sheet on 31-3-2017 stood as follows :

Liabilities	₹	Assets		₹
Creditors	13,000	Bank		5,000
General reserve	4,200	Debtors	10,000	
Capitals :		Less : RBD	800	9,200
A	30,000	Stock		10,000
B	20,000	Investments		5,000
C	20,000	Property		40,000
		Goodwill		18,000
	87,200			**87,200**

C died on 30th June, 2017. On the date of death it was agreed :

1) Property be valued at ₹ 58,000.
2) Investments be valued at ₹ 4,800.
3) Debtors were all good.
4) Stocks are valued at ₹ 9,400.
5) Goodwill be valued at one year's purchase of the average profits of the past five years.

C's share of profit to the date of death be calculated on the basis of average profits of the preceding three years.

The last five years profits were :

	₹
31-3-2013	11,500
31-3-2014	14,000
31-3-2015	9,000
31-3-2016	8,000
31-3-2017	10,000

You are required to prepare necessary accounts and balance sheet of the remaining partners.

8. On 31st March 2017, the balance Sheet of Black, White and Green showed the following position :

Liabilities	₹	Assets	₹
Creditors	10,000	Bank	200
Bills payable	3,200	Debtors	16,000
Reserve	9,000	Stock	25,000
Capitals :		Bills receivable	5,000
Black	21,000	Machinery	15,000
White	13,000		
Green	5,000		
	61,200		**61,200**

The firm was dissolved. Assets realized ₹ 31,000. Realisation expenses came to ₹ 600. The partners share profits and losses equally.

Prepare necessary ledger accounts to close the books of the firm.

9. Amir and Akshay are partners sharing the profits and losses in the ratio of 3 : 2. Their Balance Sheet as on 31-03-2017 is as follows :

Liabilities	₹	**Assets**	₹
Creditors	2,500	Goodwill	2,500
Expenses due	500	Investments	3,500
Workmen's compensation fund	4,000	Machinery	4,000
Reserves	2,000	Stock	5,000
Capitals :		Debtors	6,000
Amir	8,000	Premises	4,000
Akshay	8,000		
	25,000		**25,000**

On the above date Salman is admitted as the new partner. The new profit sharing ratio is agreed is 5 : 3 : 2. The terms on admission are :

i) Salman brings ₹ 10,000 towards capitals.

ii) Goodwill of the firm is valued at ₹ 6,000.

iii) Assets are revalued as premises at ₹ 4,800, debtors less 5% RBD, stock at ₹ 4,200 ; Investment at ₹ 2,000.

iv) The liability against the Workmen's Compensation Fund is to be fixed at ₹ 2,000.

v) A claim of ₹ 500 from creditors is not likely to arise.

Prepare necessary ledger accounts and balance sheet of the new firm.

10. A, B and C were partners in a firm sharing profits and losses in the ratio of 2 : 1 : 2. They decided to convert the firm into Apollo Ltd. with effect from 1.4.2017 on which date their Balance Sheet stood as follows :

Liabilities	₹	**Assets**	₹
Capitals :		Goodwill	80,000
A	25,000	Machinery	50,000
C	85,000	Stock	50,000
C's loan	50,000	Debtors	80,000
Bank overdraft	30,000	Cash	10,000
Creditors	60,000	B's capital	30,000
Bills payable	50,000		
	3,00,000		**3,00,000**

All assets (except cash) and all outside liabilities are taken over by the company for a consideration of ₹ 2,00,000 to be discharged through 20,000 equity shares of ₹ 10 each fully paid. The partners decided to allocate the shares in their profit sharing ratio. Show realisation A/c, partners' capital Accounts, Apollo Ltd. A/c, equity shares A/c and Bank A/c.

11. Ramesh and Suresh are sharing the profits in the ratio of 3 : 2 took out a joint life policy on 1-1-2013 of ₹ 20,000 for 20 years – paying an annual premium of ₹ 1,000. The surrender values of the policy were 2013 Nil ; 2014 ₹ 200 ; 2015 ₹ 550 ; 2016 ₹ 780 and 2017 ₹ 900. Suresh died on 31-3-2017. The claim on the policy was collected on 15-4-2017. Show Joint Life Policy Account and Joint Life Policy Reserve Account.

12. Write a note on :

a) Order of payment on dissolution of a partnership firm

b) Accounting adjustments needed at the time of death of a partner.

SECTION – C

Answer **any two** of the following questions : **(2×24=48)**

13. Meena and Veena were carrying on a business as equal partners. It was agreed that Meena should retire from the firm on 31st march 2017 and that her son Leena should join Veena from 1st of April 2017 and should be entitled to $^1/_3$ in the profits. The Balance Sheet on 31st March, 2017 was as follows :

Liabilities	₹	Assets	₹
Meena's capital	34,000	Cash at bank	11,000
Veena's capital	28,200	Sundry debtors	16,100
Sundry liabilities	9,800	Furniture	14,200
		Building	20,700
		Goodwill	10,000
	72,000		**72,000**

On 31st March 2017 the goodwill was valued at ₹ 22,000 and building at ₹ 24,000. It was also agreed that enough money should be introduced to enable Meena to be paid out and leave ₹ 10,000 cash by way of working capital. Veena and Leena were to provide such sums as would make their capitals proportionate to their shares of profits. Meena agreed to make a loan to Leena by transfer from her capital account half the amount which Leena had to provide. Veena and Leena paid in cash due from them and the amount due to Meena was paid out.

14. Balance Sheet of M, N and O who are partners in a firm sharing profits and losses on the ratio of 4 : 3 : 2 stood as follows :

Liabilities		₹	Assets		₹
Creditors		41,400	Bank		33,000
Capitals :			Debtors	30,450	
M	1,20,000		Less : RBD	1,050	29,400
N	90,000		Stock		48,000
O	60,000		Machinery		51,000
			Buildings		1,50,000
	3,11,400				3,11,400

N having given notice to retire from the firm, the following adjustments in the books of the firm were agreed upon :

1) Buildings be appreciated by 10%.
2) The provision for bad debts is no longer necessary.
3) The stock be appreciated by 20%.
4) The adjustments be made in the accounts to rectify a mistake previously made where by N was credited in excess of ₹ 8,100, while M and O were debited in excess by ₹ 4,200 and 3,900 respectively.
5) The goodwill of the firm be fixed at ₹ 54,000 and N's share of the same be adjusted to that of M and O who were going to share the future profits in the ratio of 2 : 1.
6) That the entire capital of the firm as newly constituted will be readjusted by bringing in or paying off cash, so that the future capital of M and O be in the ratio of 2 : 1.

You are required to prepare revaluation A/c, Partners' capital account, bank A/c and Balance Sheet of the firm.

15. Ram, Ramesh and Raghu were in partnership sharing profit and losses in the proportion of 5 : 4 : 3. They agreed to dissolve the partnership on 31st March, 2017 on which date their assets and liabilities were as under :

Liabilities	₹	Assets	₹
Creditors	76,000	Debtors	1,45,000
Ramesh's loan	9,000	Stock	1,50,000
Capitals :		Plant	50,000
Ram	1,20,000	Furniture	10,000
Ramesh	90,000		
Raghav	60,000		
	3,55,000		**3,55,000**

The assets were realised in the following instalments and the proceeds were distributed as and when realised :

First instalment ₹ 50,000

Second instalment ₹ 30,000

Third instalment ₹ 21,000

Fourth instalment ₹ 90,000

Final instalment ₹ 84,000

The cost of realisation was estimated at ₹ 5,000 and the amount was kept as reserve before distribution of the proceeds. Until after third instalment when the actual expenses of ₹ 4,000 was met.

Show the statement of Piecemeal distribution of cash.

16. The following is the Balance Sheet of Geetha and Seetha as at 31st March, 2017. Neetha in admitted as a partner. On that date the position of the firm was as under :

Liabilities	₹	Assets	₹
Capitals :		Debtors	16,000
Geetha	15,000	Buildings	15,000
Seetha	12,000	Machinery	15,000
Creditors	12,000	Stock	20,000
Reserves	26,000	Cash at bank	3,000
Workmen compensation fund	4,000		
	69,000		**69,000**

Geetha and Seetha shared profits in the proportion of 3 : 2. The following terms of admission are agreed upon :

1) Revaluation of assets : Buildings ₹ 25,000 ; Stock ₹ 26,000 ; Debtors are to be reduced by ₹ 2,000.
2) Neetha brought her share of goodwill ₹ 12,000 in cash.
3) The liability on workmen compensation fund is determined at ₹ 3,000.
4) Neetha was to bring further cash as would make her capital equal to 25% of the combined capitals of the partners Geetha and Seetha, after the above adjustments are carried out.
5) The future profit sharing proportion are :

Geetha $^2/_5$, Seetha $^2/_5$ and Neetha $^1/_5$.

Prepare Revaluation a/c, partner's capital a/c's and Balance Sheet of the firm.

Reg. No. [ ]

BCMCMC 217

Credit Based III Semester B.Com. Degree Examination, Oct./Nov. 2017
(2016 – 17 Batch Onwards)
Commerce
FINANCIAL ACCOUNTING – III

Time : 3 Hours Max. Marks : 120

***Instruction** : Provide working notes **wherever** necessary.*

SECTION – A

Answer **any four** of the following : **(4×6=24)**

1. State any three differences between Revaluation Account and Realisation Account.
2. State the adjustments to be made at the time of retirement of a partner.
3. State the order in which the payments are made on dissolution of a partnership firm.
4. Sushmitha and Ankitha are partners sharing profits and losses in the ratio of 6 : 4. They admitted Sriraksha and gave her 6/20 share which she obtained 4/20 from Sushmitha and 2/20 from Ankitha. Calculate New Ratio and Sacrifice Ratio.
5. Radhakrishna, Sawan and Sajan are partners in a firm sharing profits in the ratio of 4 : 3 : 2. Radhakrishna retires from the firm. Goodwill of the firm is valued at Rs. 36,000. The new ratio is 2 : 1.
   Compute gain ratio and pass entry for Goodwill.
6. Vaishnavi, Shifa and Afreena are partners who share profits in the ratio of 3 : 2 : 1. Their Balance Sheet as on 31-3-2016 was as under.

Liabilities		Rs.	Assets	Rs.
Capitals :			Sundry Assets	2,60,000
A	30,000			
B	50,000			
C	50,000	1,30,000		
Reserve		60,000		
Creditors		70,000		
		2,60,000		2,60,000

Prepare statement showing Surplus Capital.

SECTION – B

Answer **any four** of the following : **(4×12=48)**

7. The Balance Sheet of Sandhya and Prathvi, who share profits and losses in the ratio of 3 : 1 was as follows as on 31-3-2016.

Liabilities	**Rs.**	**Assets**	**Rs.**
Creditors	41,500	Cash at Bank	22,500
Reserve	4,000	Bills Receivable	3,000
Sandhya's Capital A/c	27,000	Debtors	16,000
Prathvi's Capital A/c	15,000	Stock	20,000
		Furniture and fixtures	1,000
		Building	25,000
	87,500		**87,500**

Ms. Sanchiksha was taken as a new partner on the following terms. She has to pay Rs. 10,000 as her capital and Rs. 5,000 as goodwill for 1/5th share in the future profits.

a) Stock and furniture and fixtures reduced by 10%.

b) 5% provision is to be created on debtors and bills receivables.

c) Building to be appreciated by 20%.

d) A provision of Rs. 1,000 was to be made for outstanding repair bills.

e) An item of Rs. 650 included in the creditors is not likely to be claimed and hence should be written off.

Prepare Revaluation Account, Partners Capital Account.

8. Mallya, Rao and Kamath were partners sharing profits and losses in the ratio of 2/5, 3/10 and 3/10 and their Balance Sheet as on 31-3-2016 was as follows :

Liabilities		**Rs.**	**Assets**		**Rs.**
Creditors		8,000	Building		18,000
Bills Payable		2,000	Plant		14,000
Capital			Stock		10,000
Mallya	18,000		Motor Car		4,000
Kamath	13,500		Debtors	7,000	
Rao	11,500	43,000	– RBD	1,000	6,000
			Cash		1,000
		53,000			**53,000**

'Rao' retires on the above date on the following terms :

a) Goodwill of the firm is valued at Rs. 7,000.

b) Stock and building are to be appreciated by 10%.

c) Plant and Motor Car depreciated by 10%.

d) Provision for doubtful debt is no more necessary.

e) Amount payable to 'Rao' is transferred to her loan account.

Prepare Revaluation Account and Partners Capital Account.

9. Following is the Balance Sheet of X, Y and Z as on 31-3-2016 who are sharing profits and losses in the ratio of 2 : 2 : 1.

Liabilities		Rs.	Assets	Rs.
Creditors		15,000	Cash	2,000
Capital X	15,000		Debtors	24,000
Y	12,000		Stock	20,000
Z	4,000	31,000		
		46,000		46,000

The firm was dissolved and the assets were realized as follows :

Assets were realised gradually Rs. 10,000 at the beginning, Rs. 15,000 second time and Rs. 9,000 third time.

Show the statement showing distribution of cash.

10. Arpan and Charan are sharing profits or loss in ratio of 2 : 3. They had taken a joint life policy on 1st Jan. 2013 for Rs. 10,000 for 10 years. The premium of policy amounts to Rs. 1,000 p.a.

Charan died on 1st March 2016 and the claim was received on 1st May 2016. The books of the firm closed on 31st December every year.

The surrender value of the policy for the year 2013, 2014, 2015 and 2016 were Nil, Rs. 200, Rs. 600 and Rs. 1,200 respectively.

Prepare JLP Account and Policy Reserve Account.

11. Arun, Ashok and Anand carried on business sharing in the ratio of 1/2, 1/3, 1/6. Their Balance Sheet on 31-3-2016 showed the capital Rs. 20,000, Rs. 15,000, Rs. 10,000 respectively. On 30-6-2016, Arun died. Prepare Executors A/c having regard to the following information :

a) The firm had insured the partner's life separately. Arun Rs. 10,000, Ashok Rs. 7,500 and Anand Rs. 5,000.

b) Premium has been charged to profit and loss account.

c) Surrender value of these policies on 30-6-2016 amounted to 1/2 of the amount insured in each case.

d) Capital carried interest at 6% p.a.

e) Arun's drawings till date of death amounted to Rs. 3,500.

f) Arun's share of profit for the portion of current financial year was to be based on average profits of last three completed years. 2014 – Rs. 7,500, 2015 – Rs. 8,000, 2016 – Rs. 9,000.

g) Arun's share of goodwill was to be calculated on the basis of 2 years purchase of average profit of the last 3 years.

12. Swathi, Sakshi and Salma were equal partners agreed to dissolve firm on 31-3-2016.

Liabilities		Rs.	Assets	Rs.
Creditors		20,000	Sundry Assets	30,000
Bills Payable		5,000	Drawings Account	
Sakshi's loan account		1,500	Sakshi	1,500
Capital Swathi	11,500		Salma	1,500
Sakshi	3,000		Bank	1,000
Salma	2,000	16,500	P&L	9,000
		43,000		43,000

Assets realized Rs. 28,000, expenses of realization amounted to Rs. 400. Sakshi and Salma were insolvent. Prepare necessary ledger accounts.

SECTION – C

Answer **any two** of the following : **(2×24=48)**

13. Prajwal and Dhanush are partners sharing profits and losses in the ratio of 3 : 2. Their Balance Sheet as on 31-3-2016 was as follows :

Liabilities	Rs.	Assets	Rs.
Creditors	30,000	Bank	20,000
Bills Payable	25,000	Bills Receivable	5,000
Reserve	60,000	Debtors	50,000
Workmen's compensation fund	20,000	Stock	40,000
Capital of Prajwal	50,000	Furniture	20,000
Capital of Dhanush	40,000	Machinery	90,000
	2,25,000		**2,25,000**

They admit Shravan as a partner for 1/5th share in future profits for the following terms :

a) Reserve of 2.5% to be created for bad debts.

b) Stock to be reduced to Rs. 25,000.

c) Machinery is depreciated by 10%.

d) Liability in respect of workmen's compensation was maintained at Rs. 4,000 and the fund to be maintained at this figure.

e) 'Shravan' has to bring Rs. 10,000 as his share of Goodwill and he introduces Rs. 60,300 as his capital.

Prepare Revaluation A/c, Partners Capital A/c and Balance Sheet after admission.

14. Devika and Deeksha are equal partners and their Balance Sheet as on 31-3-2016 was as follows :

Liabilities	Rs.	Assets	Rs.
Creditors	1,300	Debtors	6,500
Bank O.D.	4,700	Stock	14,000
Capital		Machinery	18,500
Devika	15,000	Goodwill	2,000
Deeksha	35,000		
	41,000		**41,000**