

**Subject Code: 30**

**Time: 3 Hrs. 15 Min.**

**Total Marks: 100**

**Instruction:**

1. All sub-questions of section - A should be answered continuously at one place.
2. Provide working notes wherever necessary.
3. 15 minutes extra time have been allotted for the candidates to read the questions.
4. Figures in the right-hand margin indicate full marks.

**SECTION - A**

- I. Answer any EIGHT questions. Each question carries ONE marks.  $8 \times 1 = 8$**
1. Not for profit organization are used for the welfare of the \_\_\_\_\_.
  2. If the sports fund is maintained, sports expenses will be shown on the debit side of Income and Expenditure Account. (TRUE / FALSE)
  3. In the absence of Partnership Deed Interest on advance from Partner will be charged @ \_\_\_\_\_
  4. In order to form a Partnership, there should be at least:  
(a) One person (b) Two persons (c) Seven persons (d) None of the above
  5. Mention the any one method of calculating Goodwill.
  6. Assets and Liabilities are recorded in Balance Sheet after the admission of a partner at:  
(a) Original value (b) Revalued value (c) Realizable value (d) None of the above
  7. Mention any one modes of payments on Settlement of retiring Partner's capital account.
  8. How do you close the Executors Accounts?
  9. Expand O.P.C.
  10. Which Capital is available only for the creditors on winding up of a Company.

**SECTION - B**

- II. Answer any FIVE questions. Each question carries TWO marks.  $5 \times 2 = 10$**
11. Give the meaning of Not- For- Profit Organizations.
  12. Define Partnership.
  13. Write the meaning of Partnership Deed.
  14. State any two reasons for admitting a new partner.
  15. What is Realisation Account?
  16. Give the journal entry for the payment of Partner's Loan on Dissolution of a Firm.
  17. Write the meaning of over subscription.
  18. What do you mean by Forfeiture of Shares?

**SECTION - C**

- III. Answer any FOUR questions. Each question carries SIX marks.  $4 \times 6 = 24$**
19. Pavithra and Vinutha commenced their business with capital investment of Rs. 1,20,000 and Rs. 90,000 respectively on 1<sup>st</sup> April 2021. They agreed to share profit in the ratio of 3 : 2. For the year ending 31<sup>st</sup> March 2022, they earned a profit of Rs. 47,500 before allowing.  
(a) Interest on Capital @ 6% p.a.  
(b) Annual Salary payable to Vinutha Rs. 8,000.  
(c) Annual commission payable to Pavithra Rs 9,400.  
(d) Interest on drawings: Pavithra Rs. 1,500 and Vinutha Rs. 1,000.  
(e) Partners drawings: Pavithra Rs. 15,000 and Vinutha Rs. 10,000.  
You are required to prepare Profit and Loss Appropriation A/c for the year ended 31<sup>st</sup> March 2022.
  20. Karthik and Shivanand were partners in a firm. Drawing made by them are as follows:  
(a) Karthik Rs. 7,000 on 1<sup>st</sup> of every month.  
(b) Shivanand Rs. 9,000 on 15<sup>th</sup> of every month.  
Calculate interest on partners drawings at 12% p.a. for the year ending 31<sup>st</sup> March 2022.  
Under short cut method (Average Period Method).
  21. Mythri and Rikshita are partners in firm. Mythri's drawings for the year 2021-22 are given as under  
Rs. 4,000 on 31.05.2021                      Rs. 6,000 on 01.10.2021  
Rs. 8,000 on 01.12.2021                      Rs. 10,000 on 31.03.2022  
Calculate interest on Mythri's drawings at 10% P.A. for the year ending on 31.03.2022  
Under Product Method.
  22. Ankitha and Shanthi are partners sharing profits and losses in the ratio of 2:1. They admit Vishalakshi into the partnership and give her 1/6<sup>th</sup> share. Ankitha and Shanthi agree to share the remaining share in the ratio of 3:2. Calculate the Sacrifice Ratio.
  23. Akash, Dinakar and Chinna are equal partners in a firm. Chinna retires from the firm. Akash and Dinakar decided to share the profit in future in the ratio of 2:1 Calculate Gain Ratio of Akash and Dinakar.
  24. Keshav, Mukesh and Anil were partners sharing profits and losses equally. Their balance sheet as on 31.03.2022 is as follows:

| Balance sheet as on 31.3.2022 |        |          |                   |          |
|-------------------------------|--------|----------|-------------------|----------|
| Liabilities                   |        | Rs.      | Assets            | Rs.      |
| Creditors                     |        | 38,000   | Cash at Bank      | 20,000   |
| Reserve Fund                  |        | 12,000   | Debtors           | 30,000   |
| Capital:                      |        |          | Bills Receivable  | 20,000   |
| Keshav                        | 50,000 |          | Land & Building   | 50,000   |
| Mukesh                        | 50,000 |          | Plant & Machinery | 45,000   |
| Anil                          | 50,000 | 1,50,000 | Furniture         | 35,000   |
|                               |        | 2,00,000 |                   | 2,00,000 |

Mukesh died 30.9.2022. As per the partnership agreement, his executors are entitled to claim the following:

(a) Goodwill to be valued at thrice the purchase of the average profits of the previous 4 years, which were: 2018-19 Rs. 14,000; 2019-20 Rs. 20,000; 2020-21 Rs. 22,000; 2021-22 Rs. 24,000

(b) Share in the profit from the date of last balance sheet till to the date of death to be calculated on the basis of last year's profit.

(c) Interest on capital to be allowed at 12% p.a.

(d) He had also drawn Rs. 12,000 till to the date of his death. Prepare Mukesh's Capital Account.

25. Naresh, Mohan and Mahesh are partners sharing profit and losses in the ratio of 2:2:1. Their capital balances on 01.04.2022 stood at Rs. 20,000, Rs. 16,000, and Rs. 10,000 respectively. Naresh's died on 01.08.2022 partnership deed provides the following:

(a) Interest on capital at 12% p.a.

(b) Salary to Naresh's at Rs. 1,000 per month

(c) His share of profit upto the date of death, on the basis of previous year's profit. Previous year profit is Rs. 30,000

(d) Naresh's share of goodwill Rs. 24,000.

(e) Naresh is entitled for commission of Rs. 6,000 per year. Preparing Naresh Executor's Account.

#### SECTION - D

IV. Answer any FOUR questions. Each question carries TWELVE marks.

4 × 12 = 48

26. Following are the Balance sheet and Receipt and Payment A/c of Shreenidi Education Society, Ballari.

| Balance sheet as on 31.03.2021 |              |                   |              |
|--------------------------------|--------------|-------------------|--------------|
| Liabilities                    | Amount (Rs.) | Assets            | Amount (Rs.) |
| O/s Rent                       | 200          | Cash in hand      | 1,400        |
| Capital Fund                   | 23,800       | Books             | 14,000       |
|                                |              | Furniture         | 8,000        |
|                                |              | O/s Subscriptions | 600          |
| Total                          | 24,000       | Total             | 24,000       |

#### Receipts and Payment A/c for the year ending 31-3-2022

| Receipts                  | Amount (Rs.) | Payments           | Amount (Rs.) |
|---------------------------|--------------|--------------------|--------------|
| To Balance B/d            | 1,400        | By Rent            | 2,400        |
| To Subscriptions          | 12,000       | By Printings       | 1,200        |
| To Entrance Fees          | 2,000        | By Office Expenses | 2,800        |
| To Sale of old news paper | 1,000        | By Books Bought    | 10,000       |
| To Sundry Receipts        | 600          | By Investments     | 2,000        |
| To Donations              | 4,000        | By Balance C/d     | 2,600        |
|                           | 21,000       |                    | 21,000       |

Adjustments: (a) O/S Rent 31-3-2022 was Rs. 300

(b) Subscription receivable for the year 2021-22 was Rs. 400

(c) Subscription received in advance for the year 2022-23 was Rs. 8,000

(d) Half of the Entrance Fees and Donations are to be Capitalised.

(e) Depreciation on Furniture at 10%, P.a.

Prepare: (1) Income and Expenditure A/c and (2) Balance Sheet on the above date.

27. From the following Receipts and Payments Account of a Chetan Kumar Sports Club, prepare Income and Expenditure Account for the year ended March 31<sup>st</sup> 2022 and Balance Sheet as on that date.

#### Receipts and payments A/c the year ending 31/03/2022

| Balance sheet as on 31.03.2020 |          |          |                        |          |
|--------------------------------|----------|----------|------------------------|----------|
| Receipts                       | Rs.      | Rs.      | Payments               | Rs.      |
| To Balance b/d                 |          | 7,000    | By Sundry Expenses     | 1,800    |
| To Subscription                |          |          | By Salary              | 32,000   |
| 2020-21                        | 4,000    |          | By Postage             | 2,600    |
| 2021-22                        | 1,40,000 |          | By Electricity Charges | 15,600   |
| 2022-23                        | 6,000    | 1,50,000 | By Furniture           | 53,000   |
| To Sale of Old books           |          | 4,000    | By Books               | 26,000   |
| (Costing Rs. 4,600)            |          |          | By News Papers         | 1,200    |
| To Rent                        |          | 34,000   | By Meeting Expenses    | 14,400   |
| To Sale of Old Newspaper       |          | 800      | By Billiard Table      | 32,000   |
| To Sundry Receipts             |          | 14,600   | By Balance c/d         | 31,800   |
| Total                          |          | 2,10,400 |                        | 2,10,400 |

**Additional Information:**

(a) The Club has 100 members each paying an annual subscription of Rs. 1,000. Subscriptions Outstanding on March 31st, 2021 were Rs. 7,200.

(b) On March 31<sup>st</sup>, 2022, Salary Outstanding amounted to Rs. 2,000. Salary Paid included Rs. 2,000 for the year 2020-21.

(c) On April 1<sup>st</sup>, 2021 the Club owned Land and Building Rs. 50,000, Furniture Rs. 5,200 and Books Rs. 12,400.

28. Akhila and Shalini are partners in a firm sharing profits and losses in the ratio of 2 : 1. Their balance sheet as on 31.03.2022 was as follows:

**Balance sheet as on 31.03.2022**

| Liabilities      |        | Amount   | Assets      |        | Amount   |
|------------------|--------|----------|-------------|--------|----------|
| Creditors        |        | 35,000   | Cash        |        | 5,000    |
| Bills payable    |        | 25,000   | Machinery   |        | 60,000   |
| Reserve Fund     |        | 15,000   | Stock       |        | 10,000   |
| <b>Capitals:</b> |        |          | Debtors     | 21,000 |          |
| Akhila:          | 60,000 |          | Less: PBD   | 1,000  | 20,000   |
| Shalini:         | 30,000 | 90,000   | Buildings   |        | 50,000   |
|                  |        |          | Investments |        | 20,000   |
|                  |        | 1,65,000 |             |        | 1,65,000 |

On 01.04.2022, they admit Poojita as a new partner and offer her 1/4<sup>th</sup> share in the future profits on the following terms:

- She has to bring in Rs. 30,000 as her capital and Rs. 10,000 towards goodwill.
- Half of the Goodwill should be withdrawn by the old partners.
- Depreciate Machinery by 5%.
- Appreciate Buildings by 10%.
- PBD is no longer.

Prepare: (1) Revaluation Account, (2) Partners' Capital Account and (3) New Balance Sheet of the firm.

29. Pradeep, Kiran and Manish were partners sharing profits and losses in the ratio of 3:2:1 respectively. Their Balance sheet as on 31.03.2022 was as follows.

**Balance sheet as on 31-3-2022**

| Liabilities      |        | Amount          | Assets              | Amount          |
|------------------|--------|-----------------|---------------------|-----------------|
| Sundry creditors |        | 20,000          | Cash at Bank        | 8,000           |
| Bills payable    |        | 10,000          | Bills receivables   | 14,000          |
| Reserve fund     |        | 12,000          | Furniture           | 13,000          |
| <b>Capital:</b>  |        |                 | Sundry debtors      | 16,000          |
| Pradeep          | 60,000 |                 | Machinery           | 30,000          |
| Kiran            | 40,000 |                 | Stock               | 15,000          |
| Manish           | 20,000 | 1,20,000        | Buildings           | 60,000          |
|                  |        |                 | Profit and loss A/c | 6,000           |
| <b>Total</b>     |        | <b>1,62,000</b> | <b>Total</b>        | <b>1,62,000</b> |

Manish retired on the above date, and the assets were revalued as follows:

- Depreciated Machinery by 10%.
- Stock Overvalued by Rs 2,000.
- Buildings Appreciated by 20% and Furniture valued 12,000.
- The Goodwill of the firm is valued at Rs. 30,000.
- Settlement made to the retiring partner through Bank Overdraft.

Prepare: (1) Revaluation Account, (2) Partners' Capital Accounts and (3) New Balance Sheet of Firm.

30. Paavani and Saroja sharing profits as 3:1 and they agree upon dissolution. The balance sheet as on 31.03.2022 is as under:

**Balance sheet of Paavani and Saroja as on 31.03.2022**

| Liabilities      |        | Amount | Assets              | Amount |
|------------------|--------|--------|---------------------|--------|
| Loan             |        | 24,000 | Cash at Bank        | 10,000 |
| Creditors        |        | 10,000 | Stock               | 18,000 |
| Reserve          |        | 8,000  | Furniture           | 20,000 |
| <b>Capitals:</b> |        |        | Debtors             | 14,000 |
| Paavani          | 30,000 |        | Plant and Machinery | 30,000 |
| Saroja           | 20,000 | 50,000 |                     |        |
|                  |        | 92,000 |                     | 92,000 |

**Additional information:**

- Paavani took over Plant and Machinery at an agreed value of Rs. 12,000.
- Stock and Furniture were sold for Rs. 16,200 and Rs. 18,000 respectively.
- Debtors taken over by Saroja Rs. 10,000.

d) Liabilities were paid in full by the firm.  
e) Cost of Realization Expenses were Rs. 2000.

Prepare: (1) Realization Account. (2) Partners' Capital Accounts and (3) Bank Account.

31. Shankar, Ankith and Thaneshwar were partners in a firm sharing profits and losses in the ratio of 2:2:1. They decided to dissolve the firm. Their Balance Sheet on the date of dissolution was as follows:

Balance sheet as on 31-3-2022

| Liabilities      | Rs.      | Assets              | Rs.      |
|------------------|----------|---------------------|----------|
| Creditors        | 30,000   | Cash at Bank        | 6,000    |
| Bills payable    | 45,000   | Cash in Hand        | 30,000   |
| Bank loan        | 10,000   | Debtors             | 35,000   |
| Ankith's Loan    | 18,000   | Less: PBD           | 5,000    |
| General Reserve  | 10,000   | Stock               | 30,000   |
| <b>Capitals:</b> |          | Furniture           | 22,000   |
| Shankar          | 40,000   | Machinery           | 20,000   |
| Ankith           | 30,000   | Buildings           | 35,000   |
| Thaneshwar       | 20,000   | Motor Car           | 50,000   |
|                  |          | Goodwill            | 12,000   |
|                  |          | Profit and Loss A/c | 8,000    |
|                  | 2,23,000 |                     | 10,000   |
|                  |          |                     | 2,23,000 |

The additional information is available:

- (a) The assets realized as follows: Debtors Rs. 28,000, Stock realized 10% less than the book value, Buildings realized 20% more than book value.  
(b) The Furniture was taken over by Shankar at Rs. 24,000.  
(c) The Motor Car was taken over by Thaneshwar at Rs. 10,000.  
(d) Creditors and Bills Payable were paid off at a discount of 10%..  
(e) Unrecorded Investment Realized Rs. 4,000.  
(f) Shankar agreed to bear all Realization Expenses. For the service Shankar is paid Rs. 6,000. Actual Realization Expenses amounted to Rs. 4,000. <https://www.karnatakaboard.com>

Prepare : (1) Realization Account. (2) Partners' Capital Accounts and (3) Cash Account.

32. Ballari Mining Co., Ltd., Issued 5,000 Equity Share of Rs. 100 each, at a premium of Rs. 10 per share.

The amount payable is as follows:

On Application Rs. 20, On Allotment Rs. 40 (including premium), and On first and final Rs. 50. All the shares were subscribed and the money duly received except the first and final call on 500 shares. The directors forfeited there shares and re-issued them as fully paid at Rs. 80 per share. Pass the necessary Journal entries in the books of the company.

## SECTION - E

### (Practical Oriented Questions)

V. Answer any TWO questions. Each question carries FIVE marks.

(2 × 5 = 10)

33. Classify the following into revenue and capital item:

- Life membership fees
- Sales proceeds of old tennis balls.
- Prize amount received from a lottery.
- Honorarium paid to the secretary.
- Legacies.

34. Write two Partners' Capital Accounts under Fluctuating Capital System with 5 imaginary figures.

35. Prepare Executors Loan Account with imaginary figures showing the repayment in two annual equal installments along with interest.

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