

**ASSIGNMENT 2**

MM 10

**Case Study Based Questions**

**Case Study 1**

Read the following information carefully and answer the questions that follow:

X and Y are partners in 3:2. Their capital balances as on 1st April 2020 amounting to ₹2,00,000 each.

On 1st February, 2021, X contributed an additional capital of ₹1,00,000. Following are the terms of deed:

- a) Interest on capital @ 6% per annum
- b) Interest on drawings @ 8% per annum
- c) Salary to X ₹1500 per month
- d) Commission to Y @10% on net profit after charging interest on capital, salary and his commission.

Drawings of the partners were ₹20,000 and ₹30,000 respectively during the year. Net profit earned by the firm was ₹2,08,000.

Choose the correct option based on the above information:

**Q1. What is the amount of Interest on capitals of X and Y:**

- a) ₹12,000 each
- b) ₹12,000 to X and ₹13,000 to Y
- c) ₹13,000 to X and ₹12,000 to Y
- d) None of the above.

**Q2. What is the amount of interest on drawings of X and Y:**

- a) ₹ 1200 and ₹ 1800 respectively
- b) ₹ 800 and ₹ 1200 respectively
- c) ₹ 1200 and ₹ 800 respectively
- d) ₹ 1600 ₹ 2400 respectively

**Q3. What is the amount of commission payable to Y?**

- a) ₹ 15000
- b) ₹ 16500
- c) ₹ 20800
- d) None of these

**Q4. What is X's share in the net divisible profit?**

- a) ₹ 124400
- b) ₹ 83600
- c) ₹ 91200
- d) ₹ 60800

**Q5. What will be the closing capital of X after all adjustments?**

a) ₹ 422200 b) ₹ 401400 c) ₹ 300000 d) ₹ 423000

### Case Study II

Read the following information carefully and answer the questions that follow:

A, B and C were partners sharing profits in the ratio of 1:2:3. Their fixed capitals on 1st April, 2020 were: A ₹3,00,000; B ₹4,50,000 and C ₹10,00,000. Their partnership deed provided the following:

i. A provides his personal office to the firm for business use charging yearly rent of ₹1,50,000.

ii. Interest on capitals @8% p.a. and interest on drawings @ 10% p.a.

iii. A was allowed a salary @ 10,000 per month.

iv. B was allowed a commission of 10% of net profit as shown by Profit and Loss account, after charging such commission.

v. C was guaranteed a profit of ₹3,00,000 after making all adjustments.

The net profit for the year ended 31st march, 2021 was ₹10,30,000 before making above adjustments.

You are informed that A has withdrawn ₹5,000 in the beginning of each month, B has withdrawn ₹5,000 at the end of each month and C has withdrawn ₹ 24,000 in the beginning of each quarter.

Choose the correct option based on the above information:

#### Q1. A's rent will be shown in:

- a) Profit and loss account      b) Profit and Loss Appropriation account  
c) A's Capital account      d) None of the above.

#### Q2. Net profit for the year is:

- a) ₹10,30,000    b) ₹11,80,000  
c) ₹7,30,000    d) ₹8,80,000

#### Q3. What will be the divisible profit?

- a) ₹5,56,000    b) ₹5,50,000  
c) ₹5,52,000    d) ₹5,53,000.

#### Q4. What will be the total interest on drawings?

- a) ₹24,000 b) ₹12,000 c) ₹36,000 d) 48,000.

**Q5. What will be the commission of B?**

a) ₹8,00,000    b) ₹96,000

c) ₹80,000    d) ₹72,000.