Maximum Time: 2 ½ Hours **Maximum Marks: 75**

Note: Working note will be part of your answer
Use of simple calculator is allowed
Each question will carry 15 marks with internal option

Q.1.A Select the appropriate option and rewrite the answer. (8 out of 10) 8Marks

1. Prepaid expenses are shown on the ________side of Balancesheet.
a)Asset b)Liabilities c)Debit d)Credit

2. The liability of partners in a firm is ________
a)Limited b)Partly Limited c)Unlimited d)Zero

3. Income tax payable by a firm as on the date of dissolution is treated______
a)as preferential creditors b)as secured creditors c)as unsecured credtiors d)as non-recoverable

4. When the amount realised from assets is not sufficient to pay fully the firm's liabilities, such deficiency is borne ___________
a)by the creditors in the ratio of their outstanding amounts b)by the partners in the ratio of their capitals.
c)by the partners in their profit sharing ratio d)by the partners equally.

5. On amalgamation of a firm,_______Account is opened.
a)Deficiency b)Realisation c)P& L Adjustment d)P& L Suspenses.

6. Any balance in the profit & loss account of the purchasing firm will be transferred to ______.
a)Capital account of the partners b)Profit & loss adjustment account c)New Firms account d)None of the above.

7. On amalgamation, assets & liabilities of vendor firm are transferred to _______account.
a)Deficiency b)Realisation c)P& L Adjustment d)P& L Suspenses.

8. On sale of firm to a company, the purchase consideration is calculated by_______
a)Lumpsum method b)Payment Method c)Net Assets Method d)Any of the above.

9. P, Q and R were partners sharing profits and losses in the ratio of 5:6:4. P expired, the new profit sharing ratio after P's death would be________
a)3:1 b)3:2 c)1:1 d)None of these.

10. Conversion of partnership into a limited company is referred to as _________of partnership business to a joint stock company.
a)Exchange b)Sale c)Transfer d)Acquisition

Q.1.B Match the following columns (7 out of 10) 7Marks

Column A	Column B
1.Excess Capital Method	a. Purchase Consideration
2. Amalgamation of Firms	b. will be settled by old firm
3. Income received in advance	c. will be settled by new firm
4. Liabilities not taken over	d. Highest relative capital method
5. Debts irrecoverable	e. Liability
6. Intangible asset	f. Debit all partners capital
7. Bank loan obtained by hypothecation of machinery	g. Capital reserve
8. Loss on realization on amalgamation	h. Debit realization account
9. Net assets taken over less purchase consideration	i. Goodwill
10. Realisation expenses on amalgamation paid	j. Secured creditor
	k. Unsecured creditor
	i.Bad debt

15Marks

Q.2. Anil and Sunil were in partnership business sharing profits in the proportion of 3:2. As from 1st April, 2016 they admitted Manish into partnership giving him one-sixth of the profits. Manish brought in Rs 80,000 in cash of which Rs 30,000 were considered as being in payment for his share of goodwill and remaining as his capital.

Particulars	**Rs**	**Particulars**	**Rs**
Purchases	1,25,730	Sales	2,15,725
Discount allowed	3,125	Discount Received	2,150
Sundry Debtors	40,200	Reserve for Doubtful Debts	1200
Stock (1st April, 2016)	42,820	Sundry Creditors	32,540
Carriage Inward	3,250	**Capital Accounts:**	
Sundry Expenses	7,840	Anil	65,000
Motor Vehicles	50,000	Sunil	35,000
Land & Building	80,000	Bank overdraft	6,920
Cash in hand	5,040	Cash paid by Manish on 1st April 2016	80,000
Telephone expenses	3240		
Postage & Stationery	2690		
Rent, Rates & Insurance	3200		
Bad Debts	400		
Investment	60,000		
Drawings:			
-Anil	5,000		
-Sunil	4,000		
-Manish	2,000		
	4,38,535		**4,38,535**

Adjustments:

1. Stock on 31st March, 2017 was Rs 42,250
2. Depreciate Land & Building at 5% p.a and Motor vehicle at 20% pa. respectively.
3. Reserve for Doubtful debts is to be maintained at 5% on the Sundry Debtors.
4. Goods worth Rs 800 have been destroyed by fire and the insurance company has admitted the claim for Rs 600 only.

You are required to prepare Trading & Profit & Loss account for the year ending 31st March, 2017 and Balancesheet as on that date .

OR

Q2 A) X ,Y and Z are partners sharing profit and losses in the ratio of 2:1:2. **15Marks**

Their Trial Balance as on 31-03-2017 was as under:

Debit	**Rs.**	**Credit**	**Rs.**
Plant & Machinery	3,75,000	X Capital	2,25,000
Investment	1,25,000	Y Capital	1,30,000
Sales Return	12,500	Z Capital	1,65,000
Furniture	1,17,500	Sales	14,12,500
Motor vehicles	1,50,000	Creditors	2,17,500
Land & Building	2,50,000	Commission	1,250
Purchases	7,00,000	Bills payable	90,500
Opening stock	1,15,000	Bank Loan	2,50,000
Salaries	1,55,000	Bank overdraft	50,000
Office expenses	1,00,500		
Rent & Insurance	38,750		
Accountant fees	8,750		
Debtors	129,000		
Cash at Bank	1,09,250		
Drawings:			
X	30,000		
Y	15,000		
Z	47,500		
Bills Receivable	45,750		
Printing & stationery	17,250		
	25,41,750		**25,41,750**

Additional information:

1. Closing stock was Rs. 1,66,250
2. Depreciation was to be provided at 5% p.a on Land & Building , 10% p.a on Furniture, 20% p.a on Plant & Machinery and 20% p.a on Motor Vehicles.
3. Salaries outstanding were Rs 20,000 and printing & stationery Rs 6,000.
4. Insurance prepaid as on 31st March, 2017 Rs 6,250

Prepare a Trading and Profit & Loss account for the year ended 31St March,2017 and Balance Sheet as on that date

15Marks

Q3. From the following Balance Sheet of M/s Jio Store with A, B and C as partners sharing profits and losses in ratio 1:1:2. On 30th June, 2017 they decided to dissolve their firm when their Balance Sheet on the date was as follows:

Liabilites	**Rs.**	**Assets**	**Rs.**
Partners' Capital:		Goodwill	1,20,000
A	2,40,000	Building	2,40,000
B	1,60,000	Plant	2,68,000
C	3,00,000	Stock	1,23,000
General Reserve	80,000	Debtors	1,80,000
Loan from B	40,000	Bills Receivable	37,000
Sundry Creditors	1,60,000	Bank	12,000
	9,80,000		9,80,000

The realization and expenses of realization were as stated below:

Date	**Realisation**	**Expenses**
31st July	1,10,000	2,000
31st August	3,40,000	10,000
30th September	3,50,000	5,000
31st October	1,62,000	30,000

Prepare a statement showing piecemeal distribution of cash by adopting Excess Capital Method

OR

15Marks

Q.3. Ankit and Nilesh carry on business in partnership sharing profits and losses in the ratio of 1:1. On 31st March 2017, they agreed to sell their business to Sandesh Ltd. Their Balancesheet as on that date was follows:

Liabilties	**Rs**	**Assets**	**Rs**
Ankit's Capital	6,25,000	Land & Buildings	6,00,000
Nilesh's Capital	5,00,000	Plant & Machinery	5,25,000
Reserves	75,000	Stock	2,87,500
Secured Loan	2,00,000	Sundry Debtors	1,87,500
Sundry creditors	2,25,000	Cash	25,000
	16,25,000		**16,25,000**

The company took the following assets at an agreed values:

Land & Building Rs 7,62,500
Plant & Machinery Rs 3,97,500
Stock Rs 2,75,000
Sundry Debtors Rs 1,75,000
Goodwill Rs 1,25,000
The company agreed to pay the creditors Rs 2,20,000.
The company paid Rs 10,15,000 in shares to be distributed equally and the balance in cash.
Expenses on realization amounted to Rs 4,000.
Prepare statement of Purchase Consideration and Realisation account.

15Marks

Q.4. Patel Traders and Shah Traders decided to amalgamate and form a new firm called Pasha & Co. on the following terms & conditions on 1st January 2016 when their Balancesheet were as follows:

Particulars	Patel Traders (Rs)	Shah Traders (Rs)	Particulars	Patel Traders (Rs)	Shah Traders (Rs)
Roy's Capital	60,000	-	Building	20,000	41,000
Joy's Capital	30,000	-	Furniture	6,000	-
Tintu's Capital	-	40,000	Investments	30,000	12,000
Mintu's Capital	-	65,000	Stock	34,000	46,600
Creditors	20,000	46,000	Debtors	20,000	75,000
Bank Loan	10,000	34,000	Cash	10,000	10,400
	1,20,000	1,85,000		1,20,000	1,85,000

Terms of Amalgamation:

1. **<u>In case of Patel Traders:</u>**
   a. Goodwill was valued at Rs 20,000
   b. Patel Traders partners to take over its Bank Loan equally
   c. Building was taken to be worth Rs 60,000
   d. Stock to be valued at Rs 30,000
   e. Provision for doubtful debts to be created at 5% on Debtors

2. **<u>In case of Shah Traders:</u>**
   a. Goodwill was valued at Rs 10,000
   b. Building was taken to be worth Rs 80,000
   c. Investments were not taken over by the new firm, which were taken over by Mintu at Rs 10,000
   d. Stock was valued at Rs 42,600
   e. Provision for doubtful debts to be created at 5% on Debtors

You are required to show necessary ledger accounts in the books of Patel Traders and prepare Balancesheet of New Firm after Amalgamation.

OR

Q.4. X and Y are two sole traders. Their Balancesheets as on 1st January 2016 are given below: **15Marks**

X's Balancesheet as at 1st January, 2016

Liabilities	Rs	Assets	Rs
Sundry creditors	10,000	Plant & Machinery	7,500
RBL Bank Ltd	5,000	Stock in Trade	10,000
Capital Account	15,000	Sundry Debtors	12,500
	30,000		**30,000**

Y's Balancesheet as at 1st January, 2016

Liabilities	Rs	Assets	Rs
Sundry creditors	8,500	Plant & Machinery	10,500
Capital Account	20,000	Stock in Trade	5,000
		Sundry Debtors	11,000
		Cash at Bank	2,000
	28,500		**28,500**

They agree to amalgamate their business as on 1st January, 2016. The following revaluations were to be made:

1. Plant & Machinery were to be reduced by 10%
2. Stock in Trade was to be reduced in case of X by 20% and in case of Y by 10%
3. A reserve of 2 ½ % is to be raised against Sundry Debtors.
4. Each partner is to be credited with Goodwill of Rs 5,000
5. The bank overdraft of X is to be paid off by him.

You are required to give the journal entries in the books of X and also the amalgamated Balancesheet of the New Firm as on 1st January 2016.

Q5.Short Notes (Any 3 Out of 5) **15Marks**

1.Purchase Consideration
2.Excess Capital Method
3.Piecemeal Distribution
4.Preferential Liability
5.Partnership deed

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