[Total Marks: 75]

(Time: 2 ½ Hours)

Note: 1. All questions are compulsory.

2. Figures to the right indicate full Marks.

3. Working note should form part of your Answer

Q.1 A. State whether the statement is true or false: (Any 8) **08**

1. Interest on Drawing is an income to the partnership Firm.
2. Indian Partnership Act is in force since 1932.
3. All Assets & Liabilities not taken by the new fir m are transferred to the capital accounts of the partner in amalgamation firm.
4. After Amalgamation of firms, assets and liabilities of old firms get recorded at their realizable values.
5. In case of sale of firm to a company, all the present partners may not become directors.
6. In excess Capital method, Excess Capital of a partner is equal to his capital less the lowest unit capital.
7. On Amalgation of Firm, Profit & Loss Adjustment Account is opened.
8. Conversion of firm into company does not involve dissolution of Firm.
9. Partners are share Profits equally.
10. Balance sheet is an account.

B. Match the followings: (Any 7) **07**

Group A	Group B
1.Income Due but not received	Goodwill
2.Intangible Assets	Profit & Loss A/C
3. Unrecorded Liability of vendor paid off	Preferential Creditors
4.Partners are Promoters	Bad Debts
5. Loss on Realisation on Amalgamation.	Debit Realisation Accounts
6.Net Assets Taken over less PC	Conversion of firm into company

7. Income tax payable by firm as on date of dissolution.	Debit all partners' Capital Accounts
8.Prepaid Expenses	Credit Realisation Accounts
9.Debt Irrecoverable	Assets Side of Balancesheet
10.Asset sold for cash by vendor firm on amalgamation	Capital Reserve

Q.2. A. From the following Trial balance of Jitendra and Mahindra you are requested to prepare Trading and Profit and Loss account for the year ended 31st December 2013 and balance sheet as on that date after adjustments given below: 15

Dr. Trial Balance as on 31st December 2013 Cr

Particulars	Amount	Particulars	Amount
Stock (1-1-2013)	35,000	Sales	3,30000
Salary and Wages	9,200	Discount	4,800
Cash	10,000	Creditors	20,000
Purchases	2,52,200	Bank Overdraft	10,000
Sundry Expenses		Int.on Investment	7,200
Direct Wages	8,600	Capital :	
Bills Receivable	14,000	Jitendra	60,000
Law Charges	8,000	Mahindra	40,000
Bad Debts	3,000		
Work expenses	1,000		
Commission	6,000		
Investment	3,000		
Debtors	20,000		
Trade Mark	40,000		
Tools and	8,000		
Equipments	6,000		
Furniture	12,000		
Goodwill	13,000		
Building	50,000		
	4,72,000		4,72,000

Adjustments:

1. Partners share profit and losses in their capital ratio.
2. The closing stock – cost Price Rs. 41,000 and market Price Rs. 45,000.
3. Jitendra Has withdrawn goods worth rs. 1,200 for his personal use.
4. Uninsured goods worth Rs. 10,000 were destroyed by fire .
5. Rs. 450 to be written off as bad debts from debtors.
6. Unpaid salary and wages Rs. 800 and printing bill Rs. 1,200.
7. Depreciate Building at 7.5 % P.a

OR

Q.2. B. Ramesh, and Kiran were in Partnership in a retail Sharing Profits in proportion of 3:2. As from 1st January 2015 they admitted Vikas into Partnership giving him 1/5th of the profits. Vikas brought in Rs. 20,000 in Cash of Which Rs. 6,000 were considered as being in payment for his share of Goodwill and reminder as his capital. 15

The following trial Balance was extracted from the books as on 31st December 2015

Particular	Amount	Particular	Amount
Current Accounts		Sales	2,62,650
Ramesh	5,000	Return Outwards	4,125
Kiran	4,000	Reserve for	5,200
Vikas	2,000	Doubtful debts	
Purchases	1,71,625	Bills payable	11,950
Return Inward	5,250		
Debtors	40,200	Loan From ICICI	34,450
Opening Stock	39,725	bank	
Bad debts	400	Creditors	25,525
Salaries	9,795		
Furniture	5,000	Outstanding	
Shop	15,500	Carriage Inwards	1,200
Postage / Insurance	3,240		
Trade Expenses	2,690	Outstanding Rent	900
Rent, rate Taxes	4,200		
Loan to Vishnu	6,000	Capital Accounts	
(Given on 1-08-2015)		Ramesh	15,000
Pre-paid Insurance	240	Kiran	10,000
Cash in hand	4,440	Cash paid by	
Bills Receivable	20,070	Vikas	20,000
Carriage Inwards	15,000		
Computer	30,000		
Carriage outward	2,175		
Professional Fees	4,450		
	3,91,000		3,91,000

You are required to prepare the firms, Trading Profit & Loss Account for the year ended 31st December 2015 and balance sheet as on that date

1. Stock at the end was Rs. 20,000
2. Depreciation on furniture 7 Computer is to be charged 10% p.a
3. 1/5 of shop are to be written off.
4. Goods worth Rs. 800 have been destroyed by fire and the insurance co. has admitted the claim for rs.600/- only.
5. R.D.D is to be maintained at 5 % on debtors.

Q.3. A. A , B and C are partners Sharing Profit & Losses in the ratio 4:2:1 They decided to dissolve the partnership as on 31st March 2017, when their Balance sheet was as Under : 15

Balance sheet as on 31st March 2017

Liabilities	Amount	Assets	Amount
Partners' Capital		Land & Building	1,91,460
A	80,000	Machinery	4,900
B	1,60,000	Debtors	45,400
C	1,30,000	Stock	1,28,300
Bank Overdraft	32,500	Cash & Bank	140
Creditors	11,400	Investment	30,000
General Reserve	18,900	Furniture	4,900
	4,32,800		5,60,000

All Creditors have to be Paid off Rs.2,400 has to be provided for realization Expenses. There after all cash received should be distributed among the partners. The amount of realized as follows:

1st Realization Rs. 30,720
2nd Realization Rs. 36,800
3rd Realization Rs.2,12,840
4th Realization Rs. 92,600

The Actual realization expenses were rs. 1,200. Prepare a statement showing piecemeal distribution of cash as per Excess Capital Method.

OR

Q.3. B. P, Q and R Carry on business in partnership They decided to dissolve the partnership as on 30th September 2017, when their Balance sheet was as Under: 15

Balance sheet as on 30th September 2017

Liabilities	Amount	Assets	Amount
Partners' Capital		Fixed Assets	40,000
P	20,000	Current Assets	22,000
Q	5,000	Bank	13,000
R	10,000		
Creditors	10,000		
General Reserve	30,000		
	75,000		75,000

As per the arrangement of banks the partners were entitled to withdraw Rs. 4,000immediatly and Rs. 9,000 after 1st December 2017 it was decided that after keeping aside amount of Rs. 1,000 for estimated realization expenses. There after all estimated funds should be distributed among the partners as and when realized.

The amount of realized as follows:

Particulars	Date	Fixed Assets	Current Assets (rs.)
1st Realization	31.10.2017	10,000	5,000
2nd Realization	15.11.2017	26,000	12,000
3rd Realization	30.12.2017	10,000	12,000

The Actual Realization expenses were Rs. 700. Prepare a statement showing distribution of cash amongst the partners by Proportionate Capital Method.

Q.4. A. Following is the balancesheet of two firms as at 31st March 2014 15

Liabilities	Prem & Co. Rs.	Raj & Co. Rs.	Assets	Prem & Co. Rs.	R aj & Co. Rs.
Capital			Premises	-	5,000
Prem	11,500	-	Computers	10,000	-
Anil	11,500	-	Furniture	5,000	7,000
Raj	-	18,000	Inventory	9,000	8,000
Shyam	-	12,000	Debtors	6,000	14,000
General Reserve	-	3,000	Bank	2,000	4,000
Creditors	5,000	4,000	Cash	1,000	2,000
Bills Payable	5,000	3,000			
	33,000	40,000		33,000	40,000

It was mutually agreed to amalgamate the business from 1st April, 2014.

a. Premises was valued Rs. 10,000 and Computers at 12,000.
b. Furniture was not taken over by new firm.
c. A reserve of 5% is to be created on debtors.
d. Goodwill was valued as M/s Prem & co.at Rs. 10,000 and that of M/s Raj & co. at Rs. 15,000.
e. The new firm also assumed other assets and liabilities at book value show necessary accounts in the books of old firms and the Balance sheet of New firm M/s PremRaj & Co. after amalgamation.

OR

Q.4. B. X,Y Z carry on Business in Partnership sharing Profit & Losses in the proportions of 3:2:1 respectively. On 31st March 2010 , Their position on that date was as follows: 15

Balance sheet as on 31-3-2010

Particulars	Rs.	Particulars	Rs.
Capital Accounts		Land & Building	84,000
X	1,00,000	Plant & Machinery	60,000
Y	40,000	Furniture	20,000
Z	60,000	Sock	52,000
General reserve	48,000	Sundry Debtors	88,000
Sundry Creditors	40,000	Cash	12,000
Bills payable	24,000		
Outstanding expenses	4,000		
	3,16,000		3,16,000

The partners agreed to sell their business to limited company.
The Company took the following assets at the valuation shown below :

	Rs.
Land & Building	90,000
Plant & Machinery	50,000
Furniture	24,000
Stock	40,000
Debtors	80,000
Goodwill	40,000

The company also agreed to pay the Bills payable which were agreed at Rs. 20,000. The company paid Rs. 92,000 in cash and balance fully paid shares of Rs. 2 each. The expenses amounted Rs.7,000.
Prepare ledger accounts in the books of the firm.
Realization Account, Partners Capital Accounts, Cash Account, Limited Company A/c and show calculation of Purchase consideration.

Q.5. **Write Short Notes: (Any 3)**

1. Purchase consideration
2. Excess capital Method
3. Realisation Account
4. Admission of Partner
5. Order of Payment of external liabilities in Piecemeal Distribution

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