21/03/2018 (2)

Q.P. Code: 23790

[Time: Three Hours] **[Marks:100]**

Please check whether you have got the right question paper.

NOTE:
1. All questions are compulsory.
2. Q.1 and Q.6 carry 20 marks each
3. Q.2, Q.3, Q.4 and Q.5 carry 15 marks each.
4. Use of simple calculator is allowed.

Q.1 A. Fill in the blanks (Any 10) **10**

1. Purchase consideration = Assets less _______ liabilities both at market value (Internal / External)
2. In the absence of information, purchase consideration received on conversion should be distributed in the _________ ratio (Equal/Capital)
3. On amalgamation of firm _______ Account is opened (Profit & Loss / Realisation)
4. On amalgamation of Firm, Fictitious assets of the old firm are ________ to capital A/c of the old partners (Debited / Credited)
5. In excess Capital method the minimum capital is equal to ________ unit capital (Highest / Lowest)
6. Income Tax payable by the firm as on the date of dissolution is treated as ________ Creditors. (Secured / Preferential)
7. Indian Partnership Act is in force since ________ (1956 / 1932)
8. Excess of Income over expenditure is __________ (Net Profit / Net Loss)
9. There cannot be more than _______ partners in partnership firm (10/20).
10. The executor is entitled to all the rights of a ___________ (Retired Partner / Decease Partner).
11. The balance in the capital A/c of a deceased partner is transfer to his __________ account. (Family / Executor)
12. The credit balance of Revaluation Account shows _________. (Loss / Profit)

B. Match the following column (Any 10) **10**

	Column A		Column B
1	Intangible Assets	1	Preferential Creditors
2	Loan against hypothecation of assets	2	Debited to Goodwill
3	Partners may not be directors	3	Gaining Ratio
4	Net Assets	4	Debit all partners capital A/c
5	Death of Partner	5	Joint Life Policy
6	Assets taken over	6	Transfer to legal representative
7	Wages of workers	7	Secured Creditors

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8	Loss in Realisation on Amalgamation	8	Software
9	Excess of purchase Consideration than Net Assets	9	Sale of Firm to company
10	Continuing Partner	10	Assets Less External Liabilities
11	Unpaid Capital Balance of Dead partner	11	Will be settled by old firm
12	Liabilities not taken over	12	Included in purchase consideration.
		13	Unsecured creditors

Q.2 Sharma, Verma and Karma are partners sharing profits and losses in the ratio of 4:2:1. They decided to dissolve the partnership as on 31st March, 2017 when their Balance Sheet was as follows : **(15)**

Balance Sheet as on 31.03.2017

Liabilities		Amount	Assets	Amount
Capital Account:			Plant & Machinery	1,25,000
Sharma	2,50,000		Land & Building	2,50,000
Verma	1,50,000		Investments	1,25,000
Karma	50,000	4,50,000	Stock	1,12,500
12% ICICI Bank Loan (Secured)		1,00,000	Sundry Debtors	86,250
Bills Payable		75,000	Cash & Bank	1,250
Sundry Creditors		75,000		
Total		**7,00,000**	**Total**	**7,00,000**

Rs.2,000 has to be provided for realisation expenses. Thereafter all cash received should be distributed among the partners.

The amounts were realised in installments as follows :

Installments	Rs.
1st	1,50,750
2nd	1,25,000
3rd	1,97,500
4th	69,250

The actual realisation expenses were Rs.1,250.

prepare a statement showing piecemeal distribution of cash as per Excess capital method.

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Q.2 Tushar, Harsh and Sachin are partners, sharing profits and losses in the ratio of 3:2:1 respectively. The firm dissolved on 31st March, 2017. When their Balance Sheet was as below: **(15)**

Balance Sheet as on 31.03.2017

Liabilities		Amount	Assets	Amount
Capital A/c.			Cash and Bank	35,000
Tushar	1,71,500		Fixed Assets	3,15,000
Harsh	73,500		Investments	35,000
Sachin	35,000	2,80,000	Stock	35,000
Reserves		42,000	Debtors	17,500
Secured Loan		63,000		
Bills Payable		35,000		
Creditors		17,500		
Total		**4,37,500**	**Total**	**4,37,500**

Additional Information:

The realisation expenses were estimated Rs.14,000 but it was actually Rs.13,000.

The assets realised as follows:

Realisation	1st Realisation	2nd Realisation	3rd Realisation	4th Realisation
Amount	87,500	31,500	1,12,000	1,08,500

Prepare a statement showing distribution of cash by applying "Excess Capital Method".

Q.3 M/s. East and M/s. West decided to amalgamate on the following terms and conditions on 1st April 2017. When their Balance Sheet were as follows : **(15)**

Liabilities	M/s. East	M/s. West	Assets	M/s. East	M/s. West
Capital A/c			Land & Building	62,500	-
East	66,000	-	Furniture	28,750	67,500
South	84,000	-	Investments	-	56,250
West	-	1,80,750	Inventories	34,000	81,500
North	-	1,05,500	Trade Receivables	80,000	1,55,000
Creditors	53,750	1,28,750	Cash at Bank	28,500	54,750
Bank Loan	30,000	--			
Total	**2,33,750**	**4,15,000**	**Total**	**2,33,750**	**4,15,000**

Terms of Amalgamation:

a) **In case of M/s. East**

1. Provision for doubtful debts to be created at 10% on Sundry Debtors.
2. Inventories to be revalued at Rs.31,500.
3. Building is to be taken over at Rs.1,50,000.
4. M/s East took over Bank Loan.
5. Goodwill was valued at Rs.50,000.

b) **Incase of M/s. West**

1. Provision for doubtful debts to be created at 10% on debtors.
2. Inventories were valued at Rs.80,000.
3. Investments were to be revalued at Rs.75,000.
4. Goodwill was valued at Rs.75,000.

You are required to show necessary ledger account in the books of M/s. East and M/s. West.

OR

Q.3 Following are the Balance sheet of M/s. VV and M/s. GG on 31st March, 2017. **(15)**

Liabilities	M/s. VV	M/s. GG	Assets	M/s. VV	M/s.GG
Capital Account:			Land & Building	1,25,000	-
Vikas	1,40,000	-	Plant & Machinery	79,000	14,000
Vinay	70,000	-	Investments	37,500	56,000
Gaurav	-	84,000	Stock	17,500	61,600
Ganesh	-	56,000	Debtors	28,000	70,000
Bank Loan	14,000	35,000	Cash	7,000	22,400
Creditors	70,000	49,000			
Total	**2,94,000**	**2,24,000**	**Total**	**2,94,000**	**2,24,000**

They agreed to amalgamate their business from 1st April 2017 as "M/s. VGVG" Share of Profits:

	Vikas	Vinay	Gaurav	Ganesh
Old Firm	2	1	3	2
New Firm	3	2	3	2

All assets and Liabilities are taken over at an agreed value shown as under :

Particulars	M/s. VV	M/s. GG
Land & Building	1,50,000	--
Plant & Machinery	75,000	15,000
Investments	35,000	55,000
Stock	19,000	62,000
Debtors	27,500	69,000
Creditors	67,500	47,400
Bank Loan	14,000	35,000

Prepare : 1. Purchase Consideration.
2. The necessary ledger account in the books of old firms.

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Q4. Lata, Anaya and Priti were partners sharing profits and losses in the ratio of 3:2:1 respectively. Their Balance sheet as on 31st March 2017 was as follows : **(15)**

Balance Sheet as on 31.03.2017

Liabilities		Amount	Assets	Amount
Capital Account:			Land & Building	1,20,000
Lata	1,50,000		Plant & Machinery	90,000
Anaya	90,000		Furniture	30,000
Priti	60,000	3,00,000	Stock	1,32,000
General Reserve		1,08,000	Debtors	78,000
Sundry Creditors		60,000	Bank	48,000
Bills Payable		30,000		
Total		**4,98,000**	**Total**	**4,98,000**

The partners agreed to sell their business to Vasu Ltd. The company took the following assets at values given below :

Land & Building	Rs.1,44,000
Plant & Machinery	Rs.78,000
Debtors	Rs.1,20,000
Stock	Rs.60,000
Furniture	Rs.36,000
Goodwill	Rs.96,000

The company also agreed to pay bills payable at book value. Vasu Ltd. paid Rs.1,44,000 in cash and the balance in equity shares of Rs.10 each. Shares are to be distributed in profit sharing ratio. The creditors were paid off at 5% discount. Realisation expenses amounting to Rs.13,500 paid by the firm.

Prepare Realisation A/c. Partners Capital A/c. and also calculate Purchase consideration.

OR

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Q.4 Nitin and Kiran 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 Shiva Ltd. Their balance sheet as on that date was follows: **(15)**

Liabilities	Amount	Assets	Amount
Nitin's Capital	6,25,000	Land & Building	6,00,000
Kiran'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 in hand	25,000
Total	**16,25,000**	**Total**	**16,25,000**

The company took the following assets at an agreed values.

Land and 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 is to be distributed equally and the balance in cash. Expenses on realisation amounted to Rs.4,000. Prepare statement of Purchase consideration, Realisation A/c and Partners Capital A/c.

Q.5 Salman, Arbaz and Sohil carried on business in partnership sharing profits and losses in the ratio of 2:1:2. **(15)**

The Trial balance of the firm as on 31st March 2017 was as follows :

Debit Balance	Amount	Credit Balance	Amount
Plant & Machinery	3,75,000	Capital A/c	
Investment	1,25,000	Salman	2,25,000
Sales Return	12,500	Arbaz	1,30,000
Furniture	1,17,500	Sohil	1,65,000
Motor Vehicles	1,50,000	Sales	14,12,500
Land & Building	2,50,000	Trade Creditors	2,17,500
Purchases	7,00,000	Provision for Doubtful Debts	1,250
Opening Stock	1,15,000	Bills Payable	90,500
Salaries	1,55,000	Bank Loan	2,50,000
Office Expenses	1,00,500	Bank Overdraft	50,000

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Rent & Insurance	38,750		
Accountant Fees	8,750		
Debtors	1,29,000		
Cash at Bank	1,09,250		
Drawings Salman	30,000		
Arbaz	15,000		
Sohil	47,500		
Bills Receivable	45,750		
Printing & Stationery	17,250		
Total	**25,41,750**	**Total**	**25,41,750**

Additional Information :

1. Stock on 31st March 2017 was valued at Rs.1,66,250
2. Depreciation: Land & Building at 5%
   Furniture at 10%
   Plant & Machinery at 20%
   Motor Vehicles at 20%
3. Provide for the following outstanding expenses as on 31st March 2017.
   Salaries Rs.20,000
   Printing and Stationery Rs.6,000
4. Insurance prepaid as on 31st March, 2017 Rs.6,250.

You are required to prepare :

1. The trading and Profit and Loss Account for the year ended 31st March 2017.
2. The Balance Sheet as on that date.

OR

Q.5 Prajakta and Manasvi were in partnership business sharing profit in the ratio of 3/5 and 2/5. On 1st April 2016 they admitted Rishika into partnership giving her 1/6 of the profits. Rishika brought Rs.2,00,000 in cash of which Rs.75,000 were considered as payment for goodwill and balance as her capital. **(15)**

The following Trial Balance was extracted from books as on 31st March 2017

Debit Balance	Amount	Credit Balance	Amount
Purchases	3,14,325	Sales	5,35,800
Discount Allowed	4,300	Discount Received	5,375
Sundry Debtors	1,00,500	R. D. D.	3,000
Stock (01/04/2016)	1,07,050	Sundry Creditors	81,350

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Carriage Inward	8,125	Capital A/c	
Misc. Expenses	19,600	Prajakta	1,62,500
Motor Vehicle	1,25,000	Manasvi	87,500
Land & Building	2,00,000	Cash paid by Rishika on 1st April 2016	2,00,000
Cash at Bank	12,600	Bank Overdraft	17,300
Telephone Expenses	8,100		
Printing & Stationery	6,725		
Rent & Insurance	8,000		
Bad Debts	1,000		
Investments	1,50,000		
Drawings Prajakta	12,500		
Manasvi	10,000		
Rishika	5,000		
Total	**10,92,825**	**Total**	**10,92,825**

Additional Information :

1. Stock on 31st March 2017 was Rs.1,05,625.
2. Bad Debts Rs.3,000.
3. Depreciation to be charge on :
   Land & Building 5%
   Motor Vehicle 20%
4. R.D.D. to be maintained at 10% on Sundry Debtors.
5. Goods to be value of Rs.2,500 have been lost by theft.

You are require to prepare :

1. Trading, Profit and Loss Account for the year ended 31st March, 2017.
2. Balance Sheet as on that date.

Q.6 a) Explain Amalgamation of firm V/s. conversion of firm into company. **(10)**

b) Explain in detail "Piecemeal Distribution of Cash" **(10)**

OR

Q.6 Write short note (Any 4) **(20)**

1. Purchase Consideration.
2. Excess Capital Method
3. Retirement of Partner
4. Realisation Account
5. Sale of Firm to Company
6. Order of payment of external liabilities in piecemeal distribution.

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