

Time: 3 hrs.

Marks:100

- Note:**
1. All questions are compulsory with internal options.
 2. Figures to the right indicate full marks.

Q.1 (A) Multiple Choice Questions :- (Any Ten) (10)

- (1) During retirement of a partner, _____ ratio is calculated.
(a) gain (b) sacrifice (c) both
- (2) Profit on sale of asset is _____ to profit and loss account.
(a) debited (b) credited (c) none of the above
- (3) _____ is an intangible asset.
(a) plant (b) furniture (c) goodwill
- (4) Piecemeal distribution of cash is undertaken by using _____ method.
(a) highest relative capital (b) proportionate (c) maximum loss
- (5) Bank loan obtained by hypothecation of an asset is treated as _____ creditors.
(a) preferential (b) unsecured (c) secured
- (6) _____ is deducted from purchases.
(a) carriage outward (b) return outward (c) return inward
- (7) Fictitious assets are distributed among the partners in their _____ ratio.
(a) capital (b) profit sharing (c) cash
- (8) Interest on capital is an _____ for the partners of the partnership firm.
(a) expenses (b) income (c) loss
- (9) _____ capital is the least of unit capitals of all the partners.
(a) unit (b) excess (c) base
- (10) After all external liabilities are paid, the balance cash is paid to the partners in their _____ ratio.
(a) capital (b) profit sharing (c) cash
- (11) Interest on drawings is an _____ for the partnership firm.
(a) expenses (b) income (c) loss
- (12) Purchase consideration is the amount payable by the _____ firm to the vendor firms.
(a) selling (b) purchasing (c) both

Q.1 (B) State whether the following statements are true or false (Any Ten) (10)

- (1) During admission of a partner, gain ratio is calculated.
- (2) Excess capital method, highest relative capital method and maximum loss method are not same.
- (3) Indian Partnership Act is in force since 1935.
- (4) General reserve/ reserve fund is debited to partner's capital account.
- (5) Outstanding wages is a real account.
- (6) Assets taken over by partners are credited to his capital account.
- (7) A partnership firm has unlimited liability.
- (8) Bad debt is a loss.
- (9) Interest on partner's loan is to be paid @ 6% p.a.
- (10) Return inward is deducted from sales.
- (11) There cannot be more than 20 partners in a partnership firm.
- (12) The partners must conduct lawful business.

Q.2 Salman , Arbaz and Sohil carried on business in partnership sharing profits and losses in the ratio of 2:1:2 (20)

Trial balance as on 31st March, 2018

Particulars	Amount	Particulars	Amount
Plant and 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 and Building	2,50,000	Creditors	2,17,500
Purchases	7,00,000	Commission	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
Rent and 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 and Stationery	17,250		
	25,41,750		25,41,750
	0		

Adjustments:

1. Stock on 31st March, 2018 was valued at ` 1,66,250.
2. Depreciation: Land and Building at 5%, Furniture at 10%, Plant and Machinery at 20%, Motor Vehicles at 20%
3. Provide for the following outstanding expenses as on 31st March, 2018.
Salaries ` 20,000
Printing and Stationery ` 6,000
4. Insurance prepaid as on 31st March, 2018 ` 6,250.

You are required to prepare:

- a) The Trading and Profit and Loss A/c for the year ended 31st March, 2018.
- b) The Balance Sheet as on that date.

OR

Q.2 Sunil, Anil and Neel are partners sharing profits and losses in the ratio of 5:3:2. Their balance sheet on the date of dissolution is as follows:

Balance Sheet as on 31st March, 2018

Liabilities	Amount	Assets	Amount
Capital balances:		Fixed assets	80,000
Sunil	38,800	Current assets	60,000
Anil	20,400	Cash in hand	9,600
Neel	26,000		
General reserve	19,200		
Sunil`s loan	21,200		
Sundry creditors	24,000		
	<u>1,49,600</u>		<u>1,49,600</u>

- 1) Realisation expenses were estimated at ` 4,000.
- 2) The assets were realised as under:
 - a. First Realisation: ` 61,280
 - b. Second Realisation: ` 28,720
 - c. Third Realisation : ` 20,000

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

Q.3 M/s East and M/s West decided to amalgamate on the following terms and conditions on 1st April, 2018. When their Balance Sheet were as follows: **(20)**

Liabilities	M/s. East	M/s. West	Assets	M/s. East	M/s. West
Capital A/c			Land and Building	62,500	
- East	66,000	-	Furniture	28,750	67,500
- South	84,000	-	Investment	-	56,250
- West	-	1,80,750	s	34,000	81,500
- North	-	1,05,500	Inventories	80,000	1,55,000
Bank Loan	30,000	-	Debtors	28,500	54,750
Creditors	53,750	1,28,750	Cash at Bank		
	2,33,750	4,15,000		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 Debtors
2. Inventories to be revalued at ` 31,500
3. Building is to be taken over at ` 1,50,000
4. M/s. East took over Bank Loan
5. Goodwill was valued at ` 50,000

(b) In case of M/s West

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

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

OR

Q.3 A,B and C carry on business in partnership sharing profits and losses in the proportions of 4:3:1 respectively. On 31st March, 2019, they agreed to sell their business to a limited company. Their position on that date was as follows: **(20)**

Particulars	`	Particulars	`
A's Capital	40,000	Machinery	48,000
B's Capital	30,000	Furniture	42,000
C's Capital	26,000	Stock	23,000
Loan	16,000	Debts	15,000
Mortgage	18,000	Cash	2,000
Sundry Creditors			
	1,30,000		1,30,000

The company took the following assets at the valuation shown below:

Particulars	`
Machinery	61,000
Furniture	31,800
Stock	22,000
Debts	14,000
Goodwill	10,000

The company also agreed to pay the creditors which was agreed at ` 17,700. The company paid ` 67,000 in fully paid share of ` 10 each and the balance in cash. The expenses amounted to ` 1,500.

Prepare ledger accounts in the books of the firm.

- Q.4** From the following Trial Balance of Ajit and Sujit, you are required to **(20)** prepare a Trading and Profit & Loss A/c for the year ended 31st December, 2019 and a Balance Sheet as on that date:

Trial balance as on 31st December, 2019

Particulars	Debit	Particulars	Credit
Drawings A/c		Sales	3,02,000
- Ajit	2,000	Discount Received	200
- Sujit	1,000	Creditors	64,200
Stock	44,000	Return	2,000
Bills Receivable	1,800	Capital A/c	
Purchases	1,90,000	- Ajit	60,000
Return	6,000	- Sujit	40,000
Salaries	10,000		
Carriage Outwards	1,400		
Wages	24,000		
Insurance	1,600		
Postage	800		
Debtors	70,400		
Furniture	24,000		
Cash in Hand	9,800		
Machinery	80,000		
Rent & Taxes	1,200		
Printing &	400		
Stationery			
	4,68,400		4,68,400

Adjustments:

- 1) The closing stock was valued at `56,000
- 2) The outstanding expenses were: a) Wages `2,000 and b) Salaries `930
- 3) Goods costing `2,000 were distributed as free samples
- 4) Interest on partners' capitals was to be provided at 7% p.a.
- 5) Prepaid Insurance was `100
- 6) Depreciation was to be provided on furniture at 10% and on machinery at 5%
- 7) A reserve for bad and doubtful debts was to be created at 5% of sundry debtors

OR

- Q.4** Following are the Balance Sheet of M/s. VV and M/s. GG on 31st March, 2018 **(20)**

Liabilities	M/s. VV	M/s. GG	Assets	M/s. VV	M/s. GG
Capital A/c.	1,40,000	-	Land and Building	1,25,00	-
- Vikas	70,000	-	Plant and	0	14,000
- Vinay	-	84,000	Machinery	79,000	56,000
- Gaurav	-	56,000	Investments	37,500	61,600
- Ganesh	14,000	35,000	Stock	17,500	70,000
Bank	70,000	49,000	Debtors	28,000	22,400
Loan			Cash	7,000	
Creditors	2,94,000	2,24,000		2,94,000	2,24,000
	0	0		0	0

They agreed to amalgamate their business from 1st April, 2018 as "M/s.

VGVG" share of profits

Particulars	Vikas	Vinay	Gaurav	Ganesh
Old Firms	2	1	3	2
New Firms	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
Debtors	27,500	69,000
Stock	19,000	62,000
Creditors	67,500	47,400
Loans	14,000	35,000

Prepare:

- 1) Purchase consideration
- 2) The necessary ledger accounts in the books of old firms

- Q.5** (a) Explain the benefits of conversion of firm into company. **(10)**
(b) Explain the net payment method of purchase consideration. **(10)**

OR

- Q.5** **Write short notes (Any Four)** **(20)**

- (1) Purchase consideration
- (2) Piecemeal distribution of firm
- (3) Admission of a partner
- (4) Preferential and Non-Preferential Creditors
- (5) Retirement of a partner
- (6) Balance sheet

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