

Seat Number :- _____

Duration: 3 Hours

231011123

Maximum Marks: 100

Note: All Questions are Compulsory.

Figures to the right indicate full marks.

Use of a simple calculator is allowed.

Q.1. A. Select an appropriate option : (Any Ten)**(CO-1, U)****(10M)**

1. In the absence of an agreement, interest on capital is
 - a) Allowed
 - b) Not allowed
 - c) Allowed after one year
 - d) Allowed after two years
2. The difference between new profit ratio and old profit ratio is
 - a) New profit sharing ratio
 - b) Old profit-sharing ratio
 - c) Sacrificing ratio
 - d) Gaining ratio
3. Partners loan is
 - a) Internal liability
 - b) External liability
 - c) Secured liability
 - d) Unsecured Liability
4. The interest on drawings is transferred to----- side of the profit and loss appropriation account.
 - a) Debit
 - b) Credit
 - c) Asset
 - d) Liability
5. Return outward are deducted from .
 - a) Purchases
 - b) Sales
 - c) Capital
 - d) Debtors
6. The accumulated profits and reserves are transferred to:
 - a) Realization Account
 - b) Partners Capital Account
 - c) Bank Account
 - d) Cash Account
7. The written agreement of partnership is most commonly referred to as:
 - a) Agreement
 - b) Partnership deed
 - c) Partnership contract
 - d) Partnership Act
8. On amalgamation, goodwill of the firm is
 - a) Valued
 - b) Ignored
 - c) Considered by purchase consideration
 - d) Multiplied
9. External liabilities are liabilities due to
 - a) Partners
 - b) Creditors
 - c) Capital
 - d) Insiders
10. Shares and debentures received from the limited company are distributed among the partners in them
 - a) Profit sharing ratio
 - b) Capital ratio
 - c) Final claim ratio
 - d) Gain ratio
11. Preferential liabilities are
 - a) Payable to creditors
 - b) Payable to government
 - c) Payable to partners
 - d) Payable to none
12. Bank loan is Rs. 1,50,000 secured against stock and stock sold for Rs. 1,00,000 balance Rs. 50,000 is:
 - a) Secured
 - b) Unsecured
 - c) Partly secured
 - d) Fully paid

Q.1.B. State whether the following statements are True or False:(Any Ten) (CO-1, U)**(10M)**

1. Interest on drawing is an income of the firm.
2. Dues payable to employees is a preferential liability of the firm.
3. In case of amalgamation of firms, a realization account is prepared to close the books of the old firms.
4. As per the partnership Act. Interest @ 6% p.a is allowed on partners loans.
5. Purchase consideration is the amount payable by the vendor firm to the purchasing firm.
6. Profit or loss on realization is transferred to partners' capital account in capital ratio.
7. General Reserve is credited to partners' capital account.
8. Return inward is deducted from the sales.
9. Highest relative capital method is known as excess capital method.
10. Royalty on production is debited to a Trading account.
11. Income received but not earned is an asset.
12. Expenses on dissolution are credited to the realization account.

Q.2. The following is the Trial Balance of the firm as on 31st December, 2023.

Particular	Amount	Particular	Amount
Furniture	10,500	Capital Account:	
Purchases	1,10,000	Virat	24,000
Stock	25,000	Rahul	12,000
General Expenses	5,200	Surya (including Goodwill)	5,000
Salary	12,000	Sales	1,80,000
Rent and Taxes	5,900	Creditors	13,500
Debtors	31,000		
Bank	10,900		
Drawings:			
Virat	15,000		
Rahul	7,500		
Suriya	1,500		
	2,34,500		2,34,500

Adjustments:

1. Virat and Rahul were partners sharing profit and losses equally.
 2. Mr. Suriya was admitted to partnership on 1st July 2023.
 3. On 31st December, 2023 stock was valued at Rs.23,500
 4. Rent and Taxes paid in advance Rs.900
 5. General Expenses were outstanding Rs.800
 6. Charge Depreciation on Furniture @10% p.a
 7. Share of Goodwill of new partners was valued at Rs.1000 on 1st July, 2023 and yet to be adjusted.
- You are required to prepare Trading, Profit and Loss and Profit and loss Appropriation for the year ended and Balance sheet on that date.

(CO-1, AAE) (20M)

OR

Q.2. Anju and Seema were in partnership business sharing and profit in the ratio of 3/5 and 2/5. On 1st April 2022 they admitted Varsha into partnership giving her 1/6 of the profits. Varsha brought Rs.2,00,000 in cash of which Rs.75,000 were considered as payment for goodwill and to balance her capital. The following Trial Balance was extracted from books as on 31st March 2023.

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	RDD	3,000
Stock (1-4-2022)	1,07,050	Sundry Creditors	81,350
Carriage inward	8,125	Capital:	
Miscellaneous Expenses	19,600	Anju	1,62,500
Motor Vehicle	1,25,000	Seema	87,500
Land and Building	2,00,000	Cash payable By Varsha	2,00,000
Cash at Bank	12,600	(1-4-2022)	
Telephone Expenses	8,100	Bank overdraft	17,300
Printing and Stationery	6,725		
Rent and Insurance	8,000		
Bad Debts	1,000		
Investment	1,50,000		
Drawings:			
Anju	12,500		
Seema	10,000		
Varsha	5,000		
	10,92,825		10,92,825

Additional Information:

1. Stock 31st March, 2023 was Rs.1,05,625
2. Bad Debts Rs.3,000

3. Depreciation to be charged on: Land and Building -5% Motor Vehicle-20%

4. RDD to be maintained at 10% on sundry Debtors.

5. Goods to the value of Rs.2,500 have been lost by theft.

You are required to prepare: Trading and profit and loss account, Profit and loss appropriation for the year end and Balance sheet as on that date. **(CO-1, AAE) (20M)**

Q.3. P, Q and R are partners of M/S Paresh Stationers, sharing profit and loss in the ratio of 1:1:2. On the 30th June, 2023, they decided to dissolve their firm when their balance sheet was as under:

Liabilities	Amount	Assets	Amount
Capital:		Goodwill	1,20,000
-P	2,40,000	Building	2,40,000
-Q	1,60,000	Plant	2,68,000
-R	3,00,000	Stock	1,23,000
General Reserve	80,000	Debtors	1,80,000
Loan from Q	40,000	Bill 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	Realization	Expenses
31 st July	Rs.1,10,000	Rs.2,000
31 st August	Rs.3,40,000	Rs.10,000
30 th September	Rs.3,50,000	Rs.5,000
31 st October	Rs.1,62,000	Rs.3,000

You are required to prepare a statement to show the piecemeal distribution of cash available under the Highest Relative Capital Method. **(CO-1, AAE) (20M)**

OR

Q.3. Following is the Balance sheet as on 31-3-2023 of Arjun, Bansal and Chetan who shared profit and losses in the ratio of 4:3:2 respectively.

Liabilities	Amount	Assets	Amount
Capitals:		Cash	20,000
-Arjun	1,28,000	Debtors	1,46,000
-Bansal	90,000	Stock	1,30,000
-Chetan	84,000	Machinery	1,40,000
Creditors	56,000		
Loan from Mr. Ajit	28,000		
Bills Payable	14,000		
General Reserve	36,000		
	4,36,000		4,36,000

The firm was dissolved on the above date. It was decided to keep aside Rs.6,000 for estimated realization expenses and to distribute the cash as and when the assets realized.

The cash was received in installments as follows:

Months	Amount
April, 2023	Rs.1,04,000
May, 2023	Rs.1,38,000
June, 2023	Rs.1,26,000

The actual realization expenses were Rs.6,900.

- a) Prepare statement showing Excess capital
b) Statement showing Piecemeal Distribution of cash.

(CO-1, AAE) (20M)

Q.4. Anil Traders and Nirmal Bros. decided to amalgamate on the following terms and conditions on 1st April, 2023 when their balance sheet was as follows:

Liabilities	Anil Traders	Nirmal Bros.	Assets	Anil Traders	Nirmal Bros.
Anil's Capital	86,400	-	Buildings	50,000	-
Ravi's Capital	63,600	-	Furniture	31,600	48,600
Nirmal's Capital	-	1,12,300	Investments	25,000	-
Satya's Capital	-	42,200	Stocks	34,100	49,500
Creditors	27,500	15,500	Debtors	40,000	50,000
Bank Loan	12,500	-	Cash at Bank	9,300	21,900
	1,90,000	1,70,000		1,90,000	1,70,000

Terms of Amalgamations:

1. In case of Anil Traders:
 - a) Goodwill was valued at Rs.60,000
 - b) Anil took over a bank loan.
 - c) Building was taken to be worth Rs.90,000
 - d) Stock to be valued at Rs.32,600.
 - e) Provision for doubtful debts to be created at 5% on debtors.
 - f) Investments were taken over by the new firm at Rs.30,000
2. In the case of Nirmal Bros.
 - a) Goodwill was valued at Rs.50,000
 - b) Stock was valued at Rs.42,000
 - c) Provision for doubtful debts to be created at 4% on debtors.

Other assets and liabilities of both the firms were taken at book value.

You are required to show necessary ledger accounts in the books of Anil Traders and Nirmal Bros. and prepare the Balance Sheet of New Firm after amalgamation. **(CO-1, AAE) (20M)**

OR

Q.4. Hemant, Sanju and Rajesh carry on business in partnership sharing profits and losses in the proportions of 4:3:1 respectively. On 31st March, 2020 they agreed to sell their business to a limited company their position on that date was as follows:

Particular	Amount	Particular	Amount
Hemant's Capital	40,000	Machinery	48,000
Sanju's Capital	30,000	Furniture	42,000
Rajesh's Capital	26,000	Stock	23,000
Loan on Mortgage	16,000	Book Debts	15,000
Sundry Creditors	18,000	Cash	2,000
	1,30,000		1,30,000

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

Machinery	Rs.61,000
Furniture	Rs.31800
Stock	Rs.22000
Book Debts	Rs.14000
Goodwill	Rs.10,000

The company also agreed to pay the creditors which was agreed at Rs.17,700. The company paid Rs.67000 in fully paid shares of Rs.10 each and the balance in cash. The expenses amounted to Rs.1500.

Prepare necessary ledger accounts in the books of the firm. **(CO-1, AAE) (20M)**

Q.5.A. What is a Profit and Loss Appropriation Account? Discuss the items to be considered in the Profit and Loss Appropriation Account. **(CO-1, U, A) (10M)**

Q.5.B. Explain the methods of calculating Purchase consideration. **(CO-1, U, A) (10M)**

OR

Q.5. Write Short note on : **(Any 4)**

CO-1, U, A) (20M)

- a. Conversion of Partnership Firm into Limited Company
- b. Steps to calculate partners share under excess capital Method
- c. Distinguish between Fixed Capital Method and Fluctuating capital method.
- d. Objectives of Amalgamation
- e. Write note on Liabilities Under piecemeal Distribution

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