

231151024

Duration: 3 Hours**Marks: 100****Q.1. A. Select appropriate words: (Any Ten)****(CO-1, U) (10M)**

1. The accumulated profits and reserves are transferred to:

- a) Realization Account b) Partners Capital Account c) Bank Account d) Cash Account

2. External liabilities are liabilities due to

- a) Partners b) Creditors c) Capital d) Insiders

3. 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

4. Bank loan is Rs.5,00,000 secured against stock and stock sold for Rs.3,00,000 balance Rs.2,00,000 is:

- a) Secured b) Unsecured c) Partly secured d) Fully paid

5. In piecemeal distribution, amounts realized from assets are used to settle the liabilities in the following order

- a) Partner's Loans, Outside Liabilities, Realisation Expenses, Partners Capitals
b) Realisation Expenses, Outside Liabilities, Partners Loans, Partners Capitals
c) Outside Liabilities, Realisation Expenses, Partners Capitals, Partners Loan
d) Outside Liabilities, Realisation Expenses, Partners Capitals, Partners Current

6. Goodwill is an

- a) Liability b) Capital c) Nominal account d) Intangible asset

7. In the absence of an agreement, profit and losses are shared by partners

- a) Equally b) Old profit-sharing ratio c) Sacrificing ratio d) Gaining ratio

8. Employees dues are

- a) Preferential liabilities b) Contingent liabilities c) External liability d) Secured liabilities

9. Realisation of Assets on dissolution is

- a) Sudden b) Gradual c) Unexpected d) Fall

10. At the time of admission of a partner, goodwill brought in cash by the new partner is shared by the old partners in them

- a) Sacrificing ratio b) Gaining ratio c) Old ratio d) New ratio

11. In the absence of an agreement, interest on partners loan shall be

- a) 4 percentage b) 5 percentage c) 6 percentage d) 7 percentage

12. Excess capital method is also known as

- a) Highest relative capital method b) Maximum loss capital method
c) Capital Equalization Method c) Capital Induction method

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. In case of amalgamation of firms, a realization account is prepared to close the books of the old firms.

3. Purchase consideration is the amount payable by the vendors firm to purchasing firm.

4. General Reserve is credited to partners' capital account.

5. Return inward is deducted from the sales.

6. Royalty on production is debited to Trading account.

7. Income received but not earned is an asset.
8. Partner can be admitted only on the first day of the accounting year
9. Outstanding wages is a nominal account.
10. Profit and Loss Appropriation account is same as any revenue account.
11. Drawing is added to capital.
12. A new company is formed on conversion of a firm into a ltd. Company

Q.2A. A & Co. and C & Co. decided to amalgamate on the following terms and conditions on 1 April, 2024 when their Balance Sheets were as follows:

Balance Sheet as on 1st April, 2017

Liabilities	A & Co. ₹	C & Co. ₹	Assets	A & Co. ₹	C & Co. ₹
A's Capital	6,000	-	Buildings	5,000	-
B's Capital	3,000	-	Furniture	600	1,000
C's Capital	-	3,300	Investments	-	2,000
D's Capital	-	2,200	Stocks	3,000	2,600
Creditors	1,000	1,500	Debtors	2,000	2,400
Bank Loan	2,000	2,500	Cash at Bank	1,400	1,500
	12,000	9,500		12,000	9,500

Terms of amalgamation:

1. In case of A & Co.
 - a. Goodwill was valued at ₹3,000.
 - b. A & B Co. should pay its Bank Loan equally.
 - c. Building was taken to be worth ₹ 6,000.
 - d. Stock to be valued at ₹2,500.
2. In case of C & Co.
 - a. Goodwill was valued at ₹.2,000.
 - b. Investments were not taken over by the new firm.
 - c. Stock was valued at ₹.1,880.

You are required to show necessary ledger accounts in the books of A & Co., C & Co. and prepare of New Firm balance sheet after Amalgamation. **(CO-1, AAE) (20M)**

OR

Q.2B. Anil Traders and Nirmal Bros. decided to amalgamate on the following terms and conditions on 1st April, 2024 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 ₹.60,000
 - b) Anil took over bank loan.
 - c) Building was taken to be worth ₹.90,000
 - d) Stock to be valued at ₹.32,600.
 - e) Provision for doubtful debts to be created at 5% on debtors.
 - f) Investments were taken over by the new firm at ₹.30,000

2. In case of Nirmal Bros.

a) Goodwill was valued at ₹.50,000

b) Stock was valued at ₹.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 Balance Sheet of New Firm after amalgamation. (CO-1, AAE) (20M)

Q.3A. 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, 2024, 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	₹.1,10,000	₹.2,000
31 st August	₹.3,40,000	₹.10,000
30 th September	₹.3,50,000	₹.5,000
31 st October	₹.1,62,000	₹.3,000

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

OR

Q.3B. From the following balance sheet of M/S Idea store with Sunil, Anil and Neel as partners sharing profit and losses in the ratio of 5:3:2. Their Balance sheet on the date of dissolution was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Partners' Capital Account:		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		
	1,49,600		1,49,600

a) Realisation expenses were estimated at Rs.4,000

b) The Assets were realised as under:

First Installment ₹.61,280

Second Installment ₹.28,720

Third Installment ₹.21,000

c) Actual realisation expenses were ₹.3000 only.

Prepare a statement showing piecemeal distribution of cash by adopting excess capital method.

(CO-1, AAE) (20M)

OR

Q.4A. The following is the Trial balance of a firm as on 31st December 2024.

Debi	Amount (₹)	Credit	Amount (₹)
Cash	29,700	Creditors	40,500
Debtors	93,000	Sales	5,40,000
Rent and Rates	17,700	Capital:	
Salary	36,000	A	72,000
Sundry Expenses	15,600	B	36,000
Stock	75,000	C (Including Goodwill)	12,000
Purchases	3,30,000		
Sundry Assets	31,500		
Drawings:			
A	45,000		
B	22,500		
C	4,500		
	7,00,500		7,00,500

Adjustments:

1. A and B were partners sharing profit and losses equally.
 2. C was admitted to the partnership on 1st July, 2024.
 3. On 31st December 2024; stock was valued at ₹.70,500.
 4. Rent and Rates paid in advance ₹.700
 5. Sundry Expenses were outstanding ₹.400
 6. Depreciate sundry Assets by 20%p. a
 7. Goodwill of the firm was valued at ₹.6,000 on 1st July, 2024 and not to appear in the balance sheet.
 8. Interest on capital to be charged at the rate 10% p.a
- You are required to prepare Trading, Profits and Loss Account for the year ended on 31st December, 2024 and Balance sheet as on that date. (CO-1, AAE) (20M)

OR

Q.4B. P, Q and R were partners sharing profits and losses as 3:2:2. The following is the Balance Sheet of P, Q and R as on 31-3-2024:

Liabilities	₹	Assets	₹
Capital Accounts		Land and Building	96,000
P	97,000	Machinery	28,000
Q	58,000	Stock	12,000
R	25,000	Bills Receivable	24,000
Creditors	16,000	Debtors	36,000
	1,96,000		1,96,000

The partners decided to convert the business into a private limited company on above date on the following terms:

1. The company agreed to issue 16,200 equity shares of ₹. 10/- each and to pay the balance in cash for acquiring the business.
2. The company took over all assets except stock, which was taken by P for ₹10,000/- and assumed the liabilities. It also agreed to pay ₹.30,000/- for goodwill.
3. The partners decided to distribute the shares appropriately among themselves.

Prepare the following:

(a) Realisation Account, (b) Partners' Capital Accounts, (c) Cash Account.

(CO-1, AAE) (20M)

Q.5A. What do you mean by amalgamation? Explain its objective.

(CO-1, U, A) (10M)

Q.5B. What is Profit and Loss Appropriation Account? Discuss the items to be considered in Profit and Loss Appropriation Account.

(CO-1, U, A) (10M)

OR

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

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

- a. Steps to calculate partners share under excess capital Method
- b. Conversion of firm into company
- c. Types of Liabilities under piecemeal Distribution
- d. Types of Purchase Consideration
- e. Adjustments in final accounts of a firm specially related to the partners