

Note :

A/C



☺ Attempt the Questions as follow :

Q. 1 (A) & Q. 1 (B)	10 Marks each	ATTEMPT BOTH - Q. 1 (A) & 1 (B)	TOTAL MARKS 20
Q. 2 (A)	Marks 20	ATTEMPT ANY ONE	MARKS 20
Q. 2 (B)	Marks 20		
Q. 3 (A)	Marks 20	ATTEMPT ANY ONE	MARKS 20
Q. 3 (B)	Marks 20		
Q. 4 (A)	Marks 20	ATTEMPT ANY ONE	MARKS 20
Q. 4 (B)	Marks 20		
Q. 5 (A) & Q. 5 (B)	10 Marks each	ATTEMPT - EITHER BOTH - Q. 5 (A) & 5 (B)	TOTAL MARKS 20
Q. 5	MARKS 20	OR ONLY Q. 5	

- ☺ All the workings must be part of your answer else your answer may be considered incomplete.
 ☺ Write legibly and maintain neatness and clarity else the answer may not be assessed or marks may be deducted.

Q. 1 (A) : State whether the following statements are True or False - any Ten (Rewrite the whole sentence)

- Under the Fixed Capital method, Salary to partner will be shown in Current Account of the partner.
- In the absence of any agreement, interest at 6% p.a. is payable on Partner's Loan.
- Statement of Assets and Liabilities is called Balance sheet.
- Irrecoverable Debt is called Bad Debt.
- Purchase Consideration is the price paid by new Company to the vendor firm for taking over the business.
- If the Purchase Consideration is more than the Net Assets taken over, in the books of the new Company, the difference will be debited to Goodwill account.
- In the books of the New Company, Dissolution expenses of the Vendor Firm paid by the New Company, will be debited to Goodwill account,
- In the books of the new Company, Liabilities taken over from the Vendor Firm will be Credited at the agreed values.
- In the books of the New Company, Shares and Debentures issued to the vendor Company will be recorded at their issue price.
- On Dissolution of the Firm, Assets and external Liabilities will be transferred to Realisation Account.
- For Finding per unit value of partner's capital, Partner's Capital will be divided by the Profit Sharing Ratio.
- On Dissolution of the Firm, Fictitious Assets will be transferred to Partners' Capital accounts.

Q. 1 (B) : Match the Columns (any Ten) (Rewrite the whole sentence)

- | | |
|---|--|
| 1 A written agreement, containing all Terms and Conditions of Partnership | 1 Outsiders |
| 2 Minimum number of Partners required in a Partnership | 2 Merger of Firms |
| 3 Balance in Profit & loss Account | 3 Debited to Partner's Capital account |
| 4 Receipt of Purchase Consideration | 4 Two |
| 5 External Liabilities | 5 New Profit Sharing Ratio |
| 6 Amalgamation | 6 Credited to Partner's Capital accounts in Profit Sharing Ratio |
| 7 Partner taking away asset of the firm | 7 Balance sheet Asset Side |
| 8 Goodwill to be written off, on admission of a partner | 8 Partnership Deed |
| 9 Dues of Employees on Dissolution of firm | 9 Net Profit or Net Loss |
| | 10 Credited to New Firm's Account |
| | 11 Liability of Partner |

10 Unlimited

12 Preferential Liability

11 Debit Balance of Current Account

12 Profit on Realisation

Q. 2 (A) :

S, R & A were partners, sharing Profits and Losses as 1:2:3. Their Balance sheet as on March 31, 2022 was as under, the date on which they decided to dissolve the firm.

Balance sheet as on March 31, 2022					
Capital :	S	2,00,000		Cash	1,00,000
	R	6,00,000		Stock	2,50,000
	A	4,50,000	12,50,000	Debtors	4,50,000
Sundry Creditors			3,00,000	Furniture	7,00,000
Loan from Bank (Secured on Stock)			2,00,000	Plant	2,50,000
			17,50,000		17,50,000

☺ Bank could realise only Rs. 2,00,000 on disposal of Stock, due to its damaged condition.

☺ Other Assets were realised as follows :

April	Rs. 2,00,000	June	Rs. 4,00,000	August	Rs. 1,00,000
May	Rs. 4,00,000	July	Rs. 4,00,000	September	Rs. 1,00,000

The partners distributed the cash as and when available, using Excess Capital Method. Show the distribution of Cash.

Q. 2 (B) :

Jai and Kishan were partners, sharing profits & losses in the ratio of 3:7. On April 1, 2021; they admitted their manager Vijay as 1/5 (one fifth) partner. Vijay has to contribute Rs. 60,000 as his capital & Rs. 60,000 as his share of Goodwill.

Their Trial Balance as on March 31, 2022 is as follows :

Debit Balances	Amount	Credit Balances	Amount
Land & Building	60,000	Sales	2,50,000
Plant & Machinery	50,000	Creditors	30,000
Furniture	5,000	R.D.D.	600
Leasehold Premises (for 5 years from 1.4.2021)	50,000	Capital : Jai	80,000
Advertisement (incurred during the year) (to be written off over five years)	1,00,000	Kishan	60,000
Purchases	1,35,000	5% Loan	50,000
Returns	3,000	Vijay (Cash brought by him)	1,20,000
Debtors	27,400		
Rent & Rates	1,200		
Printing & Stationery	1,600		
Bad Debts	2,200		
Opening Stock	43,000		
Office Salaries	40,000		
Bank	70,000		
Drawings : Kishan	2,200		
	5,90,600		5,90,600

Adjustments :

☺ Stock on March 31, 2022 - Rs. 25,000.

- ☺ Goods sold on Sale or Return basis costing Rs. 4,000 & sold at a profit of Rs. 1,000; included in Sales. Half of the Customers had given their approvals before March 31, 2022.
- ☺ Of the Debtors, Rs. 600 are bad and to be written off; provide 1,200 for doubtful debts
- ☺ Depreciate Building at 1%, Plant & Machinery at 10% and Furniture at 10%.
- ☺ Rent is outstanding for the last quarter of the year.
- ☺ Goods worth Rs. 1,800 were destroyed by fire of which Rs. 600 were not covered by Insurance.
- ☺ Provide Interest on Capital at 5%.
- ☺ Interest on 5% Loan is outstanding.

Q. 3 (A) :

Trial Balance of Lal and Bal, who share profits and losses in the ratio of 3:7, as on March 31, 2022 is as follows :

Debit Balances	Amount	Credit Balances	Amount
Purchases	1,20,000	Sales	2,30,000
Returns	5,000	Returns	4,000
Freight	9,000	Creditors	45,000
Donations	6,000	R.D.D.	3,800
Rent & Rates	1,000	Discount	1,600
Printing & Stationery	1,800	Capital : Lal	60,000
Land & Building	80,000	Bal	40,000
Plant & Machinery	60,000	Bills Payable	35,000
Furniture	20,000		
Office Salaries	18,500		
Prepaid Taxes	300		
Bank	7,300		
Debtors	60,000		
Drawings : Lal	8,000		
Bad Debts	1,000		
Stock as on April 1, 2021	21,500		
	4,19,400		4,19,400

Adjustments :

- ☺ Bal retired on March 31, 2022 and is entitled to only his Capital balance as on March 31, 2022; after distribution of profits up to March 31, 2022.
- ☺ Closing stock valued at cost price Rs. 28,000
- ☺ Of the Debtors, Rs. 800 are bad and to be written off; provide 1,600 for doubtful debts
- ☺ Depreciate Building at 5%, Plant & Machinery at 7% and Furniture at 10%.

Prepare Trading, Profit & Loss Account of the firm and Balance sheet of the same date.

Q. 3 (B) :

Following is the Balance sheets of Tom & Jerry, who share profits & losses equally, as on March 31, 2022 :

Liabilities	Amount	Assets	Amount
Sundry Creditors	60,000	Sundry Debtors	40,000
Bills Payable	2,000	Building	40,000
Capital Accounts :		Furniture	20,000
Tom	1,00,000	Stock	1,30,000
Jerry	1,00,000	Investments	40,000
Tom's Loan	50,000	Cash & Bank Balance	42,000
	3,12,000		3,12,000

On the above date, TJ Ltd. took over business of the firm subject to following revaluations -

- ☺ Sundry Debtors are to be taken over at Rs. 38,000.
- ☺ Furniture was found to be over valued by Rs. 5,000.
- ☺ Stock was valued at Rs. 1,50,000.
- ☺ Investments were under valued by Rs. 1,000.
- ☺ Sundry Creditors will be giving a discount of Rs. 1,000.
- ☺ Bills Payable and Building are to be taken over at book value.
- ☺ Goodwill will be valued at Rs. 16,000.

Purchase consideration will be discharged by Cash Rs. 50,000 and balance by issue of Equity Shares of Rs. 10 each, fully paid (which are to be distributed among partners equally).

Show calculation of Purchase Consideration and necessary Ledger accounts in the books of Tom & Jerry to close books of the firm.

Q. 4 (A) :

Tom and Harry amalgamated their firms and formed a new firm M/S Tory, with effect from 1st April 2022, on which date their Balance sheets were as under :

Liabilities	Tom	Harry	Assets	Tom	Harry
Tom's Capital	6,00,000	-	Building	4,00,000	-
Harry's Capital	-	8,00,000	Investments	1,00,000	3,00,000
General Reserves	1,00,000	2,00,000	Stock	2,00,000	2,00,000
Creditors	5,00,000	1,00,000	Debtors	3,00,000	4,00,000
			Cash and Bank Balance	2,00,000	2,00,000
	12,00,000	11,00,000		12,00,000	11,00,000

Both the firms amalgamated, subject to the following terms :

- ☺ All assets of Tom shall be taken over by the new firm at 10% less than their book values and all Liabilities at their book values.
- ☺ All assets and liabilities of Harry shall be taken over by the new firm at their book values.
- ☺ Goodwill of both the firms shall be valued at 20% of the Net Assets, before valuation of Goodwill.
- ☺ Realisation expenses of X Rs. 2,000 and Rs. 5,000 for Y were paid by M/S Tory.

You are required to prepare :

- ☺ Statement showing purchase consideration
- ☺ Ledger accounts to close books of Tom and Harry.

Q. 4 (B) :

Following is the Balance sheet of S, M and T, as on March 31, 2022. They were sharing Profits & Losses equally.

Balance sheet as on March 31, 2019					
Capital :	S	1,20,000		Cash	40,000
	M	90,000		Sundry Debtors	1,60,000
	T	1,50,000	3,60,000	Stock	1,20,000
Loan from Bank			40,000	Furniture	40,000
Sundry Creditors			60,000	Land & Building	1,00,000
			4,60,000		4,60,000

The Gross Proceeds and Expenses of Realisation were :

Month	Debtors	Plant and Machinery & Furniture	Stock	Expenses
April	50,000	35,000	38,000	3,000
May	60,000	40,000	22,000	2,000
June	1,20,000	Nil	2,000	2,000

Show the Distribution of Cash, using Excess Capital Method.

Q. 5 (A) :

How Purchase Consideration should be calculated in Amalgamation of Firms.

Q. 5 (B) :

What do you mean by Excess Capital. Explain the steps involved in its calculations.

Q. 5 :

Write Short Notes (Any Four)

- Preferential Liabilities
- Contingent Liabilities in 'Piecemeal Distribution'
- Outstanding Incomes and Expenses' in Final Accounts
- Balance sheet
- Amalgamation of Firms
- Fixed and Fluctuating methods of maintaining Capital Accounts



all the best - always keep on smiling

