

Note :

AIC

☺ 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)

- 1 A written agreement, containing all Terms and Conditions of Partnership is called Partnership Deed.
- 2 Minimum number of Partners required in a Partnership are Two.
- 3 Debit Balance of a Profit & loss Account indicates Net Loss.
- 4 On receipt of Purchase Consideration, in the books of Old Firm, New Firm's account should be credited.
- 5 External Liabilities are liabilities due to outsiders (other than partners)
- 6 Amalgamation is merger of two or more firms.
- 7 Partner's Capital account will be debited if the partner takes away an Asset.
- 8 On Admission of a new partner, Goodwill written off is to be debited to all partners' Capital accounts, in the new profit sharing ratio.
- 9 On amalgamation of firms, P & L a/c debit balance is transferred to partners' Capital accounts in the respective profit sharing ratio.
- 10 In partnership, the liability of partner is Unlimited.
- 11 Current account showing a debit balance is shown in the Balance sheet, on Asset side.
- 12 Profit or Loss on Realisation will be transferred to Partners' Capital accounts, in respective profit sharing ratio.

Q. 1 (B) : Fill in the Blanks - any Ten (Rewrite the whole sentence)

- 1 Under the Fixed Capital method, Salary to partner will be shown in _____.
- 2 In the absence of any agreement, interest is payable on Partner's Loan at _____.
- 3 Statement of Assets and Liabilities is called _____.
- 4 Irrecoverable Debt is called _____.
- 5 Purchase Consideration is the price paid by the _____ for taking over the business.
- 6 If the Purchase Consideration is more than the Net Assets taken over, in the books of the new Company, the difference will be transferred to _____.
- 7 Dissolution expenses of the Vendor Firm paid by the New Company, in the books of the New Company, _____ account will be credited.
- 8 In the books of the new Company, Liabilities taken over from the Vendor Firm will be Debited at the _____.
- 9 In the books of the New Company, Shares and Debentures issued to the vendor Company will be recorded at their _____.
- 10 For Finding per unit value of partner's capital, Capital will be divided by _____.

11 On Dissolution, in the books of Old Firm, all Assets and external Liabilities will be transferred to _____ account.

12 On Dissolution of firm, Fictitious Assets will be transferred to _____.

Options	<i>Balance Sheet</i>	<i>Goodwill a/c</i>	<i>Realisation a/c</i>	<i>Mutually agreed values</i>
6% p.a.	<i>Partner's Current a/c</i>	<i>Bank a/c</i>	<i>Partner's Capital a/c</i>	<i>The respective Profit sharing ratio</i>
<i>Bad Debts</i>	<i>New Company</i>	<i>Issue Price</i>		

Q. 2 (A) :

Rita, Gita and Sita were partners, sharing Profits and Losses equally. 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 :	Rita	9,00,000		Cash	3,00,000
	Gita	6,00,000		Stock	3,50,000
	Sita	4,50,000	19,50,000	Debtors	6,50,000
				Furniture	12,00,000
Sundry Creditors			3,50,000	Plant	2,50,000
Loan from Bank (Secured on Stock)			4,50,000		
			27,50,000		27,50,000

☺ Bank could realise only Rs. 3,00,000 on disposal of Stock, due to its damaged condition.

☺ Other Assets were realised as follows :

April	Rs. 2,40,000	June	Rs. 6,00,000	August	Rs. 3,00,000
May	Rs. 4,20,000	July	Rs. 6,00,000	September	Rs. 2,00,000

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

Q. 2 (B) :

Nakul & Sehdev were partners sharing profits & losses in the ratio of 3:2. On April 1, 2021; they admitted their manager Arjun as 1/5 (one fifth) partner. Arjun has to contribute Rs. 60,000 as his capital & Rs. 40,000 as his share of Goodwill.

Trial Balance of Ram & Balram as on March 31, 2022 is as follows :

Debit Balances	Amount	Credit Balances	Amount
Land & Building	80,000	Sales	3,22,000
Plant & Machinery	60,000	Creditors	32,000
Furniture	10,000	R.D.D.	1,200
Leasehold Premises (for 5 years from 1.4.2021)	60,000	Capital : Nakul	80,000
Advertisement (incurred during the year)		Sehdev	60,000
(to be written off over five years)	1,20,000	5% Loan	30,000
Purchases	1,35,000	Arjun (Cash brought by him)	1,00,000
Debtors	18,400		
Rent & Rates	1,200		
Printing & Stationery	1,600		
Bad Debts	1,400		
Opening Stock	45,000		
Office Salaries	40,000		
Bank	50,000		
Drawings : Sehdev	2,600		
	6,25,200		6,25,200

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	62,000	Sundry Debtors	30,000
Bills Payable	3,000	Building	40,000
Capital Accounts :		Furniture	35,000
Tom	1,00,000	Stock	1,30,000
Jerry	80,000	Investments	40,000
Tom's Loan	40,000	Cash & Bank Balance	10,000
	2,85,000		2,85,000

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. 30,000.
- ☺ Furniture was found to be over valued by Rs. 5,000.
- ☺ Stock was valued at Rs. 1,50,000.
- ☺ Investments were over valued by Rs. 5,000.
- ☺ Sundry Creditors will be giving a discount of Rs. 5,000.
- ☺ 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. 80,000 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) :

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

Liabilities	Radhe	Shyam	Assets	Radhe	Shyam
Radhe's Capital	6,00,000	-	Building	5,00,000	-
Shyam's Capital	-	7,00,000	Investments	2,00,000	3,00,000
General Reserves	3,00,000	2,00,000	Stock	3,00,000	2,00,000
Creditors	5,00,000	1,00,000	Debtors	2,00,000	4,00,000
			Cash and Bank Balance	2,00,000	1,00,000
	14,00,000	10,00,000		14,00,000	10,00,000

Both the firms amalgamated subject to the following terms :

- ☺ All assets of Radhe 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 Shyam shall be taken over by the new firm at their book values.
- ☺ Goodwill of both the firms shall be valued at 10% of the Net Assets, before valuation of Goodwill.

You are required to prepare :

- ☺ Statement showing purchase consideration
- ☺ Books of m/s Radhe Shyam and their Balance sheet after Amalgamation

Adjustments :

- ☺ Stock on March 31, 2022 was costing Rs. 25,000; whereas its market value was Rs. 33,000 .
- ☺ Goods sold on Sale or Return basis costing Rs. 4,000 & sold at a profit of Rs. 1,000; included in Sales. Goods are yet to be approved by March 31, 2022.
- ☺ Of the Debtors, Rs. 400 are bad and to be written off; provide 800 for doubtful debts
- ☺ Depreciate Building at 2%, Plant & Machinery at 10% and Furniture at 5%.
- ☺ 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 Sonu and Sood, who share profits and losses in the ratio of 3:2, as on March 31, 2022 is as follows :

Debit Balances	Amount	Credit Balances	Amount
Purchases	3,20,000	Sales	4,30,000
Returns	5,000	Returns	4,000
Freight	9,000	Creditors	60,000
Donations	6,000	R.D.D.	3,800
Rent & Rates	1,000	Discount	1,600
Printing & Stationery	1,800	Capital : Sonu	60,000
Land & Building	1,00,000	Sood	40,000
Plant & Machinery	80,000	Bills Payable	40,000
Furniture	20,000		
Office Salaries	18,500		
Prepaid Taxes	300		
Bank	7,300		
Debtors	48,000		
Bad Debts	1,000		
Stock as on April 1, 2021	21,500		
	6,39,400		6,39,400

Adjustments :

- ☺ Sood 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 whereas its market price was Rs. 25,000.
- ☺ Of the Debtors, Rs. 400 are bad and to be written off; provide 800 for doubtful debts
- ☺ Depreciate Building at 2%, Plant & Machinery at 10% and Furniture at 5%.

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

Q. 4 (B) :

Following is the Balance sheet of X, Y & Z, as on March 31, 2022. They were sharing Profits & Losses equally.

Balance sheet as on March 31, 2019					
Capital :	X	2,40,000		Cash	80,000
	Y	90,000		Sundry Debtors	1,80,000
	Z	60,000	3,90,000	Stock	1,20,000
Loan from Bank			50,000	Furniture	60,000
Sundry Creditors			1,00,000	Land & Building	1,00,000
			5,40,000		5,40,000

The Gross Proceeds and Expenses of Realisation were :

Month	Debtors	Plant and Machinery & Furniture	Stock	Expenses
April	80,000	15,000	43,000	3,000
May	50,000	30,000	42,000	2,000
June	1,40,000	20,000	22,000	2,000

Show the Distribution of Cash, using Excess Capital Method.

Q. 5 (A) :

Explain the Order of Payment, in Piecemeal Distribution.

Q. 5 (B) :

What do you mean by Excess Capital. Explain the steps to calculate Excess Capitals of Partners.

Q. 5 :

Write Short Notes (Any Four)

- Preferential Liabilities in Piecemeal Distribution
- Payment of Contingent Liabilities in 'Piecemeal Distribution'
- Purchase Consideration under Net Asset method.
- Goods sent on Approval
- Depreciation
- Fixed and Fluctuating methods of maintaining Capital Accounts



all the best - always keep on smiling

