

Time: 3 hrs.		Marks:100
<b>Note:</b>	1. All questions are compulsory with internal options. 2. Figures to the right indicate full marks. 3. Draw neat diagram wherever necessary.	
<b>Q. 1 (A)</b>	<b>Multiple Choice Questions: (Any 10)</b>	<b>(10)</b>
(1)	In Dissolution of Partnership Firm all assets are transferred to Realisation account ____ Side. a) Debit      b) Credit      c) a) & b)      d) None	
(2)	Partnership Firm has _____ liability. a) Limited      b) Unlimited c) Partly Limited & Partly Unlimited      d) No	
(3)	Trade Mark is a _____ Assets. a) Fixed Assets      b) Current Assets      c) Intangible      d) Tangible	
(4)	Payment made in _____ is shown on assets side of the balance sheet a) Bank      b) Cash c) Pay Order      d) Advance	
(5)	Goodwill written off in the books of new firm is _____ to partners capital a/c a) Debited      b) Credited c) a) & b)      d) None of the above	
(6)	After all external liabilities are paid the balance as his paid to the partners as per ____ method. a) Profit Sharing      b) Excess Capital      c) Net Asset      d) Fluctuating Capital	
(7)	Purchase Consideration is equal to _____. a) Asset - External Liabilities at book value b) Asset - All Liabilities at book value c) Asset - External Liabilities at market value d) Asset - All Liabilities at market value	
(8)	On amalgamation of firm realisation a/c is opened a) Trading A/c      b) Profit & Loss A/c c) Realisation A/c      d) General Reserve A/c	
(9)	Amount agreed to be paid by new firm to old firm is called _____. a) Consideration      b) Asset Consideration c) Value      d) Purchase Consideration	
(10)	Current account showing debit balance is shown in the balance sheet of _____ side a) Assets      b) Debit      c) Liabilities      d) Credit	
(11)	Assets and liabilities are transferred to realisation account at _____ value. a) Realisable      b) Book      c) Market      d) None	
(12)	Excess of income over expenditure is _____. a) Gross profit      b) Net loss      c) Net profit      d) Gross loss	
<b>(B)</b>	<b>State whether the following statements are true or false: (Any 10)</b>	<b>(10)</b>
(1)	Interest on drawing is income of the firm.	
(2)	Purchase consideration is the amount payable by the vendor firm to the purchasing firm.	
(3)	In case of current account of partners, no interest is payable on the balance of current accounts.	
(4)	Loar. Taken from partners spouse is an internal liability of the firm.	
(5)	Drawings appears on debit side of capital account.	
(6)	Profit or loss on realisation is transferred to partners capital account in the capital ratio.	
(7)	Unpaid salaries of employees are preferential liabilities.	
(8)	Provision for discount on debtors shows debit balance.	
(9)	As per the partnership act, interest @6%p.a is allowed on partnership loan.	
(10)	Outstanding wages is a nominal account.	
(11)	The payment of purchase consideration in the form of share/ debenture and cash is known as net payment method.	
(12)	Closing stock is valued at market price only.	

Q.2 M/s. Riddhi and M/s. Siddhi decided to amalgamate on the following terms and conditions on 1<sup>st</sup> April 2023. When their Balance Sheets were as follows:- (20)

Liabilities	M/s.Riddhi ₹	M/s.Siddhi ₹	Assets	M/s.Riddhi ₹	M/s.Siddhi ₹
Capital A/c			Land & Building	62,500	-
Riddhi	66,000	-	Furniture	28,750	67,500
Ganpati	84,000	-	Investment	-	56,250
Siddhi	-	1,80,750	Inventories	34,000	81,500
Ganesh		1,05,500	Debtors	80,000	1,55,000
Creditors	53,750	1,28,750	Cash	28,500	54,750
Bank Loan	30,000	-		-	
<b>Total</b>	<b>2,33,750</b>	<b>4,15,000</b>	<b>Total</b>	<b>2,33,750</b>	<b>4,15,000</b>

**Terms of Amalgamation:**

**A. In case of M/s. Riddhi**

1. Provisions for doubtful debts to be created @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. Siddhi took over bank loan.
5. Goodwill was valued at ₹ 50,000.

**B. In case of M/s. Siddhi**

1. Provisions for doubtful debts to be created @10% on Debtors.
2. Inventories to be revalued at ₹ 80,000.
3. Investments are to be revalued at ₹ 75,000.
4. Goodwill was valued at ₹ 75,000.

You are required to show necessary ledger account in the books of M/s. Riddhi and M/s. Siddhi.

OR

Q.2 The following is the Trial Balance of firm as on 31<sup>st</sup> December 2023: (20)

Particulars	Debit ₹	Credit ₹
Cash	29,700	-
Debtors	93,000	-
Rent & Rates	17,700	-
Salary	36,000	-
Sundry Expenses	15,600	-
Stock	75,000	-
Purchases	3,30,000	-
Sundry Assets	31,500	-
<b>Drawings:</b>		
Raj	45,000	
Samir	22,500	
Nilesh	4,500	
Creditors	-	40,500
Sales	-	5,40,000
<b>Capital:</b>		
Raj		72,000
Samir		36,000
Nilesh(including goodwill)		12,000
<b>TOTAL</b>	<b>7,00,500</b>	<b>7,00,500</b>

**ADJUSTMENTS:**

1. Raj & Samir were partners sharing profits & losses equally.
2. Mr. Nilesh was admitted to the partnership on 1<sup>st</sup> July, 2023.
3. On 31<sup>st</sup> December, 2023 stock was valued at ₹ 70,500.
4. Rent & 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 1<sup>st</sup> July, 2023 and not to appear in the Balance Sheet.
8. Interest on Capital to be charged @ 10% p.a.

You are required to prepare Trading, Profit & Loss Account for the year ended on 31<sup>st</sup> December, 2023 and Balance Sheet as on that date.

**Q.3** Rekha, Jaya and Poonam carrying on business in partnership decided to dissolve it on and from 30<sup>th</sup> September, 2023. The following was their Balance Sheet on the date: **(20)**

Liabilities		₹	Assets		₹
Capital Accounts:			Fixed assets		40,000
Rekha	20,000		Current Assets		22,000
Jaya	5,000		Bank		13,000
Poonam	10,000	35,000			
General Reserve		30,000			
Creditors		10,000			
<b>TOTAL</b>		<b>75,000</b>	<b>TOTAL</b>		<b>75,000</b>

As per the arrangements with the bank, the partners were entitled to withdraw ₹ 4,000 immediately and ₹ 9,000 after 1<sup>st</sup> December, 2023. It was decided that after keeping aside an amount of ₹ 1,000 for estimated realisation expenses, the available funds should be distributed amongst the partners as and when realised.

The following were the realisation:

	Fixed Assets ₹	Current Assets ₹
31 <sup>st</sup> October, 2023 (first)	10,000	5,000
15 <sup>th</sup> November, 2023 (second)	26,000	12,000
30 <sup>th</sup> December, 2023 (final)	10,000	12,000

Actual realisation expenses amounted to ₹ 700. You are requested to submit a statement showing distribution of cash amongst the partners by Proportionate Capital Method.

**OR**

**Q.3** A, B and C carry on business in partnership sharing profits and losses in the proportions of 1/2, 3/8 and 1/8 respectively. On 31<sup>st</sup> March, 2012, they agreed to sell their business to a limited company. Their position on that date was as follows: **(20)**

Particular	₹	Particular	₹
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 on Mortgage	16,000	Book debts	15,000
Sundry Creditors	18,000	Cash	2,000
<b>TOTAL</b>	<b>1,30,000</b>	<b>TOTAL</b>	<b>1,30,000</b>

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

Machinery	₹ 61,000
Furniture	₹ 31,800
Stock	₹ 22,000
Book 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 shares 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 Jignesh & Bhavesh, you are required to prepare Trading and Profit & Loss Account for the year ended 31<sup>st</sup> March, 2023 and Balance Sheet as on the date after adjustments given below: (20)

Trial Balance as on 31<sup>st</sup> March, 2023

Particulars	₹	Particulars	₹
Stock (01-04-2022)	1,05,000	Sales	9,90,000
Salaries & wages	27,600	Discount	14,400
Cash	30,000	Creditors	60,000
Purchases	6,75,600	Bank Overdraft	30,000
Sundry expenses	25,800	Interest on Investments	21,600
Productive wages	42,000	<b>Capital Account:</b>	
Bills receivable	24,000	Jignesh	1,80,000
Law charges	9,000	Bhavesh	1,20,000
Bad debts	3,000		
Works expenses	18,000		
Commission	9,000		
Investments	60,000		
Debtors	1,20,000		
Trade Mark	24,000		
Tools & Equipment's	18,000		
Furniture	36,000		
Goodwill	39,000		
Building	1,50,000		
<b>TOTAL</b>	<b>14,16,000</b>	<b>TOTAL</b>	<b>14,16,000</b>

**ADJUSTMENTS:**

- The closing stock is valued at ₹ 1,20,000.
- Depreciate Building & Furniture at 10% p.a.
- Unpaid salaries and wages ₹ 2,400 and printing bill ₹ 3,600.
- Uninsured goods worth ₹ 30,000 were lost by fire.
- Partners share profits and losses in their capital ratio.

OR

Q.4 Paras, Sagar and Kalu are partners sharing profits and losses in the ratio 4:2:1. They decided to dissolve the partnership as on 31<sup>st</sup> March, 2023 when their Balance Sheet was as under: (20)

Balance Sheet as on 31<sup>st</sup> March, 2023

LIABILITIES	₹	ASSET	₹
<b>Partner's capital:</b>		Land and building	1,00,000
Paras	2,00,000		
Sagar	1,20,000		
Kalu	40,000		
10% Loan (unsecured)	80,000	Machinery	3,00,000
Bills Payable	60,000	Debtors	90,000
General Creditors	60,000	Stock	69,000
		Cash and Bank	1,000
<b>TOTAL</b>	<b>5,60,000</b>	<b>TOTAL</b>	<b>5,60,000</b>

- ₹ 1,600 has to be provided for realisation expenses.
- Thereafter all cash received should be distributed among the partners. The amount were realised as follows:
  - 1st Realisation ₹ 1,20,600
  - 2nd Realisation ₹ 1,00,000
  - 3rd Realisation ₹ 1,58,000
  - 4th Realisation ₹ 55,400

The actual realisation expenses were ₹ 1,000. Prepare a statement showing piecemeal distribution of cash as per Excess Capital Method.

<b>Q.5</b>	<b>Answer the following:</b>	
	a) Explain the Amalgamation of firm v/s Conversion of firm into company.	<b>(10)</b>
	b) Explain in detail " Piecemeal Distribution of Cash"	<b>(10)</b>
	<b>OR</b>	
<b>Q.5</b>	<b>Write short notes on: (Any Four)</b>	<b>(20)</b>
	a) Admission of Partner	
	b) Purchase Consideration	
	c) Realisation Account	
	d) Fluctuating Capital Method	
	e) Interest on Partner's Loan	
	f) Benefits of conversion of Firm into Company.	

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