Time : 2 &1/2 hrs. Marks : 75

Instructions to Candidates:

1) All Questions are Compulsory carrying 15 marks each.
2) Question No. 1 is Objective 15 marks.
3) Question No. 2 carries internal option , i.e. Question No. 2 of 15 marks OR Question No. 2 of 15 marks , out of which Any One is to be attempted
4) Question No. 3 carries internal option , i.e. Question No. 3 of 15 marks OR Question No. 3 of 15 marks , out of which Any One is to be attempted
5) Question No. 4 carries internal option , i.e. Question No. 4 of 15 marks OR Question No. 4 of 15 marks , out of which Any One is to be attempted.
6) Question No. 5 carries internal option , i.e. Question No. 5 of 15 marks OR Question No. 5 of 15 marks , out of which Any One is to be attempted
7) In all FIVE Questions are to be attempted.
8) Use of simple 12-digit non-programmable calculator is allowed.
9) Possession or use of Mobile phones during the Examination is strictly prohibited and will amount to copying.

Q1 (15 marks) Objective: (1A= 8 marks plus 1B= 7 marks):

Q1 (A) (8 MARKS) Match the following (Do Not Re-write the questions, Write all 10 sub-question nos. from Column A in same order 12345678910, and write matched answer from Column B for any 8):-

Q.1A) Match the following with the most appropriate pair

Column A	Column B
1) Assets taken over	a) Will be settled by old firm
2) Rent Paid	b) Post - Retirement Period
3) Piece meal Distribution	c) Closes Realisation A/c
4) Interest on retired partner's Loan	d) Gain Ratio
5) Realisation loss Entry	e) Divided in Sales Ratio
6) Goodwill entry on admission	f) Included in Purchase Consideration
7) Liabilities not taken over	g) Transferred to Legal Representative A/c
8) Goodwill entry on retirement	h) Payments after every instalment
9) Advertisement Expenses	i) Sacrifice ratio
10) Unpaid Capital balance of dead Partner	j) Divided in Time Ratio

Q 1B (7 marks) State true or false (Do Not Re-write the questions, Write all 10 sub-question nos. in same order 12345678910, but Answer any 7 out of the following 10 sub-questions) Answer any 7 out of the following 10 sub-questions:-

Q.No. 1) (B) State true or false :-

1) Outstanding wages on Dissolution is a Preferential Creditor
2) New Firm's books are closed on amalgamation.
3) Depreciation on fixed assets should be divided in Time ratio
4) Purchase Consideration is payable by vendor firm to New Firm on amalgamation
5) Preferential Creditors are paid after other unsecured Creditors
6) Partner's Capital A/c will be credited for assets taken over by him
7) Drawings A/c Balance is transferred to P & L Appropriation A/c
8) Retired Partner will bring cash towards his Capital on the date of his retirement
9) If new partner is admitted on 1/2/2014 during year ended 31/3/2014 , Time ratio is 11 : 1 .
10) Excess Capital is paid first before remaining Capital

Q2 (15 marks) P, Q and R carrying on business in partnership, decided to dissolve it on 31st March, 2014. Partners share profits and losses equally. The following is their Balance sheet as on that date.

BALANCE SHEET AS AT 31/03/2014.

LIABILITIES	Rs.	ASSETS	Rs.
Capital : -		Fixed Assets	4,00,000
P	1,00,000	Stock	1,10,000
Q	2,00,000	Debtors	2,50,000
R	3,00,000	Cash	30,000
Income tax payable	30,000		
Mrs. Q's Loan	50,000		
Creditors	1,10,000		
TOTAL	7,90,000	TOTAL	7,90,000

All cash available should be distributed piecemeal to the parties in their due order, using excess capital method, at the end of each month , beginning from April , 2014.

The assets other than cash, realised as under:-

1. First Realisation April, 2014 Rs.90,900, Realisation expenses Rs.900.
2. Second Realisation May, 2014 Rs.3,55,000 , Realisation expenses Rs.5,000.
3. Third & Final Realisation June, 2014 Rs.2,64,000, Realisation expenses Rs.4,000.

Creditors were settled at Rs.1,00,000.

You are required to prepare:-

1. Statement showing excess capital.
2. Statement showing piecemeal distribution of cash.

OR

Q2 (15 marks) A, B and C were partners sharing profits and losses in the ratio of 4:2:1. The Balance sheet of the firm as on 31st March, 2014 was as follows:-

BALANCE SHEET AS AT 31ST MARCH, 2014

LIABILITIES	Rs.	ASSETS	Rs.
Capital : -		Fixed Assets	2,60,000
A	80,000	Investments	40,000
B	1,60,000	Stock	60,500
C	1,30,000	Debtors	50,000
General Reserve	21,000	Cash	25,500
Creditors	45,000		
TOTAL	4,36,000	TOTAL	4,36,000

They decided to dissolve the firm on the above date. It was agreed that a sum of Rs.5,500 was to be provided for estimated realisation expenses. Subject to this, all cash available should be distributed piecemeal to the parties in their due order, using excess capital method, at the end of each month , beginning from April , 2014.

The assets were realised piecemeal as follows:-

Particulars	Amt.
First Instalment	35,000
Second Instalment	1,45,000
Third & Final Instatement	2,34,500

At the end, actual realisation expenses amounted to Rs.5,000 only.

Prepare:-

1. Statement of Excess capital.
2. Statement showing piecemeal distribution of cash.

Q3) (15 marks) Following is the Trial Balance of a partnership of M/s ABC & Co. as on 31st March, 2014.

TRIAL BALANCE AS ON 31ST MARCH, 2014

Particulars	Amt.	Particulars	Amt.
Drawings:-		Capital : -	
A	10,000	A	2,00,000
B	5,000	B	50,000
C	2,500	C	25,000
Shop Premises	70,000	Sundry Creditors	1,40,000
Furniture	10,000	Sales	12,00,000
Debtors	1,20,000		
Bank	1,23,500		
Opening Stock	30,000		
Purchases	11,80,000		
Wages	18,000		
Carriage on purchases	6,000		
Administrative expenses	28,000		
Selling expenses	12,000		
TOTAL	16,15,000	TOTAL	16,15,000

Additional Information:-

1. On 1st October, 2013 B has been admitted who has brought Rs.50,000 for capital for which the entry has been passed.
2. A and C were sharing profit as 4:1 and after admission, the profit sharing ratio of A, B and C is 3:2:1.
3. Depreciation at 10 % p.a. to be provided on shop premises and furniture.
4. Sales upto 30/9/2013 were Rs. 5,00,000
5. Stock on 31st March, 2014 is Rs.34,000.
6. Ignore Goodwill on admission.

Prepare:-

1. Trading, Profit and loss A/c for the year ended 31st March, 2014.
2. Partners Capitals A/c
3. Balance sheet as at 31st March, 2014.

OR

Q3 (15 marks) D, E and F were in partnership sharing Profits and Losses in the ratio of 3 : 3 : 4 respectively. Partner F retired on 1/9/2013, but no entries were passed to record the retirement. The remaining partners D and E continued the business sharing Profits and Losses in the ratio of 3 : 2 respectively.

The Trial balance of the firm as on 31/3/2014 was as follows;

	Particulars	Dr.	Cr.
1	Capitals & Drawings ;- D	12,000	4,00,000
2	E	10,000	2,80,000
3	F	8,000	4,00,000
4	Reserves		80,000
5	Advertisement exp not w/o (from 31/3/2013)	40,000	
6	Pre –retirement Net Profit		1,60,000
7	Post- retirement Net Profit		2,40,000
8	Revaluation Loss (on 1/9/2013)	20,000	
9	Fixed Assets excluding Goodwill-wdv	8,22,000	
10	Stock 31/3/2014	64,000	
11	Sundry Debtors	1,16,000	
12	Cash	5,20,000	
13	Sundry Creditors		52,000
	Total	16,12,000	16,12,000

Additional Information :

a) The Firm's Goodwill on 1/9/2013 was agreed at Rs.50,000

b) No repayment was made to F during the year . Capital balance due to F was to be transferred to his Loan A/c as interest- free loan to the firm.

Prepare the following:-

a) Partner's Capital A/cs and

b) Balance sheet of the firm as on 31/3/2014

Q4 (15 marks) The Balance sheets of M/s PQ & Co. And M/s RS & Co. As on 31/03/2014 were as follows: -

LIABILITIES	PQ & CO	RS & CO	ASSETS	PQ & CO	RS & CO
Capital : -			Shop Premises	1,92,000	--
P	3,60,000		Machinery	2,40,000	1,68,000
Q	1,20,000		Furniture	48,000	33,600
R		1,29,600	Stock	2,11,200	1,00,800
S		1,29,600	Debtors	1,72,800	1,68,000
Creditors	2,88,000	1,44,000	Cash	4,800	19,200
Bills Payable	1,00,800	86,400			
TOTAL	8,68,800	4,89,600		8,68,800	4,89,600

Partners P and Q were sharing profit and losses in the ratio of 3:1 and partners R and S were sharing profits and losses equally.

The two firms amalgamated on 31/03/2014 on the following terms to form a new firm M/s PQRS &Co.:-

1. Shop Premises was to be appreciated by 30%, but machinery was to be depreciated by 10%.
2. Furniture of M/s PQ & Co. was revalued at Rs.43,200 and that M/s RS & Co. at Rs.28,000.
3. Stocks of the two firms were revalued at Rs.2,00,000 and Rs.1,00,000 respectively.
4. Provision for doubtful debts was to be made @ 5% on debtors.

5. All other assets and liabilities were taken over at book values.
6. P, Q R and S will share profits and losses in the new firm in the ratio of 8 : 2 : 5 : 5

Prepare the following:-

a. Statement of purchase consideration of the two firms.
b. Realisation Accounts and Partner's Capital Accounts in the books of the old firms.
c. Opening Balance sheet of new firm.

OR

Q4 (15 marks) X and Y are partners of XY & Co. sharing profits and losses in the ratio of 3:2. P and Q are partners of PQ & Co. sharing profits and losses equally. Their Balance sheets on 31st March, 2014 were as under.

LIABILITIES	XY & CO Rs.	PQ & CO Rs.	ASSETS	XY & CO Rs.	PQ & CO Rs.
Capital : -			Machinery	2,40,000	---
X	3,00,000		Furniture	20,000	1,20,000
Y	2,00,000		Stock	2,00,000	2,80,000
P		2,40,000	Debtors	3,00,000	1,80,000
Q		2,20,000	Bank	28,000	12,000
Loans:-			Cash	12,000	8,000
A	80,000				
B		40,000			
General Reserve	1,60,000				
Creditors	60,000	1,00,000			
TOTAL	8,00,000	6,00,000	TOTAL	8,00,000	6,00,000

They decided to amalgamate and form a new firm. The following terms were agreed upon:-

1. All the assets and liabilities of the two firms are taken over at book values. except for Debtors and Machinery taken over at agreed values as below.
2. A provision for doubtful debts is to be created at 5% of the debtors.
3. Machinery of XY & Co. is considered to be worth Rs.3,00,000.
4. X, Y, P and Q are to share profits and losses equally in the new firm.

You are required to prepare:-

1. Realisation A/c, partners capital A/c, New firm A/c in the books of XY & Co.
2. Realisation A/c, partners capital A/c, New firm A/c in the books of PQ & Co.
3. Opening Balance sheet of New firm.

Q5 (15 marks) Theory (5A= 8 marks plus 5B= 7 marks):

Q 5A (8 marks) Answer the following in 3 or 4 lines; (2 marks each)

a) What is amalgamation of partnership firms ? Give example.
b) What is P & L Appropriation A/c of a partnership firm ? Give example of any one item debited to this A/c.
c) What is Piecemeal Distribution ? Mention the Order of payment of major Liability Groups .
d) What is Goodwill ? How is it accounted on admission of a Partner?

Q 5B (7 marks) What is Columnar Profit and Loss Account ? Why is it prepared ? How is it prepared ?

OR

Q5 (15 marks) Write short notes on Any Three out of Five (5 marks each)

a) Gain Ratio
b) Purchase Consideration
c) Assets not taken over on amalgamation
d) Cost centres
e) Stock items

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