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

Instructions to Candidates:

1) All Questions are Compulsory carrying 15 marks each.
2) In all FIVE Questions i.e. Q. No. 1, 2, 3, 4 and 5 are to be attempted, USING INTERNAL OPTIONS as indicated
3) Use of simple 12-digit non-programmable calculator is allowed.
4) Possession or use of Mobile phones during the Examination is strictly prohibited and will amount to copying.
5) **Answer- papers and supplements without the Correct class and Roll No. are liable to be disqualified and considered null and void.**

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 not taken over	a) Post - Retirement Period
2) Unpaid Capital balance of retired Partner	b)Transferred to Legal Representative A/c
3) Carriage Inward	c) Pre - Retirement Period
4) Interest on retired partner's Loan	d) Gain Ratio
5) Rent Paid	e) Included as deduction in Purchase Consideration
6) Liabilities taken over	f) Divided in Purchases Ratio
7) Interest on retired partner's Capital	g) Will be disposed off by old firm
8) Carriage Outward	h) Transferred to Loan a/c
9) Unpaid Capital balance of dead Partner	i) Divided in Time Ratio
10)Goodwill entry on retirement	j) Divided in Sales 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 rent on Dissolution is a Preferential Creditor
2) Old Firm's books are closed on amalgamation.
3) Depreciation on fixed assets should be divided in Sales ratio
4) Purchase Consideration is payable by New firm to Vendor Firm on amalgamation
5) Preferential Creditors are paid before 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 1/6/2014 during year ended 31/3/2015 , Time ratio is 1 : 6
10) Excess Capital is paid first before remaining Capital

Q 2 (15 marks) S, T and K carrying on business in partnership, decided to dissolve it on 31st March, 2015. Partners share profits and losses in the ratio of 4 : 3 : 2 respectively The following is their Balance sheet as on that date.

BALANCE SHEET AS AT 31/03/2015.

LIABILITIES	Rs.	ASSETS	Rs.
Capital : -		Fixed Assets	10,70,000
S	7,00,000	Stock	3,10,000
T	4,50,000	Debtors	3,30,000
K	2,00,000		
Income tax payable	9,000		
Mrs. K's Loan	1,17,000		
Creditors	2,34,000		
TOTAL	**17,10,000**	**TOTAL**	**17,10,000**

It was agreed by the partners that 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 , 2015. The gross amounts realized from the assets were as under:-

1. **First Realisation April, 2015 : Rs.84,000, Realisation expenses paid Rs.3,000.**
2. **Second Realisation May, 2015 : Rs.3,78,000 , Realisation expenses paid Rs.9,000.**
3. **Third & Final Realisation June, 2015 : Rs.13,64,000, Realisation expenses paid Rs.14,000.**

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, 2015 was as follows:-

BALANCE SHEET AS AT 31ST MARCH, 2015

LIABILITIES	Rs.	ASSETS	Rs.
Capital : -		Fixed Assets	3,45,000
A	3,80,000	Investments	1,50,000
B	1,60,000	Stock	70,000
C	60,000	Debtors	30,000
Creditors	20,000	Bills Receivable	40,000
Bills Payable	10,000		
VAT payable	5,000		
TOTAL	**6,35,000**	**TOTAL**	**6,35,000**

They decided to dissolve the firm on the above date. It was agreed that a sum of **Rs.6,000** should be set aside for paying 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 , 2015. The gross amounts realized from the assets were as under :-

1. **First Realisation April, 2015 : Rs. 26,000,**
2. **Second Realisation May, 2015 : Rs. 1,35,000**
3. **Third & Final Realisation June, 2015 : Rs. 5,51,000,**

At the end, actual realisation expenses amounted to Rs. 7,000.

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 LPG & Co. as on 31st March, 2015.

TRIAL BALANCE AS ON 31ST MARCH, 2015

Particulars	Amt.	Particulars	Amt.
Drawings:-		Capital : -	
L	20,000	L	2,00,000
P	12,000	P	1,00,000
G	8,000	G	60,000
Machinery	3,60,000	Sundry Creditors	2,30,000
Furniture	12,000	Sales	11,40,000
Debtors	1,10,000		
Bank	1,26,000		
Opening Stock	40,000		
Purchases	8,80,000		
Wages	48,000		
Rent	36,000		
Salaries	42,000		
Advertisement	24,000		
General Expenses	12,000		
TOTAL	**17,30,000**	**TOTAL**	**17,30,000**

Additional Information:-

1. On 1st November, 2014, G has been admitted as partner who has brought in cash Rs.50,000 towards capital, and Rs. 10,000 towards his share of goodwill, and the entire amount has been credited to his Capital Account.
2. L and P were sharing profits as 3:2 and after admission, the profit sharing ratio of L, P and G is agreed as 3:2:1.
3. Depreciation at 10 % p.a. to be provided on Machinery and furniture.
4. General Expenses should be divided in Sales ratio
5. Sales upto 31/10/2014 were Rs. 4,75,000
6. Stock on 31st March, 2015 is Rs.32,000.

Prepare:-

1. **Trading A/c ,and Columnar Profit and loss A/c for the year ended 31st March, 2015.**
2. **Partners Capitals A/c**
3. **Balance sheet as at 31st March, 2015.**

OR

Q3 (15 marks) L, B and T were in partnership sharing Profits and Losses in the ratio of 3 : 3 : 4 respectively. Partner B retired on 1/9/2014, but no entries were passed to record the retirement. The remaining partners L and T continued the business sharing Profits and Losses in the ratio of 3 : 4 respectively.

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Q3 (15 marks) (contd)The Trial balance of the firm as on 31/3/2015 was as follows;

	Particulars	Dr.	Cr.
1	Capitals & Drawings ;- L	**42,000**	**8,00,000**
2	Capitals & Drawings ;- B	**35,000**	**3,80,000**
3	Capitals & Drawings ;- T	**28,000**	**8,00,000**
4	Reserves		**70,000**
5	Pre –retirement Net Profit		**5,60,000**
6	Post- retirement Net Profit		**8,40,000**
7	Fixed Assets excluding Goodwill-wdv	**28,77,000**	
8	Stock 31/3/2015	**2,24,000**	
9	Sundry Debtors	**4,06,000**	
10	Cash	**20,000**	
11	Sundry Creditors		**1,82,000**
	Total	**36,32,000**	**36,32,000**

Additional Information :

a) The Firm's Goodwill on 1/9/2014 was agreed at Rs.70,000

b) No repayment was made to B during the year . Capital balance due to B 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 31/3/2015

Q4 (15 marks)

A and B were partners in a business sharing profits and losses in the ratio 3 : 2.
C and D were partners in a similar business sharing profits and losses in the ratio 2 : 3
The following are the Balance sheets of the two firms as on 31/3/2015

Balance sheet as at 31/3/2015					
Liabilities	AB & CO	CD & CO	Assets	AB & CO	CD & CO
Capital -A	40000		Machinery	32000	34000
Capital -B	30000		Furniture	8000	10000
Capital -C		30000	Stock	20000	22000
Capital -D		40000	Debtors	25000	27000
Reserves	10000	10000	Cash	25000	27000
Creditors	30000	40000			
Total	**110000**	**120000**	**Total**	**110000**	**120000**

The two firms decided to amalgamate on the above date and form a new firm ABCD & Co. on the following terns and conditions:-

1) The new firm will take over from the old firms all the assets except furniture and will take over all the liabilities.

2)The new firm agreed to take over various assets and liabilities at the following values:

Particulars	AB & CO	CD & CO			
Machinery	35000	37000			
Stock	23000	25000			
Debtors	26000	28000			
Creditors	32000	42000			

3)Furniture will be taken over by partners at book values in their old Profit sharing ratio

4) It was also agreed that the capital in the new firm will be adjusted to a total of Rs. 1,50,000 , with individual partners capitals in their new Profit sharing ratio of A,B,C and D which will be 3:2:2:3 . all adjustments for this purpose was to be made in Cash.

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.

Q4 (15 marks) M and N are partners of MN & Co. sharing profits and losses equally . P and Q are partners of PQ & Co. sharing profits and losses equally. Their Balance sheets on 31st March, 2015 were as under.

LIABILITIES	MN & CO Rs.	PQ & CO Rs.	ASSETS	MN & CO Rs.	PQ & CO Rs.
Capital : -			Machinery	2,40,000	2,30,000
M	1,80,000		Furniture	20,000	12,000
N	1,20,000		Stock	52,000	30,000
P		1,20,000	Debtors	80,000	60,000
Q		1,10,000	Bank	28,000	12,000
General Reserve	96,000	72,000	Cash	12,000	8,000
Creditors	36,000	50,000			
TOTAL	**4,32,000**	**3,52,000**	**TOTAL**	**4,32,000**	**3,52,000**

They decided to amalgamate and form a new firm MNPQ & Co. 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 is taken over at 10% above the book value.
4. M, N, 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 MN & 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 MNPQ & Co.

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

Q 5A (8 marks) What is amalgamation of partnership firms ? Give example. What are the advantages and disadvantages of Amalgamation of businesses?

Q 5B (7 marks) What is P & L Appropriation A/c of a partnership firm ? Give Sample format of this account using imaginary figures?

OR

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

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

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