

## Instructions :

- 1) Question No. 1 carries 14 marks and the remaining questions carry 12 marks each.
- 2) Question No. 1 and Question No. 2 are compulsory.
- 3) Question No. 3 Contains internal option, i.e. Q. No. 3 OR Q. No. 3, Out of which any one is to be attempted.
- 4) Similarly Questions No. 4 also contains internal option i.e. Q.4 OR Q. No. 4 out of which, any one is to be attempted.
- 5) In all four questions are to be attempted i.e. Q. Nos. 1,2,3 and 4.

Q.1 D, E & F were partners of M/s. E & Co. They shared profits & Losses equally. The Trial Balance of the firm on 31.3.2007 was as follows.

Trial Balance as on 31.3.2007

Particulars	Debit (Rs.)	Credit (Rs.)
Capital Accounts		
D	---	65,000
E	---	45,000
F	---	70,000
Interest on Investments		2000
Fixed Assets	1,20,000	
Investments	20,000	
Sundry Debtors	10,000	
Sundry Creditors		9000
Stock (31.3.07)	25,000	
Gross Profit		80,000
Office & Administration Exps.	32,000	
Advertisement	28,000	
Cash & Bank	36,000	
	<b>2,71,000</b>	<b>2,71,000</b>

## Additional Information :

- 1) D retired from the business with effect from 1<sup>st</sup> August 2006 and the following amount were payable to D which was to be transferred to his Loan Account and no interest on his Loan was payable.
  - a) D's share of capital.
  - b) D's share of profits till the date of his retirement.
  - c) D's share of Goodwill in the firm which was to be transferred to his capital account by adjusting the same in capital accounts of the continuing partners. The share of Goodwill of D was ascertained at Rs. 15,000
  - d) No. Interest on Capital was payable to D on retirement.
- 2) The total sales for the year amounted to Rs. 2,00,000.

- 3) Office & Administration expenses are to be apportioned on the basis of Time ratio & Advertisement on the basis of sales.
- 4) Provide Depreciation on fixed Assets @ 10% p.a.
- 5) The remaining partners shared Profit and Losses equally after D's retirement. You are required to prepare :-
  - a) Profit and Loss Account for the year ended 31<sup>st</sup> March, 2007.
  - b) Balance Sheet as on 31<sup>st</sup> March, 2007.
  - c) Partners capital Account.
  - d) D's Loan Account.

All the working should form part of your answer.

- Q.2** L, M and N were in partnership sharing profits and losses in the ratio of 4:2:1. Their balance sheet as on 31<sup>st</sup> March 2007 was as follows :

Balance Sheet as on 31/3/2007

Liabilities	Rs.	Assets	Rs.
Capital Accounts :		Sundry Assets	7,85,000
L	2,28,000		
M	1,60,000		
N	42,000		
Loan from L	30,000		
Loan from Mrs. M	45,000		
Loan from N	25,000		
Sundry Creditors	1,80,000		
Bills Payable	75,000		
	<b>7,85,000</b>		<b>7,85,000</b>

The firm was dissolved on the above date. There was no cash in hand. The Sale of Sundry Assets of the firm realised as follows :-

Gross Amount realised	696,000
Less: Realisation Expenses	16,000
Net Amount realised	6,80,000

You are required to show the following accounts to close the books of the firm :

- a) Realisation A/c
  - b) Loan from Mrs. M A/c
  - c) Partner's from A/cs
  - d) Partner's capital A/cs.
  - e) Cash A/c.
- Q.3 a)** Mr. Vivek, the proprietor of ICL & Co. having address of 25/23 Maker Towers, Nariman Point Mumbai has asked his accountant. Mr. Rasik to prepare a journal voucher No. 32 to record the closing stock. On 31<sup>st</sup> March 2007 the closing stock on hand was Rs. 1,20,000 valued at cost, having a Market value of Rs. 1,05,000

- b) Mr. Saraswat received an account paper cheque No. 025752 dated 25<sup>th</sup> August, 2007 drawn on State Bank of India. Thane (branch) for Rs. 1,25,000 from M/s. Cosmos towards advance for goods to be supplied to them (M/s. Cosmos)
- You are required to prepare Receipt for the above transaction
  - Payment voucher for payment made Rs. 1,25,000.

OR

Q.3

M/s. A & Co. having A & B as partners decided to Amalgamate with M/s. N & Co. having N & O as partners to form a new firm M/s AN & Co. with effect from 1.4.07 on which date the Balance Sheet of M/s. A & Co. & M/s. N & Co. was as follows :

Balance Sheet as on 1.4.07

Liabilities	A & B	N & Co.	Assets	A & Co.	N & Co.
Capital Accounts					
A	75,000	---	Land & Building	40,000	50,000
B	45,000	---	Furniture	15,500	17,500
N	---	65,000	Vehicles	25,000	15,000
O	---	55,000	Stock	35,000	45,000
	---		Investments	8,000	30,000
Sundry--			Debtors	29,500	27,500
Creditors	40,000	50,000	Bank	7,000	15,000
Bills Payable	---	30,000			
	<b>1,60,000</b>	<b>2,00,000</b>		<b>1,60,000</b>	<b>2,00,000</b>

The new firm M/s. AN & Co. took over all the Assets & Liabilities (including Bank balance) of the old. firms at the following values.

- Land & Building @ 20% above the book value.
  - Furniture, Vehicles & stock at the book value.
  - Investments at 10% below the book value &
  - Sundry Debtors subject to a provision for doubtful debts @ 5% of the book value.
  - The new firm took over all the Liabilities of the old firm at book values.
- Prepare statement of Purchase consideration
  - You are also required to prepare the following accounts in the books of M/s. A & Co. & M/s. N & Co.
    - Realisation Account.
    - Partners capital Account
    - M/s. A N & Cos A/c.
  - Prepare the Balance Sheet of M/s. AN & Co. after the amalgamation of the old form M/s. A & Co. and M/s. N & Co.

- Q.4** A,B,C were in partnership sharing profits and Losses in the ratio of 2:2:1 respectively. They decided to dissolve their partnership with effect from 31<sup>st</sup> March, 2007 on which date their Balance Sheet was as follows :

Balance Sheet as on 31<sup>st</sup> March, 2007

Liabilities	Rs.	Assets	Rs.
Capital Accounts :		Sundry Assets	
A     40,000		(excluding Cash & Bank	
B     60,000		balance)	3,40,000
C     50,000	1,50,000	Cash & Bank	
General Reserve	50,000	balance	10,000
Mrs. A's. Loan	75,000		
Sundry creditors	45,000		
Bills Payable	30,000		
	<b>3,50,000</b>		<b>3,50,000</b>

It was agreed that the realisation should be distributed at the end of each month as safely as possible using Maximum Loss Method. The Amounts were realised as follows :

	Gross Amount (Rs.)	Realisation Expenses (Rs.)
April 2007	80,000	800
May 2007	60,000	600
June 2007	55,750	600
July 2007	99,250	1000
(final)		

You are required to prepare as statement showing piecemeal distribution of cash.

OR

- Q.4** Write short notes on (any three) :

- a) Excess Capital Method.
- b) Disadvantages of Amalgamation of Partnership Firms.
- c) Preferential creditors.
- d) Time Ratio.

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