Q.P. Code: 00003830

[Time:2.30 Hrs]	**[Marks:75]**

Please check whether you have got the right question paper.

N.B:
1. All question are compulsory.
2. Figures to the right indicate full marks.
3. Working note should form part of main answer
4. Use of simple calculators is allowed

Q. 1. A. **State whether the following statements are True or False (any 8):** 08

1. Interest on drawings is an income to the firm.
2. In conversion of partnership into limited company, the partnership business is purchased by a limited company.
3. Dues payable to employees is a preferential liability.
4. In case of current accounts of partner, no interest is payable on the balances of current accounts.
5. In Amalgamation of firms, the old firms are called as Amalgamating firms.
6. As per the Partnership Act, interest @ 6% p.a is allowed on partners loans.
7. Excess capital method is also known as Quotient Method.
8. Purchase Consideration is the amount payable by the vendor firm to the purchasing firm.
9. Goodwill brought in by the incoming partner is shared by all the partners.
10. Loan taken from partner’s spouse is an internal liability of the firm.
11. In case of amalgamation of firms, a realisation account is prepared to close the books of the old firms.
12. Shares received as part of purchase consideration by firm on conversion have to be distributed amongst partners in profit sharing Ratio

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Q. 1. B. **Match the appropriate pairs (any 7):** **07**

Column A	Column B
1. Partner's Salaries	a) Old firm
2. Purchase Consideration	b) Debited to Profit & Loss A/c
3. Purchasing firm	c) Assets minus Liabilities
4. Creditors	d) Debited to Trading Account
5. Carriage Outwards	e) Contingent Liability
6. Bills Discounted	f) Debited to Profit & Loss Appropriation A/c
7. Net Asset Method	g) Old ratio minus New ratio
8. Vendor Firm	h) Outgoing Partner
9. Admission of Partner	i) Consideration Payable on Amalgamation
10. Carriage Inwards	j) External Liabilities
11. Ratio of Sacrifice	k) Incoming Partner
12. Retirement of Partner	l) New Firm

Q. 2. A. Ajay, Vijay and Jay are partners sharing profit and losses in the ratio 4:2:1. They decided to dissolve partnership as on 31st March 2023 when their balance sheet was as under: 15

Balance Sheet as on 31st March 2023

Liabilities	Amount (₹)	Assets	Amount (₹)
Partners' capital:		Land & Building	2,00,000
-Ajay	4,00,000	Machinery	6,00,000
-Vijay	2,40,000	Debtors	1,80,000
-Jay	80,000	Stock	1,38,000
10% unsecured loan	1,60,000	Cash and bank	2,000
Bills payable	1,20,000		
creditors	1,20,000		
TOTAL	**11,20,000**	**TOTAL**	**11,20,000**

₹ 3,200 has to be provided for realization expenses after that all cash received should be distributed among the partners. The amount were realized as:

1st realization	2nd realization	3rd realization	4th realization
₹ 2,41,200	₹ 2,00,000	₹ 3,16,000	₹ 1,10,800

The actual realization expenses were Rs 2,000.

Prepare a statement showing piecemeal distribution of cash as per excess capital method.

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OR

Q. 2. B. Naina, Kajal and Surekha are the partners sharing profit and losses in the ratio of 4:2:1. They decided to dissolve the partnership as on 31st March, 2023 when their balance sheet was as follows: 15

Balance Sheet as on 31/3/2023

Liabilities	**Amount (₹)**	**Assets**	**Amount (₹)**
Creditors	11,400	Cash in hand	140
General reserve	18,900	Investment	30,000
Bank overdraft	32,500	Stocks	1,28,300
Capital:		Debtors	45,400
Naina	80,000	Machinery	32,600
Kajal	1,60,000	Furniture	4,900
Surekha	1,30,000	Building	1,91,460
TOTAL	**4,32,800**	**TOTAL**	**4,32,800**

All creditors have to be paid off Rs 2400 for realisation expenses. Thereafter all cash received should be distributed among the partners. The amounts were realised as follows:

1st instalment: Rs 30,720

2nd instalment: Rs 36,800

3rd instalment: Rs 2,12,800

4th instalment: Rs 92,600

The actual realisation expenses were Rs 1200. Prepare a statement showing distribution of cash as per excess capital method.

Q. 3. A. Shah, Modi and Yogi carry on business in a partnership sharing profit and losses in the proportion of 4:3:1 respectively. On 31st March, 2023 they agreed to sell their business to sell their business to a limited company. Their position on that date was as follows: 15

Particular	Amount (₹)	Particular	Amount (₹)
Shah's Capital	80,000	Machinery	96,000
Modi's Capital	60,000	Furniture	84,000
Yogi's Capital	52,000	Stock	46,000
Loan on Mortgage	32,000	Books Debts	30,000
Sundry Creditors	36,000	Cash	4,000
	2,60,000		2,60,000

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

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Machinery	1,22,000
Furniture	63,600
Stock	44,000
Book debts	28,000
Goodwill	20,000

The company also agreed to pay the creditors which was agreed at Rs. 35,400. The company paid Rs. 1,34,000 in fully paid shares of Rs 10 each and the balance in cash. The expenses amounted to Rs 3,000. Prepare ledger accounts in the books of the firm.

OR

Q. 3. B. From the following trial balance of Somesh and Dinesh, you are required to prepare a trading and Profit & Loss A/c for the year ended 31st December 2023 and Balance Sheet as on that date: 15

Trial balance as on 31st December 2023

Particular	Debit (₹)	Credit (₹)
Capital A/c:		
- Somesh		1,20,000
- Dineh		80,000
Drawing A/c:		
- Somesh	4,000	
- Dinesh	2,000	
Stock on 1-1-2023	88,000	
Bills receivable	3,600	
Purchase and sales	3,80,000	6,04,000
Return	12,000	4,000
Salaries	20,000	
Carriage outwards	2,800	
Wages	48,000	
Insurance	3,200	
Discount received		400
Postage	1,600	
Debtors and creditors	1,40,800	1,28,400
Furniture	48,000	
Cash in hand	19,600	
Machinery	1,60,000	
Rent and taxes	2,400	
Printing and stationary	800	
	9,36,800	9,36,800

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Adjustments:

1. The closing stock on 31st December 2023 was valued at Rs. 1,12,000.
2. The outstanding expenses were: (a) wages Rs. 4000 (b) salaries Rs. 1,860.
3. Goods of Rs 4,000 were distributed as free samples.
4. Interest on partner's capitals was to be provided at 7% p.a.
5. Prepaid insurance was Rs 200.
6. Depreciation was to be provided on furniture at 10% and on machinery at 5%.
7. A reserve for bad and doubtful debts was to be created at 5% of sundry debtors.

Q. 4. A. From the following transactions of Samarth Ltd., pass the necessary Journal Entries. 15

Date	Transactions	Exchange Rate $
01.01.2022	Export of Goods $ 120000 to Holder LTD	68
01.02.2022	Import Raw material worth $ 150000 from Brian Ltd	69
10.03.2022	Payment received of $ 80000 from Holder ltd.	70
20.03.2022	Paid to Brian Ltd. $80000	68
15.04.2022	Balance Payment received from Holder ltd.	70.50
25.05.2022	Paid to Brian Ltd. $70000	72

OR

Q. 4. B. Following is the Balance Sheet of two firms as at 31st March, 2023. 15

Liabilities	P & Co.	R & Co.	Assets	P & Co.	R & Co.
Capital:			Premises	–	10,000
P	10,000	–	Computers	10,000	–
Q	15,000	–	Furniture	5,000	10,000
R	–	20,000	Stock	9,000	15,000
S	–	30,000	Debtors	6,000	14,000
General Reserve	–	5,000	Bank	4,000	10,000
Creditors	4,000	5,000	Cash	1,000	3,000
Bills Payable	6,000	2,000			
	35,000	**62,000**		**35,000**	**62,000**

It was mutually agreed to amalgamate the business from 1st April, 2022. Terms of amalgamation were as follows:

a) Premises were valued at Rs 15,000 and computers at Rs 7,000.

b) Furniture was not taken over by new firm.
c) A reserve of 5% is to be created on debtors.
d) Goodwill was valued as: M/s P & Co. at Rs 20,000 and that of M/s R & Co. at Rs 25,000.
e) The new firm also assumed other assets and liabilities of old firm at book value.

Show necessary ledger accounts in the books of M/s P & Co. and M/s R and Company.

Q. 5. A. Explain the Amalgamation of Firm VS Conversion of Firm into company. 08

Q. 5. B. Explain in detail "Piecemeal Distribution of Cash". 07

OR

Q. 5. C **Write Short notes on (Any 3 out of 5)** 15

1. Partnership deed
2. Highest Relative Capital Method
3. Process of Conversion of Partnership firm into limited company
4. Retirement of Partner
5. Amalgamation of Firm

********END********