

Total Time: 2 Hrs 30 min

Total Marks: 75

N.B. (1) All Questions are compulsory subjected to internal options**(2) Figures to the right indicate full marks****(3) Use of simple calculator is allowed****Q.1a: Fill in the Blanks from the correct option: (Any 08) (08 marks)**

1. All activities of the partnership firm cease on _____ of a firm.
 - a. Dissolution b. Admission of partner c. Retirement of partner
2. On dissolution the priority is towards the payment of _____.
 - a. Outside Liability b. Inside Liability c. Partners of the firm
3. Dissolution expenses is debited to _____ Account.
 - a. Realisation b. Partners' Capital c. Bank
4. New profit sharing less old profit sharing ratio = _____.
 - a. Gain Ratio b. sacrifice Ratio c. Revaluating Ratio
5. Joint life policy account is _____.
 - a. Real Account b. Personal Account c. Nominal Account
6. Goodwill raised in the books of accounts at the time of retirement, and is written off _____.
 - a. Gain Ratio b. New Profit sharing ratio c. Capital ratio
7. Partners are entitled for interest on loan _____.
 - a. 12% b. 6% c. 10%
8. A and B are sharing profits in the ratio of 3:2. They admitted Mr. C as a new partner with $\frac{1}{5}$ th share in future profit. Then ratio of sacrifice will be _____.
 - a. 3:2 b. 1:1 c. 2:3
9. Taking another person in the partnership firm is called _____ of a partner.
 - a. Admission b. Retirement c. Death
10. An incoming partner has to bring money towards his _____ and goodwill.
 - a. Capital b. Expenses of the firm c. Liability of the firm

Q.1.b: State Whether the following statements are true or false (Any 07) (07 marks)

- Goodwill is an intangible asset.
- Current Accounts always show credit balances.
- Goodwill appears on liability side of the Balance Sheet.
- General Reserve appears in the liability side of the Balance Sheet.
- The balancing figure in the branch account (Credit side) under Debtor system represents profit.
- At the end of the year generally the balance in the goods returned by branch Account is transferred to the debit side of Goods sent to Branch A/c.
- The principles of preparing the final accounts have to be followed while finalizing independent branch accounts.
- In piecemeal distribution, Provisions of Sec 48(b) of the Indian Partnership Act 1932 need not be observed.
- It is compulsory for the departmental stores to maintain separate set of books of accounts for each department.
- Departmental performance and efficiency gets reflected in its loss.

(15 marks)

Q.2 A Stores Ltd. with its head office at Mumbai invoiced goods to its Branch at Ahmedabad at cost plus 100% (profit). Following are the particulars relating to the branch for the year ended 31st December 2017:

Particulars	Rs.
Stock at Branch (on 1-1-17 at invoice price)	160000
Branch Debtors (on 1-1-17)	80000
Petty Cash at Branch (on 1-1-17)	1250
Goods sent to branch at invoice price	1600000
Goods returned by the branch	160000
Goods returned by debtors	20000
Total sales made by the branch	1100000
Cash sales made by the branch	400000
Total cash remitted to head office	1000000

Discount and Allowances made to debtors	40000
Cash sent by the head office : <div style="margin-left: 40px;">salaries- 28000</div> <div style="margin-left: 40px;">Rent- 22000</div> <div style="margin-left: 40px;">Insurance-12000</div> <div style="margin-left: 40px;">Petty cash- 5000</div>	67000
Stock at Brach (on 31 st Dec 2017 at invoice price)	200000
Petty expenses at the branch	5750

Prepare Branch Account and Branch Debtors Account in the books of Head Office.

OR

(15 Marks)

Q.2: B Ltd having head office at Mumbai and a branch at Calcutta invoices goods to its branch at cost plus 25 percent at which prices sales are to be made by the branch. The following information is furnished:

Particulars	Rs.
Branch Stock at invoice price on 1-1-17	50000
Branch Stock at invoice price on 31-12-2017	35000
Branch Debtors as on 1-1-17	40000
Branch Debtors as on 31-12-2017	35000
Branch Cash as on 1-1-17	2000
Branch Cash as on 31-12-17	3000
Transactions during the year ended 31-12-2017:	
Goods sent to branch at invoice price	300000
Goods returned by branch	20000
Cash Sales	140000
Credit sales	165000
Sales Returns	20000
Cash discount allowed to debtors	10000
Expenses paid by branch	15000

Branch expenses paid by head office	18000
Cash remitted to head office	264000

You are required to prepare the following ledger accounts in the books of Head Office :

1. Branch Stock A/c
2. Branch Stock Adjustment A/c
3. Branch Debtors A/c
4. Branch Cash A/c
5. Branch Profit and Loss A/c

Q.3: A and B are partners in partnership firm sharing profit and losses in the proportion of 3:1 respectively .Their Balance Sheet as on 31st December 2017 was as under: (15 Marks)

Liabilities	Rs.	Assets	Rs.
A capital	70000	Land & Building	50000
B capital	70000	Machinery	70000
Creditors	124000	Furniture	3000
		Stock	41000
		Debtors	90000
		Cash at bank	10000
Total	264000	Total	264000

On 1st January 2018 they decided to admit C into business on following terms:

1. He should be given 1/4th share in future profits and for that purpose he should bring Rs.30000 as capital.
2. Goodwill should be raised at Rs.20000
3. Depreciate Machinery and furniture by 10% and create 5% RDD on debtors.
4. Land & building should be valued at Rs.60000 and stock to be taken at a value of Rs.50000.
5. Capital of all partners to be adjusted in new profit sharing ratio and any excess of capital in A and B capital account should be transferred to their respective loan account.

Prepare Profit and loss adjustment account, Partners Capital Account and Opening Balance Sheet of the new firm

OR

Q.3:A, B and C are partners in a firm sharing profit and losses in the ratio of 5:3:2 respectively. They agreed to dissolve the firm on 31st March 2017 on which date their Balance Sheet was as under:

Liabilities	Rs.	Assets	Rs.
A Capital	10000	Goodwill	3000
B Capital	70000	Furniture	10000
Reserve Fund	10000	Joint Life Policy(at surrender value)	20000
Joint Life Policy Fund	20000	Debtors	40000
Creditors	18000	Stock	22000
Outstanding Rent	2000	Cash at Bank	30000
		C Capital	5000
Total	130000	Total	130000

- Furniture and stock were taken over by Mr.A at an agreed valuation of Rs.12000 and Rs.15000 respectively.
- Joint life policy was surrendered and sundry debtors were realized in full after allowing a discount of 20 percent
- Creditors were taken over by B who agreed to settle account with them at Rs.17000 and realisation expenses amounted to Rs.1000.

You are required to prepare Realisation A/c, Partners Capital A/c and Bank A/c

(15 marks)

Q.4:A Ltd had purchased a machinery on hire purchase system from B Ltd. The cash price of the Machinery was Rs.130000.The terms are that A Ltd would pay Rs.40000 as down payment on signing of the agreement and annual instalments of Rs.30000 each plus interest. A Ltd charges depreciation at the rate 10 percent per annum on cost under diminishing balance system. B Ltd charged interest at the rate of 6 percent per annum on the outstanding balance..

Prepare Machinery A/c , Depreciation A/c, Vendor Company's A/c and A statement showing calculation of interest for 3 years.

OR

(15 marks)

Q.4: A firm has two departments X and Y .From the following figures prepare the departmental Trading and Profit & Loss Account and General Profit & Loss Account for the year ended 31st December 2017

Particulars	Department X	Department Y
Opening Stock	40000	50000
Purchases	150000	100000
Sales	250000	150000
Salaries	16800	12000

Particulars	Rs.
General Salaries	20000
Carriage Inward	10000
Carriage Outward	16000
Advertising	12000
Rent and Rates	18000
Interest on Bank Loan	5000
Lighting	2400
Discount Received	3000
Insurance	2000

Area occupied by the two departments is in ration 2:1.General salaries are to be allocated equally. Insurance premium is for a comprehensive policy, allocating being inconvenient. Closing stocks were X-Rs.36000 and Y -Rs.40000.

Q.5.a: Explain in brief different adjustments of goodwill at the time of admitting a new partner in partnership firm. (08 Marks)

Q.5.b: Distinguish between hire purchase and normal purchase system. (07 Marks)

OR

Q.5: Write note on :(Any 3) (15 marks)

- Stock Reserve
- Independent Branch
- Down Payment
- Piecemeal Distribution of cash
- Retirement of Partners