(8)

1.A) State whether the following statements are TRUE or FALSE (Any 8)

1) In the absence of partnership agreement partners share profit and loss in the ratio of 1:1
2) The liability of partners in a firm is Unlimited.
3) Excess capital Method is different from Maximum Loss Method.
4) Loss on Realisation is debited to Partners Capital Account
5) General Reserve should be distributed in PSR.
6) Under Piecemeal distribution assets realized gradually.
7) Purchase consideration means amount agreed to be paid by old firm to new firm.
8) Assets and Liabilities are transferred to realization A/c at book value.
9) Goodwill is an intangible asset.
10) Prepaid expenses are shown on the liability side of balance sheet.

(7)

1.B) Match the following.

GROUP A	GROUP B
AS 14	Outstanding expenses
Liability	Profit Of partnership
Charges on assets	Partners Loan
Sacrifice	Secured Loan
Stock Items ordered from supplier	Purchase Consideration
Divided amongst the Partners	Admission of a partner
Internal liabilities	Old Firm
Vendor Firm	Assets taken over by a partner on amalgamation
Two or More Departments	Purchase order
Debit That partners' Capital Account	Cost Categories
Payable By New Firm to old Firm	

(15)

2. The following is the trial balance of firm on 31st December, 2005

Debit	*Rs.*	*Credit*	*Rs.*
Drawings :		Capitals :	
- A	15,000	- A	24,000
- B	7,500	- B	12,000
- C	1,500	- C (including goodwill)	5,000
Furniture	10,500	Sales	1,80,000
Purchases	1,10,000	Creditors	13,500
Stock	25,000		
General Expenses	5,200		
Salary	12,000		
Rent & Taxes	5,900		
Debtors	31,000		
Bank	10,900		
	2,34,500		2,34,500

Adjustments :

1) A and B were partners sharing profit and losses equally.
2) Mr. C was admitted to partnership on 1st July, 2005.
3) On 31st December, 2005 stock was valued at Rs. 23,500.
4) Rent and Taxes paid in advance Rs. 900.
5) General Expenses were outstanding Rs. 800.
6) Charge depreciation on Furniture @ 10% p.a.
7) Share of Goodwill of new partners was valued at Rs. 1,000 on 1st july, 2005 and yet to be adjusted.

You are required to prepare Trading, Profit and Losses Account for the year ended on 31st December, 2005 and balance s

Q.2. Ram and Kirti were in partnership in a retail business sharing profits in proportion of 3 : 2. As from 1st January 2005 they admitted Vikram into partnership giving him one-fifth of the profits. Vikram brought in Rs. 20,000 in cash of which Rs. [illegible] were considered as being in payment for his share of goodwill and remainder as his capital.

The following Trial balance was extracted from the books as on 31st December, 2005 :

Particulars	Dr. Rs.	Cr. Rs.
Purchase and Sales	1,71,625	2,63,100
Returns	5,250	4,125
Customers and Creditors	40,200	25,525
Bill's Receivable and Bills Payables	20,070	11,950
Carriage inward	15,000	-
Carriage outwards	2,175	-
Stock (01-01-2005)	39,725	-
Reserve for doubtful debts	-	5,200
Outstanding Carriage inward	-	1,200
Bad debts	400	-
Salaries	9,795	-
Furniture	5,000	-
Shop	15,500	-
Postage and Insurance	1,240	-
Trade Expenses	2,690	-
Rent, Rates and Taxes	2,200	-
Prepaid Insurance	240	-
Rent outstanding	-	900
Cash in hand	2,440	
Current Accounts :		
Ram	5,000	-
Kirti	4,000	-
Vikram	2,000	-
Captial Accounts :		
Ram	-	15,000
Kirti	-	10,000
Cash paid by Vikram	-	20,000
Computer	10000	-
Professional charges	2,450	-
TOTAL	357000	357000

Q.3. The balance sheet of Messrs. 'A & B' and Messrs. 'C & D' as on 31-12-2003 were as follows :

Liabilities	A & B	C & D	Assets	A & B	C & D
Capitals :			Land	10,000	12,000
A	10,000		Machinery	7,000	8,000
B	10,000		Furniture	3,000	3,500
C		10,000	Debtors	6,000	8,500
D		10,000	Stock	8,000	10,000
Creditors	15,000	10,000	Cash and bank	3,000	1,000
Loan		10,000			
Outstanding Expenses	2,000	3,000			
	37,000	43,000		37,000	43,000

The two firms decided to amalgamate and form into ABCD & Co. with effect from 31-12-2003. Partners would share profits and losses equally between themselves as they were doing prior to amalgamation and they [illegible] to following revaluation of assets and liabilities :

Particulars	A & B	C & D
Land	10,000	10,000
Machinery	7,000	8,000
Furniture	2,500	2,500
Debtors	5,500	7,000
Stock	8,000	8,000
Outstanding Expenses	2,000	3,500

In additional top the above it was decided :

i) That the new firm would not take over the loan of 'C & D' :

ii) That the Goodwill of 'A & B' and 'C & D' were valued at Rs. 10,000 and Rs. 5,000 respectively. Goodwill account is not be retained in the books of the new firm.

iii) That the reconstructed capitals of the partners would be Rs. 14,000 each, partners introducing cash, if necessary.

You are required to show:

A) The accounts in the books of 'A & B' and 'C & D'.

B) The opening balance Sheet of the new firm.

(15)

OR

Q3. A and B were partners sharing profits and losses in the ratio of 3:1 and C and D were partners sharing equally. Following were their Balance Sheet as on 31st march 2011.

Liabilities	A & B	C & D	Assets	A & B	C & D
Capitals :			Goodwill	4,000	-
A	30,000	-	Plant and machinery	20,000	27,000
B	30,000	-	Furniture	8,000	9,000
C	-	25,000	Stock	20,000	24,000
D	-	32,000	Debtors	19,000	17,000
Creditors	10,000	15,000	Fixtures	1,600	1,200
Bills payable	4,000	8,000	Cash	3,400	3,300
Outstanding Rent	2,000	1,500			
	76,000	81,500		76,000	81,500

The firms are amalgamation on the following terms :

1. Outstanding rent was paid in fully by the respective firms.
2. Creditors of both the firm were taken by thy new firm at a discount of 5%.
3. Plant and machinery is subject to 5% depreciation of both the firms.
4. Furniture of C and D was sold in the market for Rs. 8,000 and furniture A and B was not taken over by the new firm.
5. Fixtures were not taken over by the new firm.
6. Stock of A and B was valued at Rs. 22,100 and that of C and D was valued at Rs. 21,000.
7. Goodwill of M/s A and B is valued at Rs. 6,000 and that of M/s C and D at Rs. 8,000. Goodwill account is not be retained in the books of the new firm.
8. Capital of each partner in the new firm is to be maintained at Rs. 25,000 by bringing cash or paying cash, as the case may be.

1. Realization A/c
2. Partner's Capital A/c in the books of the firms and

Amalgamated balance Sheet of the new firm.

(15)

Q4. The firm of reach person presented you with the following balance Sheet drawn as at 31st March, 2003:

Liabilities		Rs.	Assets		Rs.
Sundry Creditors		37,000	Cash in hand		3,000
Capital Accounts of partners :			Sundry Debtors		34,000
- A	40,000		Stock-in trade		39,000
- B	30,000		Plant and Machinery		51,000
- C	27,000	97,000	Current Account :		
			- B	4,000	
			- C	3,000	7,000
		1,34,000			1,34,000

Partners shared profit and losses in the ratio of 4:3:3. Due to differences among the partners it was decided to wind up the firm, realizes the assets and distributes cash among the partners at the end of each month.

The following realizations were made :-

1) May 2003 Rs. 15,000 from debtors and Rs. 20,000 by sale of stock. Expenses on realization were Rs. 500.
2) June 2003 Balance of debtors realized Rs. 10,000. Balance of Stock fetched Rs. 24,000.
3) August 2003 part of machinery was sold for Rs. 18,000. Expenses incidental to sale were Rs. 600.
4) September 2003 Part of machinery valued in the books at Rs. 5,000 was taken by A in part discharge at an agreed value Rs. 10,000. Balance of machinery was sold for Rs. 30,000 (net).

Show how the amounts due to partners will be settled.

OR

4. a) J and K were in partnership. Their balance sheet as on 31-3-2002 was as under : (08)

Liabilities	Rs.	Assets	Rs.
J's Capital	1,00,000	Stock	1,60,000
K's Capital	1,00,000	Other Assets	2,40,000
Loan from bank (Secured by stock)	1,00,000		
Creditors	1,00,000		
	4,00,000		4,00,000

The assets realized as under :

30-4-2002 Other Assets Rs. 1,00,000

31-5-2002 Stock Rs. 40,000

You are required to prepare a statement showing the distribution of cash.

4. b) Orange, Apple and Banana were in partnership sharing profits and Losses in the ratio of 3:2:1. They decided to dissolve the partnership and to distribute the sale proceeds as and when realized. The partners capitals were: Orange Rs. 10,000; Apple Rs. 9,000 and Balance Rs. 5,000. Apple's loan (Cr.) amounted to Rs. 3,000. (07)

The assets were realized as under :

Particulars	Stock	Furniture	Debtors	Expenses
July	3,000	300	2,000	500
August	2,000	100	1,500	200
September	2,500	-	2,000	300

You are required to draw up a statement showing the distribution of cash.

5. Short notes (any 3) (15)

1. Partnership with its features.
2. Piecemeal Distribution of cash.
3. Amalgamation of firm
4. Accounting Procedure in the books of the Vendor firm.

OR

5. a) Explain Cost Centre & Its Classification with reference to Tally Software program (07)

5. b) Explain the Inventory Voucher & its types with reference to Tally Software program (08)