

Q.1. A. Fill in the blanks with appropriate words. (Any 8)

- 1) Payment made in advance is shown on _____ side of balance sheet.
a. Assets b. liabilities c. debit d. credit
- 2) In absence of any agreement, partner are entitled to receive interest on their loans
_____.
a. 15% b. 10.5% c. 6% d. 8.5%
- 3) In piecemeal distribution liabilities of a firm are paid before _____.
a. distribution of cash among the partners b. sale of assets
c. revaluation of assets d. none of the above
- 4) Excess capital method is also known as _____.
a. surplus capital method b. maximum loss method
c. national loss method d. none of the above
- 5) Amalgamation is _____.
a. merger of business b. dissolution of firms
c. none of the above
- 6) Purchase consideration is the amount _____.
a. payable by new firm to old firm b. payable by old firms to partners
c. payable by one firm to another firm
- 7) A cost centre is the unit of the organisation where _____.
a. cost is incurred b. income is generated
c. profit is generated d. all of the above
- 8) To display list of inventory in tally the key pressed is _____.
a. F7 b. F10 c. F9 d. F12
- 9) To select a company in tally the key pressed is _____.
a. F1 b. F2 c. F3 d. F4
- 10) On amalgamation liabilities note taken over by new firm are transferred to _____.
a. Capital accounts of partners b. new firm's A/c
c. Revaluation A/c d. none of the above

Q.1. B. State whether the following statements are true or false. (Any 7)

(07)

- 1) Final accounts are prepared at the end of each accounting year.
- 2) A partner can carry on competitive business.
- 3) In Excess capital method the minimum capital is equal to the lowest unit capital.
- 4) Piecemeal distribution means division of physical assets in pieces among the partners.
- 5) Liabilities due to outsiders are internal liabilities.
- 6) All assets & liabilities not taken over by a partner on amalgamation, no entry is passed in the books.
- 7) After amalgamation of firms, assets & liabilities of old firm get recorded at their realizable value.
- 8) Transactions are allocated to cost centres.
- 9) Receipt note voucher is used to recorded receipt of new stock.
- 10) In tally the key pressed for stock journal entry is F7.

Q.2. Rani and Rita were in partnership sharing profit in the ratio of 3:2 from 1st Jan 2013, they admitted Reema into partnership giving her 1/6th share in profit. She brought Rs. 45,000 cash of which Rs. 13,500 was considered as being in payment for her share of goodwill and the balance as her capital you are given.

Trial balance as on 31st December, 2013

Particulars	Rs.	Particulars	Rs.
Drawings:		Outstanding wages	12,236
Rani	18,000	Rent payable	4,176
Rita	15,750	Sales	11,84,175
Reema	11,250	Returns outwards	14,040
Purchases	7,48,824	Reserve for doubtful debts	5,400
Returns inward	19,125	Creditors	1,25,477
Debtors	1,80,900	Bills payable	40,275
Opening stock	1,22,512	Dividend	3,713
Wages	90,617	Capital:	
Salaries	39,388	Rani	65,250
Building	30,375	Rita	37,350
Addition to building	2,250	Cash paid by Reema (on 01-01-2013)	45,000
Patents	32,850		
Postage	14,517		
Power & fuel	8,325		
General expenses	14,913		
Rent, rates, taxes	15,827		
Bad debts	2,362		
Loan to A @ 6%p.a. (given on 01-09-2013)	22,500		
Investments	51,750		
Prepaid insurance	2,358		
Cash/bank	25,884		
Bills receivable	76,815		
Total	15,47,092		15,47,092

Adjustments:

- 1) Closing stock was valued at Rs. 70,920.
- 2) Goods costing Rs. 4,500 have been stolen but not entered in the books.
- 3) Write off 1/5th of patents.
- 4) Bills receivable include dishonored bill of Rs. 4,725.
- 5) Maintain reserve for doubtful debts @ 5% p.a.
- 6) Depreciate building @ 10% p.a. prepare final accounts.

Or

Q.2. Amir & Shahrukh were partners sharing profits and losses in the ratio of 3:1 as from 1st January 2013 they admitted Salman into partnership giving him 1/5th of the profit. Salman brought in cash Rs. 1,68,000 of which Rs. 48,000 was considered as being for goodwill and remaining as his capital.

Trial Balance as on 31st December, 2013

Particulars	Rs.	Particulars	Rs.
Current A/c		Capital A/c	
Amir	12,000	Amir	60,000
Shahrukh	8,000	Shahrukh	36,000
Salman	8,000	Salman	1,68,000
Purchases	6,60,000	Sales	10,20,000
Returns	20,000	Returns	12,000
Debtors	2,41,200	Creditors	1,20,000
Bills receivable	40,000	Bills payable	76,000
Opening stock	1,00,000	R.D.D. A/c	11,200
Wages	80,000	Interest on Investment	2,400
Salaries	32,000	O/s wages	22,400
Furniture	32,000		
Building	1,80,800		
Postage	14,000		
Loan to B 6% (1 st March 2013)	16,000		
10% investments (31 st March 2013)	40,000		
Prepaid Insurance	1,600		
Rent, rates, taxes & insurance	8,000		
Cash	34,400		
	15,28,000		15,28,000

Adjustments:

- 1) Provide depreciation on building & furniture @ 10% p.a.
 - 2) R.D.D. is to be maintained at 5% on debtors.
 - 3) Stock on 31st December 2013 is valued at cost price Rs. 48,000.
 - 4) During the year building repairs charges Rs. 4,800 recorded on building A/c.
 - 5) As per the new partnership deed Amir & Shahrukh are entitled for annual salary of Rs. 8,000 each.
 - 6) Interest on all partners capital is allowed @ 10%p.a.
 - 7) New profit sharing ratio is 3:1:1
- Prepare Final Accounts of the firm.

Q.3. The Balance Sheet of M/s. P & Co. and M/s. X & Co. as on 31st March 2014 were as follows.

Liabilities	P & Co Rs.	X & Co Rs.	Assets	P & Co Rs.	X & Co Rs.
Capital			Land		
P	18,000		Machinery		
Q	18,000		Furniture		
X		18,000	Debtors		
Y		18,000	Stock		
Creditors	27,000	18,000	Cash		
Loan	-	19,800	Bank		
Outstanding Expenses	3,600	5,700			
Total	66,600	79,500	Total	66,600	79,500

(15)

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The two firms decided to amalgamate & form into M/s PX & Co. with effect from 1-4-2014. Partners would share profits & Losses equally between themselves as and they were doing prior amalgamation & they agreed to following revaluation of assets & liabilities:-

Particulars	P & Co Rs.	X & Co Rs.
Land	22,500	22,500
Machinery	15,000	16,000
Furniture	5,000	6,000
Debtors	10,500	15,000
Stock	14,500	17,000
Creditors	26,000	17,000
Loans	-	19,000
o/s Expenses	3,600	5,700

In addition to the above it was decided-

1. Goodwill of P & Co. and X & Co. was value at Rs. 17,500 and Rs. 10,000 respectively & it should be written off in the New firm.
2. That the reconstructed capital of the partners would be Rs. 18,750 each. The difference if any should be transferred to current account.

You are required to show:

The accounts in the books of M/s P & Co and
The opening balance sheet of the new firm.

Or

Q.3. Following is the balance sheet of two firm's as at 31st March 2014.

Liabilities	JV & Co Rs.	CS & Co Rs.	Assets	JV & Co Rs.	CS & Co Rs.
Capital			Premises		17,500
Jay	40,250		Computer	35,000	-
Viru	40,250		Furniture	17,500	24,500
Chandu		63,000	Inventory	31,500	28,000
Suraj		42,000	Debtors	21,000	49,000
General reserve		10,500	Bank	7,000	14,000
Creditors	17,500	14,000	Cash	3,500	7,000
Bills Payable	17,500	10,500			
	1,15,500	1,40,000		1,15,500	1,40,000

It was mutually agreed to amalgamate the business from 1st April 2014. Terms of amalgamation were as follows:

1. Premises was valued at Rs. 35,000 & computers Rs. 42,000.
2. Furniture was not taken over by new firm.
3. A reserve at 5% is to be created on debtors.
4. Goodwill was valued as: M/s. JV & Co at Rs. 35,000 and that of M/s Raj & Co. at Rs. 52,500.
5. The new firm also assumed other assets & liabilities of old firm at book value.
6. Show necessary accounts in the books of old firms and the balance sheet of new firm M/s Jaichand & Co. after amalgamation.