

Seat No. **OCT_NOV_2024 WINTER EXAMINATION****Bachelor of Commerce (NEP 2.0)****Sub. Name: Accountancy Paper-I (Accounts of Partnership Firms)****Sub. Code: 106676****Day and Date: NOVEMBER ,26-11-2024****Total Marks: 80****Time: 10:30 AM To 01:30 PM****Instructions:** 1. All questions are compulsory
2. Figures to the right indicate full marks**Special Inst.:** 1. Question No. 1 and Question No. 2 are compulsory.
2. Attempt any three questions from Question No. 3 to Question No.6.**Q1) A.** Choose the Correct Alternatives from the following **[10]**

- i. Goodwill is distributed among partners in _____ ratio.
 - A. Profit
 - B. New
 - C. Old Profit Sharing
 - D. Capital
- ii. For ascertaining the profit or loss for amalgamation of firm _____ account is prepared.
 - A. Revaluation
 - B. Capital
 - C. Balance sheet
 - D. Profit & Loss A/c
- iii. For amalgamation of partnership at least _____ firm are required.
 - A. One
 - B. Two
 - C. Three
 - D. Four
- iv. When a Partnership firm is taken over by a limited company it is called _____.
 - A. Amalgamation of firms
 - B. Conversion of firm
 - C. Dissolution of firms
 - D. Reconstruction of firms
- v. Following are the methods of purchase consideration.
 - A. Net Asset Method
 - B. Net Payment Method
 - C. Lump Sum Method
 - D. All of the above

vi. In case of conversion profit or loss on the sale of firm is ascertained through----

- A. Profit and loss A/c
- B. Realization A/c
- C. Profit & Loss adjustment
- D. Profit & Loss appropriation

vii Surplus Capital Method is also known as -----

- A. Proportionate Capital Method
- B. Excess Capital Method
- C. High Relative Capital Method
- D. All of the above

vii Loan to firm by a partners wife is a -----

- i. A. Liability
- B. Loan
- C. Capital
- D. Investment

ix. At retirement of a partner the surrender value of the policy is issued to -----

- A. Partnership Firm
- B. Retired partner
- C. Continuing Partner
- D. None of the above

x. Joint Life Policy Premiums are paid by -----

- A. Each partner individually
- B. Partnership Firm
- C. From the Capital account of the firm
- D. From the Capital account of each partner

B. State True or False. [6]

1. Profit or Loss on revaluation is distributed among the partners in capital ratio.
2. Credit balance of revaluation account is profit on revaluation.
3. In case of conversion of partnership firm into limited company, partners became the directors of company.
4. The partner in a partnership firm cannot take separate policies on the life of each partner.
5. The partners' capital should be paid first and then other liabilities can be paid in piecemeal distribution.
6. Under Lump Sum method of purchase consideration, question of calculation of purchase consideration does not arise.

Q2) Write Short Notes. (Any four Out of Six)

[16]

- a. 1. Purchase Consideration. [16]
 2. Objectives of Amalgamation.
 3. Surrender value
 4. Priority of payment in Piecemeal Distribution.
 5. Joint Life Policy.
 6. Need of conversion of partnership firm into limited company.

Q3) The following were the Balance Sheet of the firms Akshay & Sunil and Ajay & Vijay [16]
 on 31.3.2024 when they decided to amalgamate their business.

Liabilities	A & S	A&V	Assets	A & S	A & V
Creditors	1,26,000	1,62,000	Bank	72,000	36,000
Bill Payable	54,000	-	Debtors	99,000	1,08,000
Reserve Fund	72,000	-	Stock	81,000	1,12,500
Capital Accounts			Furniture	----	76,500
Akshay	49,500	-	Motor vans	-----	45,000
Sunil	58,500		Premises	1,08,000	-
Ajay	-	1,80,000	Goodwill	-----	72,000
Vijay	-	1,08,000			
	3,60,000	4,50,000		3,60,000	4,50,000

On the same day they decided to amalgamate the firms and formed new firm M/S Aradhana Traders. The terms of amalgamation were as follow:

- The new firm was to taken over the assets and liabilities of both the firms subject to M/s Akshay & Sunil meeting their Bills Payable out of their Bank balance.
- The assets of Akshay & Sunil were valued as follows:**
 Debtors Rs. 90,000, Premises Rs. 1,62,000, Stock Rs. 72,000, Goodwill Rs 60,000.
- The assets of Ajay and Vijay were valued as follows:**
 Debtors Rs. 90,000, Furniture Rs. 72,000, Stock Rs. 85,500, Goodwill Rs 27,000.
- Ajay took over the motor vans at an agreed value of Rs. 36,000
- M/s Ajay & Vijay to be credited with Rs. 10,500 being the value of patents rights which were not shown in the Balance Sheet
- Akshay and Sunil shared profit equally and Ajay and Vijay in the ratio of 3:2 in their respective firms. But in the new firm they should share in their capital ratio.
- It was decided that the new firm maintain Goodwill in the Balance Sheet in the books of new firm.
- The capital of the partner in the new firm was fixed at Rs. 90,000 each. Any excess of deficiency was to be transferred to the current accounts of partners.
Show the necessary accounts in the books of the old firms and the Balance Sheet of the new firm and also the capital accounts of the partners.

Q4) Asha, Bipasha and Chhaya were partners in a firm sharing profits and losses in the [16]
 ratio of 5:3:2. On 31/03/2024 they agreed to sell their business to limited company called Aradhana Ltd. Company. On that date their position was as follows.

Liabilities	Amount	Assets	Amount
Capitals		Bank	20,000
Asha	1,00,000	Building	1,50,000
Bipasha	60,000	Furniture	40,000
Chhaya	40,000	Stock	60,000
Bank Loan	40,000	Debtors	30,000
Creditors	60,000		
	3,00,000		3,00,000

Additional Information:

The company agreed to take over the following assets at the valuation shown against them.

Building	1,80,000
Furniture	30,000
Stock	40,000
Debtors	28,000
Goodwill	40,000
Take over creditors at Rs.	58,000

The company paid the purchase consideration by the allotment of 2,000 shares of Rs. 100 each fully paid and the balance in cash.

Prepare necessary ledger accounts in the books of firm.

- Q5)** X, Y and Z were in partnership sharing profits and losses as 3:2:1 respectively. The [16] partnership was dissolved on 31st March, 2024. The Balance-Sheet of the firm on that date was as follows:

Liabilities	Amount	Assets	Amount
X's Capital	1,40,000	Cash in hand	28,000
Y's Capital	70,000	Sundry Debtors	2,94,000
Z's Capital	14,000	Stock-in-trade	1,12,000
Creditors	2,10,000		
Total	4,34,000	Total	4,34,000

There was a contingent liability in respect of a bill for Rs. 10,000 due on 25th August, 2024 under discount. It was agreed that the net realization should be distributed in their due order (at the end of each month) but as safely as possible.

The realization and expenses were as under:

2024	Stock and Debtors (Rs)	Expenses (Rs)
April	84,000	7,000
May	1,26,000	5,400
June	70,000	4,900
July	77,000	3,500
August	35,500	3,500

The stock was completely disposed off and amounts due from debtors were realized, the balance being irrecoverable. The acceptor of bill under discount met the bill on due date.

Prepare statement showing piecemeal distribution of cash, using Surplus Capital Method.

- Q6) A.** Amar, Akabar and Anthani are the partners sharing profits and losses in the ratio of 2:2:1 took out a Joint Life Policy for Rs. 15,00,000, paying an annual premium of Rs. 60,000, starting from 15 August 2018. [8]

The surrender Value of the policy was as follows:

2018-19	NIL	2021-22	60,000
2019-20	15,000	2022-23	1,05,000
2020-21	30,000		

Akabar died on 16th December 2022 and LIC paid the amount of policy on 10th January 2023. The accounts were closed on 31st March every year.

Show Joint Life Policy Account for all these years in the books of the firm

- B.** Subhash, Sanjay and Suraj sharing profits and losses in the ratio of 5:3:2 took out a Joint Life Policy for Rs. 2,00,000 paying an annual premium of Rs. 10,000, starting from 10th May 2018. [8]

The surrender Value of the policy was as follows:

2018-19	NIL	2021-22	6,000
2019-20	1,300	2022-23	11,000
2020-21	3,700		

Sanjay died on 15th February 2022 and amount of policy received from LIC on 15th March 2023. The accounts were closed on 31st March every year.

You are required to prepare Joint Life Policy Account and Joint Life Policy Reserve Account in the books of firm.

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