

**DURATION :- 2.30 HOURS**

**TOTAL MARKS : 75 MARKS**

**NOTE :-**

1. All the questions are compulsory with internal options.
2. Each question carry 15 marks.
3. Working notes form part of your answer.
4. Use of only simple calculator is allowed.

**Q.1. [A] STATE WHETHER THE FOLLOWING STATEMENTS ARE TRUE OR FALSE [ANY 8] [08 MARKS]**

1. On the date of balance sheet in case of export, when there is a decrease in the rate of exchange, there is a exchange loss.
2. All partners of a partnership firm automatically become Directors in the New Company upon the conversion of the firm:
3. The liability of the partners of the firm continues to remain unlimited even after becoming shareholders in the New company.
4. Objective of Amalgamation is to avoid competition between two firms.
5. In Amalgamation of Partnership old firm is continued.
6. Unsecured Creditors are those who do not have any security whatsoever.
7. Piecemeal Distribution means piecemeal settlement of accounts.
8. Capital accounts of the partners should always show a credit balance.
9. Interest received from bank is shown on the credit side of trading account.
10. Carriage outward is debited to Trading account.

**Q.1. [B] FILL IN THE BLANKS WITH APPROPRIATE OPTIONS [ANY 7] [07 MARKS]**

1. New ratio minus Old ratio = \_\_\_\_\_ ratio  
 A] Sacrifice B] Gain  
 C] Capital contribution D] Equal
2. A & B share profits in the ratio of 3:2 they admit C for 2/3 share in the business, the new profit sharing ratio will be \_\_\_\_\_.  
 A] 3:2:2 B] 3:2:1  
 C] 3:2:10 D] None of these
3. In case of piecemeal distribution, proportionate capital method is also known as \_\_\_\_\_.  
 A] Surplus capital method B] Maximum loss method  
 C] Minimum loss method D] All of the Above
4. Statement of Excess capital is prepared to ascertain \_\_\_\_\_.  
 A] Order of payment B] Mode of payment  
 C] Time of payment D] Ease of payment
5. When goods or assets are imported and rate of exchange increase it will result into \_\_\_\_\_.  
 A] Profit B] Loss  
 C] No profit no loss D] All of the above
6. In the absence of partnership deed partners are entitled to \_\_\_\_\_ % of profit as salary.  
 A] 10 B] 20  
 C] 30 D] NIL
7. Realisation account is prepared in case of \_\_\_\_\_ of partner.  
 A] Admission B] Retirement  
 C] Death D] Dissolution
8. \_\_\_\_\_ account is debited when any partner is paid salary.  
 A] Profit & Loss adjustment B] Foreign exchange fluctuation  
 C] Foreign debtors or creditors D] Profit & loss appropriation

**[15 MARKS]**

**TRIAL BALANCE AS ON 31st MARCH 2018**

On 1<sup>st</sup> October 2017 Mandira retired. The partners shared profits and losses in the ratio of 2:1:1. The following adjustments were to be incorporated upon retirement of Mandira.

1. All amounts due to Mandira to be transferred to her loan account.
2. Provide 10% Interest on capital and 5% interest on Drawing.
3. Sales up to 30<sup>th</sup> September 2017 was Rs. 16,00,000 and thereafter there was a further sales of Rs. 4,00,000.
4. Create Reserve for doubtful debts worth Rs. 4000.
5. Depreciate Furniture by 10% and Machinery by 5%.
6. Goodwill of Rs. 30,000 is raised only for the retiring partner and written off.
7. Goods were purchased before Mandira retired.

**Q.2. [B]****[15 MARKS]**

Gagan and Akash were in partnership business sharing profits and losses in the ratio of 4:1. As from 1.10.2017 they admitted Sky into partnership giving him one-fifth of the profits. Sky brought in Rs.62500 in cash of which Rs.12500 were considered as being in payment of his share of Goodwill and remainder as his capital. The following trial balance was extracted from the books as on 31.3.2018.

**TRIAL BALANCE AS ON 31.3.2018**

<b>PARTICULARS</b>	<b>DR.Rs.</b>	<b>CR.Rs.</b>
<b><u>CAPITAL ACCOUNTS:</u></b>		
Gagan		250000
Akash		125000
Sky (paid cash on 1.10.2017)		62500
<b><u>DRAWINGS:</u></b>		
Gagan	25000	
Akash	12500	
Sky	6250	
Building	175000	
Motor Car	25000	
Debtors	300000	
Creditors		350000
Cash	25000	
Bank	283750	
Stock(1.4.2017)	75000	
Purchases	2950000	
Sales		3250000
Sales Expenses	15000	
Advertising	10000	
Office Expenses	45000	
Staff Salaries	30000	
Wages	45000	
Carriage inward	15000	
<b>Total</b>	<b>4037500</b>	<b>4037500</b>

**ADDITIONAL INFORMATION:**

1. Stock as on 31.3.2018 was valued at Rs.85000.
2. Interest on Capital @10% p.a.
3. Depreciate Building & Motor car by 10%.
4. Goods to the value of Rs.10000 have been distributed as free samples.
5. Sales from 1.4.2017 to 30.9.2017 amounted to Rs.1300000.

Prepare Final Accounts of the Firm.

**OR**

**Q.3. [A]****[15 MARKS]**

Following are the Balance Sheet of M/s B & O who share Profits and Losses equally and M/s A & T sharing Profits and Losses in the Ratio of 2:1.

**BALANCE SHEETS AS ON 31<sup>ST</sup> MARCH 2018**

LIABILITIES	B & O	A & T	ASSETS	B & O	A & T
Creditors	50000	44000	Cash at Bank	64000	50000
Bills Payable	40000	20000	Investments	32000	54000
Bank Loan	20000	24000	Debtors	20000	44000
Mrs. O's Loan	14000		Machinery	106000	70000
General Reserve	12000	24000	Goodwill	24000	
Investment Fluctuation Fund	10000	8000	Furniture & Fixtures	30000	42000
<u>Capital Accounts</u>			Building	100000	40000
B	120000				
O	110000				
A		100000			
T		80000			
	376000	300000		376000	300000

Both the firm decided to amalgamate and form a new Firm by the name BOAT

Following additional information is provided to implement the process of amalgamation

- Investment were taken over at 5% less than the Book Value for both the firms.
- Furniture and Fixtures of B & O were taken at Book Value and that of A & T were valued at Rs. 50000.
- Machinery of B & O was to be appreciated by 10% & that of A & T be appreciated by 20%.
- R.D.D. should be created at 10% on Debtors for both the firms. Bad Debts for A & T was Rs. 10000.
- The value of Goodwill was fixed at Rs. 50000 for each firm and Cash at bank was not taken over.
- Unrecorded tools of B & O are valued at Rs.10000 were taken over by the new firm.
- The new firm took only creditors and bills payable of both the firms and the liabilities not taken over by the new firm were paid in full by the old firm.

You are required to prepare ledger account to close books of both the old firm and Prepare a Balance sheet of New firm.

**OR****Q.3. [B]****[15 MARKS]**

Ritu, Nitu and Ribu were in partnership sharing profits and losses as 3:2:1 respectively. The partnership was dissolved on 30<sup>th</sup> June, 2017 when the position was as follows:

**BALANCE SHEET AS ON 30.6.2017.**

LIABILITIES	AMOUNT	ASSET	AMOUNT
Sundry Creditors	350000	Cash on hand	70000
Unsecured Loan	175000	Stock in Trade	735000
Capital Accounts:		Debtors	280000
Ritu	350000		
Nitu	175000		
Ribu	35000		
	1085000		1085000

- There was a bill for Rs.25000 due on 30<sup>th</sup> November under discount.
- It was agreed that the net realisations should be distributed in their due order (at the end of each month) but as safely as possible. The realisations and expenses were as under:

DATE	REALISATION	EXPENSES
31 <sup>st</sup> July	2,10,000	17,500
31 <sup>st</sup> August	3,15,000	13,500
30 <sup>th</sup> September	1,75,000	12,250
30 <sup>th</sup> November	2,81,250	17,500

3. The acceptor of the bill under discount met the bill as on the due date.

Prepare a Statement showing piecemeal distribution of cash as per Excess capital method.

[15 MARKS]

**Q.4. [A]**

Anelka, Eliza and Jinal are partners sharing profits in the ratio of equally. They decided to convert their partnership firm into a joint stock company by the name AEJ Ltd. Following is the Balance Sheet on the date of conversion

LIABILITIES	AMT	ASSET	AMT
<b><u>CAPITAL</u></b>		Building	198000
Anelka 300000		Plant & Machinery	152000
Eliza 300000		Motor Van	66000
Jinal 300000	900000	Furniture	84000
General Reserve	24000	Stock	120000
Bills Payable	8000	Sundry Debtors	165000
Sundry Creditors	96000	Investment	43000
		Bank	200000
	1028000		1028000

AEJ Ltd took over the following assets & liabilities

Building at Rs. 200000

Plant & Machinery at Rs. 200000

Furniture at Rs. 14000

Stock at Rs.150000

Goodwill at Rs. 66200

Create 10% Reserve for Doubtful Debt

The company has also agreed to take over Sundry Creditors at Rs. 82000

The purchase consideration was discharged by the Issue of sufficient number of Equity shares of Rs.100 each fully paid up at par.

The firm sold investment for Rs. 50000 and paid Bills Payable fully.

Motor Van was taken over by Anelka at Book value. The firm paid realisation Expenses Rs. 20000

Purchase consideration was distributed amongst the partners as per their proportionate capital as at the end. You are required to

1. Calculate the Purchase Consideration
2. Close the books of old partnership firm
3. Prepare Balance Sheet of the New company as per the revised Schedule VI.

**OR**

**Q.4. [B]**

[15 MARKS]

From the following transactions of Samarth Ltd. Pass necessary journal entries .

DATE	TRANSACTIONS	EXCHANGE RATE PER \$
01.01.2017	Export of goods worth \$120000 to Holder Ltd.	68.00
01.02.2017	Import of Raw material worth \$150000 from Brian Ltd.	69.00
10.03.2017	Payment received of \$80000 from Holder Ltd.	70.00
20.03.2017	Paid to Brian Ltd.\$80000	68.00
15.04.2017	Balance payment received from Holder Ltd.	70.50
25.05.2017	Paid to Brian Ltd.\$70000	72.00

Samarth Ltd. closes its books on 31<sup>st</sup> March every year. The exchange rate on 31<sup>st</sup> March 2017 was Rs.70.00 per \$.

You are required to pass Journal entries in the books of Samarth Ltd. for the above transactions.

**Q.5. [A]**

**[15 MARKS]**

[i] What is amalgamation of a partnership firms?

**[8]**

[ii] Elaborate the accounting procedure in the books of the old partnership firm?

**[9]**

**OR**

**Q.5. [B] WRITE SHORT NOTES [Any 3]**

**[15 MARKS]**

1. Adjustments in final account on death of a partner
2. Treatment of goodwill at the time of admission of partner.
3. Rules applicable in the absence of partnership deed.
4. Steps for conversion of partnership firm into Joint Stock Company.
5. Monetary and Non monetary item as per AS-11.

-----