**A3A919**

**Time : 2 ½ hours.** **Marks : 75**

**Note: 1. All questions are compulsory**
**2. Each question carry 15 marks each**
**3. Use of only simple calculator is allowed**

**Q1 A State true or false ( any 8)** **8**

1 Takeover of Liability by a partner should be deducted from Capital Account Balance.
2 Amount payable to Retiring Partner is transferred to Balance sheet Asset side
3. Closing rate is the exchange rate at the close of the day on which a transaction takes place.
4. Objective of Amalgamation is to increase profitability of the firms.
5. Piecemeal distribution means piecemeal settlement of accounts.
6. All partners of partnership firm automatically become directors In the new company upon the conversion of the firm.
7. Purchase consideration is amount payable by new firms to the old firms.
8. Unsecured creditors are those who do not have any security.
9. The currency translation is governed by AS-11.
10. Capital accounts of partners should always show credit balance.

**Q1 B Fill in the blanks with appropriate options (any 7)** **7**

1 When current account is prepared partners capital is ________-
A) Fixed C) fluctuation
B) Equal D) all of the above

2 If the partnership deed is silent the partners are not entitled to ________ rate of interest on capital
A) 4% C)5%
B) 6% D) none of the above

3. Agreed value refers to the value specific in the ________________
A) balance sheet C) Profit and loss account
B)cash account D) adjustment

4. Difference in exchange is transferred to ___________ ________ account
A) Trading C) profit and loss
B) Foreign exchange fluctuation D) none of the above

5. New ratio minus old ratio is ______________ ratio
A) sacrifice C) gain
B) Capital contribution D) equal

6. Outstanding expenses are shown in Balance Sheet ____________________
A) On asset side C) on liability side
B) Either of (a) or (b) D) none of the above

7. In absence of an agreement partners are entitled to _____________________
A) commission C) salary
B) profit share in capital ratio D)interest on loan

8. When goodwill is brought in cash by the incoming partner it is _____________
A) Withdrawn by the old partner C) retained in the business
B) Both a & C D) none of the above

9. Statement of excess capital is prepared to ascertain ____________
A) Order of payments C) made of payments
B) Time of payments D) ease of payments

10. In case of piecemeal distribution proportionate capital method is also known as ______________
A) Surplus capital method C)maximum loss method
B) Minimum loss D) all of the above

**Q2** A and B were in partnership business sharing profit and losses in the ratio 3:2. As from 1-10-18 they admitted R into partnership giving 1/6 of the profit. R brought in Rs 2,50,000 in cash of which Rs 50,000 were considered as bring payment of her share of Goodwill and remainder as her capital. The following trial balance was extracted from the books as on 31-3-19. **15**

**Trial balance as on 31-3-19**

| Particulars | Debit Rs | Credit Rs |
|---|---|---|
| **Capital account:** | | |
| A | | 315600 |
| B | | 242400 |
| Cash paid by R on 1-10-18 | | 250000 |
| Sales | | 485260 |
| Creditors | | 59000 |
| Plant and machinery | 160000 | |
| Computers | 146000 | |
| Office premises | 265000 | |
| Sales return | 5260 | |
| Purchase | 345120 | |
| Opening stock | 164200 | |
| Salaries | 35420 | |
| Sundry expenses | 54260 | |
| Insurance | 36000 | |
| Purchase return | | 5120 |
| Wages | 12000 | |
| Cash on hand | 12880 | |
| Debtors | 41250 | |
| RDD | | 2130 |
| Cash at bank | 42160 | |
| Drawings: | | |
| A | 19500 | |
| B | 12500 | |
| R | 14500 | |
| Loan from C at 10%p.a (taken on 1-1-19) | | 55000 |
| Copyright | 36000 | |
| Travelling expenses | 12460 | |
| | **1414510** | **1414510** |

Additional information:

1. Stock on 31-3-19 was valued at Rs 206300
2. A debts of Rs 1250 is to written off and provision against the remaining debtors should be made at 5%
3. Insurance prepaid as on 31-3-19 Rs 2500
4. Depreciation on plant and equipment by 20% computer by 25% and Office Premises by 5%
5. Interest on capital is to be provided @ 8%p.a

   Prepare Final accounts of the firm.

**OR**

**Q2** From the following information prepare Profit and loss account for the year ended 31st March 2019 and the Balance Sheet as on that date. Trail balance of a partnership firm as on 31st March 2019 is as follows, **15**

**Trail balance As on 31st March 2019**

| **Debit** | **Rs** | **Credit** | **Rs** |
|---|---|---|---|
| Drawings<br>Simran<br>Savri<br>Sanjana | <br>19500<br>26100<br>16800 | Capital<br>Simran<br>Savri<br>Sanjana | <br>192000<br>162000<br>126000 |
| Land | 540000 | Gross profit | 855000 |
| Machinery | 360000 | Bills payable | 15810 |
| Furniture | 27000 | Interest on investment | 7200 |
| Debtors | 97200 | Discount received | 8640 |
| Office expenses | 25200 | Creditors | 129750 |
| Printing and stationery | 86400 | Bank overdraft | 180000 |
| Salaries | 175800 | Loan from Savri | 90000 |
| Advertisement | 37500 | Pre-received commission | 5400 |
| Carriage outwards | 13500 | | |

| | | | |
|---|---|---|---|
| Insurance | 5400 | | |
| Salesman commission | 90000 | | |
| Sundry deposits | 75300 | | |
| Investment | 120000 | | |
| Cash and bank | 15450 | | |
| Bills received | 37050 | | |
| Bad debts | 3600 | | |
| | **1771800** | | **1771800** |

On 1st October 2018 Simran retired. The partner shares profit and losses in the ratio of 2:1:1
The following adjustment were to be incorporated upon retirement.

1. All amounts due to Simran to be transferred to her loan account
2. Provide 10% interest on capital and 5% interest on drawing
3. Sales upto 30th September 2018 was Rs 1600000 and thereafter there was a future sales Rs 400000
4. Create RDD worth Rs 5000
5. Depreciation on Furniture by 10% and Machinery by 5%
6. Goodwill of Rs 30000 is raised only at the time of retirement and written off
7. Goods were purchased before Simran retired.

**Q3.** Sachin, Anil and Sunil were in partnership sharing profit and losses as 3:2:1 respectively. The partnership was dissolved on 30th June 2018. When the position was as follows: **15**

**Balance sheet as on 30-6-18**

| Liabilities | Rs | Assets | Rs |
|---|---|---|---|
| Sundry Creditors | 295000 | Cash on hand | 90000 |
| Unsecured loan | 275000 | Stock | 785000 |
| Capitals | | Debtors | 275000 |
| Sachin | 355000 | | |
| Anil | 185000 | | |
| Sunil | 40000 | | |
| | **1150000** | | **1150000** |

1. It was agreed that the net realisation should be distributed in their due order but safely as possible. The realisation expenses were as under:

| Date | Realisation | Expenses |
|---|---|---|
| 31st july | 310000 | 17500 |
| 31st august | 375000 | 13500 |
| 30th September | 175000 | 12250 |
| 30th November | 285250 | 17500 |

You are required to Prepare a Statement Piecemeal Distribution of cash as Per Excess Capital Method.

**OR**

**Q3** Following are the balance sheet of M/s L & O who share profit and losses equally and M/s P&A sharing profit and losses in the ratio 2:1 **15**

**Balance sheet as on 31st March 2018**

| Liabilities | L&O | P&A | Assets | L&O | P&A |
|---|---|---|---|---|---|
| Creditors | 45000 | 35000 | Cash at bank | 42000 | 48000 |
| Bills payable | 35000 | 25000 | Investments | 45000 | 40000 |
| Bank loan | 20000 | 18000 | Debtors | 25000 | 28000 |
| Mrs O loan | 5000 | | Machinery | 50000 | 35000 |
| General reserve | 8000 | 10000 | Goodwill | 20000 | |
| Profit and losses | 9000 | 8000 | Furniture and fixture | 35000 | 25000 |
| Capitals: | | | Buildings | 80000 | 50000 |
| L | 90000 | | | | |
| O | 85000 | | | | |
| P | | 70000 | | | |
| A | | 60000 | | | |
| | **297000** | **226000** | | **297000** | **226000** |

Both the firm decided to amalgamate and form a new firm by the name LOPA. Following additional information is provided to implement the process of amalgamation.

1. Investment were taken over at 5% less than the book value for both the firm
2. Furniture and fixture of L&O were taken at book value and that of P&A were valued at Rs 27000. Cash and bank was not taken over by firm.
3. Machinery of L&O was to be appreciated by 20% and that of P&A by 15%
4. RDD created at 5% for both firm, bad debts of P&A was Rs 3000
5. The value of goodwill was fixed at Rs 30000

6. Unrecorded instrument of L&O are valued at Rs 12000 and were taken over by the new firm
7. The new firm took only creditors and bills payable of both the firm and 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 book of both the old firm and prepare Balance sheet of new firm after Amalgamation

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**Q4** Shilpa Ltd. Kolhapur exported goods worth US $ 500000 to Star Ltd of USA on 1-8-18. 10% of the payment was received immediately. The balance amount was received as follows. **15**

| **Date** | **Received in $** | **Exchange rate per $** |
|---|---|---|
| 15-9-18 | 100000 | 66.00 |
| 15-12-18 | 160000 | 65.50 |
| 15-3-19 | 140000 | 64.50 |
| 15-4-19 | 100000 | 65.50 |

The exchange rate was 65.00 per $ as on 1-8-18 and 66.50 as on 31-3-19. Shilpa Ltd closes its books on $31^{st}$ march every year.

You are required to prepare :

1. Journal entries in the books of Shilpa Ltd
2. Foreign exchange fluctuation account.
3. Ledger of Star Ltd USA

**OR**

**Q4** Ajit, Sujit and Sanjay are partners sharing profit and losses in the ratio equally. They decided to convert their partnership firm into a Joint Stock Company by the name of ASS ltd. Following Balance sheet on the date of conversion: **15**

| **Liabilities** | **Rs** | **Assets** | **Rs** |
|---|---|---|---|
| Capital | | Building | 321000 |
| Ajit | 400000 | Plant and machinery | 175000 |
| Sujit | 300000 | Motor van | 76000 |
| Sanjay | 400000 | Furniture | 88000 |
| General reserve | 34000 | Stock | 150000 |
| Bills payable | 9000 | Sundry debtors | 185000 |
| Creditors | 100000 | Investment | 48000 |
| | | Bank | 200000 |
| | **1243000** | | **1243000** |

ASS ltd took over the following assets and liabilities:

| | |
|---|---|
| Building | 350000 |
| Plant and machinery | 200000 |
| Goodwill | 66200 |
| Furniture | 85000 |
| Stock | 110000 |

Create RDD at 10%

The company also agreed to take over 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 Ajit 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 Purchase Consideration.

**2**. Close books of old Partnership Firm.

**3**. Prepare Balance Sheet of the new company as per schedule III.

**Q5** **A** What is amalgamation of partnership firm? **8**

**B** Elucidate Admission, Retirement and Death of partner. **7**

**OR**

**Q5** **Short note ( any 3)** **15**

**1.** Foreign exchange fluctuation account

**2** Rules in case of absence of a partnership deed

**3** Adjustment in final accounts on death of a partner

**4** Monetary and non- monetary item as per AS-11

**5** Treatment of goodwill at the time of retirement of partner

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