

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/FALSE [ANY 8] [08 MARKS]

1. In case of import, when there is an increase in the rate of exchange when payment is made, there is a foreign exchange loss.
2. On amalgamation of firms, General Reserve is transferred to Partners Capital Account.
3. Profit on Realisation in an amalgamation are divided in their profit sharing ratio among the partners.
4. In Excess capital method, Proportionate capital of a partner is equal to lowest unit value multiply by share of profit.
5. Asset not taken over by the new firm should be distributed among the partners in their profit sharing ratio.
6. If expenses of Conversion are borne by the New Company, no entry is passed in the books of the firm.
7. Stock taken over by Partner at the time of Conversion of firm, is accounted by debiting Partner's Capital A/c and crediting Realisation A/c.
8. Piecemeal distribution means distribution of cash in pieces as and when available.
9. Goods returned to the suppliers are deducted from purchases in the Trading Account.
10. On Amalgamation of firms, sale of assets is credited to Realisation A/c.

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

1. If the dates of drawings are not specified, interest on drawing is charged for _____ months
A) 5 B) 6
C) 7 D) 8
2. Profit and Loss appropriation account is prepared to record all expenses related to _____.
A) Business B) Firm
C) Partners D) Office
3. All direct expenses are debited to _____ account.
A) Trading B) Profit & Loss appropriation
C) Profit & Loss D) Revaluation
4. PQR were partners sharing profits & losses in the ratio of 3:2:1. R expired, the new profit sharing ratio after R's death would be _____.
A) 3:1 B) 3:2
C) 1:1 D) 1:2
5. Profit and Loss appearing on the asset side of the balance sheet is Undistributed _____.
A) Profits B) Capital
C) Losses D) Drawings
6. Accounting Standard _____ deals with accounting for amalgamation of partnership firm.
A) 14 B) 15
C) 16 D) 17
7. On conversion of partnership firm into a company, assets taken over by a partner is debited to _____.
A) Partners' capital account B) Realisation account
C) Goodwill account C) Cash account

8. Fictitious assets appearing in the balance sheet are transferred to debit side of _____ account.
 A) Realisation B) Goodwill
 C) Cash D) Partners' capital
9. An exchange rate on the date of balance sheet is known as _____.
 A) Average rate B) Opening rate
 C) Closing rate D) Agreed rate
10. _____ rate is the mean of exchange rate in force.
 A) Opening B) Closing
 C) Average D) Spot

Q.2. [A]

[15 MARKS]

Shubham and Shrikant were in partnership business sharing profits and losses in the ratio of 3:1. As from 1.1.2018 they admitted Prasad into partnership giving him one-fourth of the profits. Prasad brought in Rs.55000 in cash of which Rs.25000 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.

PARTICULARS	DEBIT(Rs.)	CREDIT(Rs.)
CAPITAL ACCOUNTS:		
Shubham		60000
Shrikant		40000
Cash paid by Prasad(1.1.2018)		55000
Sales		416000
Return Outwards		4600
R.D.D.		3800
Creditors		82000
Outstanding Rent		2600
DRAWINGS:		
Shubham	14000	
Shrikant	6000	
Prasad	4000	
Building	1,70,000	
Machinery	85000	
Cash at bank	3400	
Purchases	216600	
Return Inwards	6000	
Carriage on purchases	1400	
Opening Stock(1.4.2017)	42000	
Wages	21000	
Debtors	70000	
Salaries	18000	
Prepaid Insurance	600	
Postage and Telegram	800	
General Expenses	1200	
Rent & Insurance	2000	
Bad debts	1600	
Discount allowed	400	
Total	6,64,000	6,64,000



ADDITIONAL INFORMATION:

- 1) Depreciate building @10%.
 - 2) Stock as on 31.3.2018 was valued at Rs.60000.
 - 3) Further bad debts Rs.2000.
 - 3) Reserve for doubtful debts is to be maintained at 10% on the sundry debtors.
 - 4) Interest on Capital @8% p.a.
- Prepare Final Accounts of the Firm.

OR

Q.2. [B]

[15 MARKS]

Lal, Bal and Pal shared profits and losses in the ratio of 2:2:1. Their trial balance as on 31st March 2018 stood as under.

TRIAL BALANCE AS ON 31/03/2018

DEBIT	AMOUNT	CREDIT	AMOUNT
Purchase	234000	<u>Capital</u>	
Return Inward	3600	Lal	45000
Opening Stock	36000	Bal	45000
Salary	40500	Pal	45000
Office Expenses	24750	Sales	510000
Bad Debts	3150	Return Outward	9000
Carriage Inward	6750	Bank Loan	26250
Carriage Outward	10125	Creditors	30000
Debtors	150000	Bills Payable	114750
Bills Receivable	4875		
Bank Balance	12000		
Cash in Hand	3750		
Investment	37500		
Premises	75000		
Machinery	54000		
<u>Drawings</u>			
Lal	18000		
Bal	18000		
Pal	18000		
Furniture	75000		
	825000		825000

On 1st Oct 2018 Lal expired. After his death the following adjustments were carried out.

1. Goodwill to be raised for all the partners' upto Rs. 135000.
2. Amount due to Lal to be transferred to his heir account.
3. Closing Stock was valued at Rs. 63000.
4. Depreciate Machinery, Premises and Furniture by 5%, 10% and 6% respectively.
5. Provide 8% Interest on capital.
6. Also provide 6% Interest on Drawings.
7. Sales were evenly distributed throughout the year.

On the basis of the above information prepare Final account after death of Lal.

Q.3. [A]

[15 MARKS]

Following are the Balance Sheets of M/s R & A, who share Profits and Losses equally and M/s G & U sharing Profits and Losses in the Ratio of 2:1.

BALANCE SHEETS AS ON 31ST MARCH 2018

LIABILITIES	R & A	G & U	ASSETS	R & A	G & U
Creditors	30000	24000	Cash at Bank	22000	27000
Bills Payable	15000	10000	Investments	26000	27000
Bank Loan	10000	12000	Debtors	10000	22000
Mrs. A's Loan	5000		Machinery	52000	34000
General Reserve	3500	6000	Goodwill	10000	
Reserve Fund	4000	3000	Furniture & Fixtures	12500	15000
<u>Capital Accounts</u>			Building	30000	
R	50000				
A	45000				
G		40000			
U		30000			
	162500	125000		162500	125000

Both the firm decided to amalgamate and form a new firm by the name RAGU. For this purpose the following adjustments were integrated.

- 1] Investments were taken over at 10% less than the Book Value for both the firms.
- 2] Furniture and Fixtures of R & A were taken at Book Value and that of G & U were valued at Rs.12000.
- 3] Machinery of R & A was to be appreciated by 15 % & that of G & U be appreciated by 25%.
- 4] R.D.D. should be created at 10% on Debtors for both the firms. Bad Debts for G & U were Rs. 5000.
- 5] The value of Goodwill was fixed at 30000 for each firm.
- 6] Unrecorded tools of R & A are valued at Rs. 2000 were taken over by the new firm.
- 7] 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. Since the new firm did not take over cash the balance after payment of dues were to be distributed amongst the old partners.

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]

Lara, Richard and Walsh are partners sharing profits and losses in the ratio of 4:2:1. They decided to dissolve the partnership as on 31.3.2018 when their Balance Sheet was as under.

BALANCE SHEET AS ON 31.3.2018.

LIABILITIES	AMOUNT	AMOUNT	ASSET	AMOUNT	AMOUNT
Sundry Creditors		120000	Cash in hand		5000
Bills payable		40000	Investments		160000
Salaries payable		8000	Machinery		387400
<u>CAPITAL ACCOUNTS:</u>			Debtors		65200
Lara		160000	Furniture		9800
Richard		320000	Building		378600
Walsh		260000			
General Reserve		98000			
		1006000			1006000

ADDITIONAL INFORMATION:

- 1) Rs.3000 has to be provided for realisation expenses.
- 2) The amounts were realised in instalments as follows:



REALISATION	RS.
1 st	2,00,000
2 nd	35,000
3 rd	4,60,000
4 th	2,40,000

3) The actual realisation expenses were Rs.5000.

Prepare a Statement showing piecemeal distribution of cash as per Excess Capital Method.

Q.4. [A]

[15 MARKS]

Yogesh, Sumeet, Samson are partners sharing profits in the ratio of 2:2:1 respectively. They decided to convert their partnership firm into a joint stock company by the name YSM Ltd. Following is the Balance Sheet on the date of conversion.

BALANCE SHEET AS ON 31.03.2018

LIABILITIES		AMT	ASSET		AMT
CAPITAL			Building		120000
Yogesh	120000		Plant & Machinery		72000
Sumeet	112000		Motor Van		48000
Samson	68000	300000	Furniture		10000
General Reserve		24000	Stock		18800
Bills Payable		6000	Sundry Debtors		104000
Sundry Creditors		96000	Investment		24000
			Bank		29200
		426000			426000

YSM Ltd took over the following assets & liabilities

Building at	Rs. 140000
Plant & Machinery at	Rs. 60000
Furniture at	Rs. 5000
Stock at	Rs. 30000
Goodwill at	Rs. 32200

Create 10% Reserve for Doubtful Debt

The company has also agreed to take over Sundry Creditors at Rs. 90000.

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. 40000 and paid Bills Payable fully.

Motor Van was taken over by Yogesh at Book value. The firm paid realisation Expenses Rs. 5000

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 by preparing necessary ledger accounts.
- 3) Prepare Balance Sheet of the New company as per the revised Schedule VI.

OR

Q.4. [B]

[15 MARKS]

Arya Traders, Navi Mumbai imported goods worth \$ 320000 from Flemingo Ltd. on 15th January 2017. When the exchange rate was \$1= Rs.69.50. The payment schedule was as follows:

DATE	PAID IN \$	EXCHANGE RATE PER \$
25.01.2017	80000	69.75
20.02.2017	120000	68.00
10.03.2017	80000	68.50
05.04.2017	40000	67.50

Arya Traders closes its books on 31st March every year. The exchange rate on 31st March 2017 was Rs.68.25 per \$.

You are required to prepare:

1. Journal entries in the books of Arya Traders for the above transactions.
2. Foreign Exchange Fluctuation Account.

Q.5. [A]

[15 MARKS]

[i] Explain features of a Partnership firm?

[08]

[ii] Elaborate the procedure of accounting of a partnership firm with reference to admission of a partner?

[07]

OR

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

[15 MARKS]

1. Adjustments in final accounts on retirement of a partner.
2. Order of payment in piecemeal distribution.
3. Need for Conversion of a partnership firm.
4. Types of rate applicable on foreign exchange transactions.
5. Rules applicable in absence of partnership deed