

8. If the incoming partner is guaranteed a minimum share of profit then he is paid _____ profit.
- A] Guaranteed amount plus excess share B] Only guaranteed amount
C] Least amount of D] None of the above
9. Exporter will gain if there is _____ in the exchange rate of the foreign currency in relation to base rate.
- A] Increase B] Decrease
C] No change D] All of the above
10. Difference of foreign exchange fluctuation account is transferred to _____
- A] Balance sheet B] Profit and Loss account
C] Trading account D] Capital account

Q.2. [A]

[15 MARKS]

Sanil and Rahul were in partnership business sharing profits and losses in the ratio of 3:2. As from 1.7.2017 they admitted Akash into partnership giving him one-fifth of the profits. Akash brought in Rs.320000 in cash of which Rs.60000 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.) |
|-----------------------------------|------------|-------------|
| Purchases | 271600 | |
| Sales | | 412650 |
| Purchase returns | | 4100 |
| Sales Returns | 5250 | |
| R.D.D. | | 15200 |
| Sundry Debtors | 440200 | |
| Sundry Creditors | | 125530 |
| Bills Receivable/ Bills Payable | 120070 | 11950 |
| Stock(1.4.2017) | 39720 | |
| Carriage Inward | 17180 | |
| Office Salaries | 9800 | |
| Furniture | 20500 | |
| Postage, Stationery and Insurance | 13930 | |
| Rent, rates and Taxes | 4200 | |
| Bad debts | 640 | |
| Outstanding Wages | | 1200 |
| Rent Payable | | 900 |
| <u>CAPITAL ACCOUNTS:</u> | | |
| Sanil | | 215000 |
| Rahul | | 210000 |
| Cash paid by Akash on 1.7.2017 | | 380000 |
| <u>CURRENT ACCOUNTS:</u> | | |
| Sanil | 55000 | |
| Rahul | 52000 | |
| Akash | 122000 | |
| Cash in hand | 204440 | |
| Total | 1376530 | 13,76,530 |

ADDITIONAL INFORMATION:

1. Stock as on 31.3.2018 was valued at Rs.200000.
2. Rs.1000 due from customer on account of sales, who has become insolvent.
3. Reserve for doubtful debts is to be maintained at 10% on the sundry debtors.
4. Depreciation on Furniture is to be charged at 10% p.a.
5. Goods to the value of Rs.5000 have been distributed as free samples.
6. Interest on Capital @6% p.a.

Prepare Final Accounts of the Firm.

OR

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

From the available information prepare profit & loss account for the year ended 31st March 2018, and the Balance Sheet as on that date. Trial Balance of a partnership firm as on 31st March 2018 is as follows.

TRIAL BALANCE AS ON 31st MARCH 2018

| PARTICULARS | DEBIT | PARTICULARS | CREDIT |
|---------------------------|---------|------------------------|---------|
| <u>DRAWINGS</u> | | Gross Profit | 4275000 |
| Sneha | 97500 | Bills Payable | 79050 |
| Anjali | 130500 | Interest on Investment | 36000 |
| Shivani | 84000 | Discount received | 43200 |
| Land & Building | 2700000 | Creditors | 648750 |
| Machinery | 1800000 | Bank Loan | 900000 |
| Furniture | 135000 | Loan from Anjali | 450000 |
| Debtors | 486000 | Outstanding Salaries | 27000 |
| General Expenses | 126000 | <u>CAPITAL</u> | |
| Travelling and Conveyance | 432000 | Sneha | 960000 |
| Salaries | 879000 | Anjali | 810000 |
| Advertisement | 187500 | Shivani | 630000 |
| Carriage Outwards | 67500 | | |
| Insurance | 27000 | | |
| Salesman Commission | 450000 | | |
| Bad Debts | 376500 | | |
| Investment | 600000 | | |
| Cash and Bank | 77250 | | |
| Bills Receivable | 185250 | | |
| Printing | 18000 | | |
| | 8859000 | | 8859000 |

On 1st July 2017 Shivani retired. Before her retirement the partners shared profits and losses in the ratio of 3:2:1. The following adjustments were to be incorporated upon retirement of Shivani. All the amounts due to Shivani to be transferred to her Loan account.

1. Provide 5% Interest on capital.
 2. Sales up to 1st July 2018 was Rs. 10,00,000 and thereafter there was a further sales of Rs. 90,00,000.
 3. Create 10% Reserve for Bad Debts.
 4. Depreciate Land and Building by 20% and Machinery by 10%.
 5. Goodwill Rs. 120000 is to be raised for all the partners.
- Discount received to be allocated on the basis of Period.

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

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

BALANCE SHEETS AS ON 31ST MARCH 2018

| LIABILITIES | R & A | J & U | ASSETS | R & A | J & U |
|-------------------------|--------|--------|----------------------|--------|--------|
| Creditors | 70000 | 64000 | Cash at Bank | 84000 | 70000 |
| Bills Payable | 50000 | 30000 | Investments | 42000 | 64000 |
| Bank Loan | 30000 | 24000 | Debtors | 30000 | 44000 |
| Mrs. A's Loan | 10000 | | Machinery | 106000 | 70000 |
| General Reserve | 12000 | 24000 | Goodwill | 20000 | |
| Revenue Reserve | 10000 | 8000 | Furniture & Fixtures | 30000 | 42000 |
| <u>Capital Accounts</u> | | | Building | 140000 | 80000 |
| R | 140000 | | | | |
| A | 130000 | | | | |
| J | | 120000 | | | |
| U | | 100000 | | | |
| | 452000 | 370000 | | 452000 | 370000 |

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

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 firms.
- 2] Furniture and Fixtures of R & A were taken at Book Value and that of J & U were valued at Rs. 54000.
- 3] Machinery of R & A was to be appreciated by 20% & that of J & U be appreciated by 15%.
- 4] R.D.D. should be created at 5% on Debtors for both the firms. Bad Debts for J & U was Rs. 6000.
- 5] The value of Goodwill was fixed at Rs. 60000 for each firm and cash at bank was not taken over.
- 6] Unrecorded Equipment of R & A are valued at Rs.24000 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.

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]**

Vishruti, Sharvaree and Isha are partners sharing profits and losses in the ratio of 3:2:1. Their Balance Sheet on 31st Dec.2017 was as under.

BALANCE SHEET AS ON 31.12.2017

| LIABILITIES | AMOUNT | ASSET | AMOUNT |
|--------------------------|--------|-------------------|--------|
| Sundry Creditors | 175000 | Goodwill | 7500 |
| Bills payable | 87500 | Land | 22500 |
| <u>CAPITAL ACCOUNTS:</u> | | Building | 37500 |
| Vishruti | 300000 | Plant & Machinery | 322500 |
| Sharvaree | 105000 | Stock | 210000 |
| Isha | 7500 | Debtors | 210000 |
| Reserves | 72000 | Bills receivable | 45000 |
| Loan from Isha | 153000 | Cash at bank | 45000 |
| | 900000 | | 900000 |

- 1) They decided to dissolve the firm on that date. All the Fixed assets were sold to Maria for Rs.450000 who paid the amount due on 28th February 2018.
- 2) The other assets realised the amounts mentioned against each head in the chart below:

| PARTICULARS | 31.1.2018 | 28.2.2018 | 31.3.2018 |
|----------------------|-----------|-----------|-----------|
| Stock | 45000 | 60000 | 75000 |
| Debtors | 75000 | 52500 | 67500 |
| Bills receivable | 30000 | 15000 | - |
| Realisation Expenses | 6000 | 4500 | 4500 |

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

Q.4. [A]

[15 MARKS]

Sherin, Janesa and Alba 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 SJA Ltd. Following is the Balance Sheet on the date of conversion.

BALANCE SHEET AS ON 31.03.2018

| LIABILITIES | | AMT | ASSET | AMT |
|------------------|--------|---------|-----------------------|---------|
| CAPITAL | | | Land & Building | 480000 |
| Sherin | 480000 | | Machinery | 288000 |
| Janesa | 448000 | | Motor Van | 192000 |
| Alba | 272000 | 1200000 | Furniture & Fixture | 40000 |
| General Reserve | | 96000 | Stock | 75200 |
| Bills Payable | | 24000 | Debtors | 416000 |
| Sundry Creditors | | 384000 | Marketable Securities | 96000 |
| | | | Bank | 116800 |
| | | 1704000 | | 1704000 |

SJA Ltd took over the following assets & liabilities

| | |
|------------------------|------------|
| Land & Building at | Rs. 560000 |
| Machinery at | Rs. 240000 |
| Furniture & Fixture at | Rs. 20000 |
| Stock at | Rs. 120000 |
| Goodwill at | Rs. 128800 |

Create 10% Reserve for Doubtful Debt. The company has also agreed to take over Sundry Creditors at Rs. 360000. The purchase consideration was discharged by the Issue of sufficient number of equity shares of Rs. 100each fully paid up at par.

The firm sold Securities for Rs. 160000 and paid Bills Payable fully. Motor Van was taken over by Sherin 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 Sandy Ltd. Pass necessary journal entries.

| DATE | TRANSACTIONS | EXCHANGE RATE PER \$ |
|------------|--|----------------------|
| 01.12.2016 | Import of goods worth \$180000 from Stone Ltd. | 65.00 |
| 01.02.2017 | Export of goods worth \$325000 to Robert Ltd. | 67.00 |
| 10.03.2017 | Payment received of \$180000 from Robert Ltd. | 68.00 |
| 20.03.2017 | Paid to Stone Ltd.\$105000 | 64.00 |
| 15.04.2017 | Payment received of \$145000 from Robert Ltd. | 67.50 |
| 25.05.2017 | Paid to Stone Ltd.\$75000 | 71.00 |

Samarth Ltd. closes its books on 31st March every year. The exchange rate on 31st March 2017 was Rs.69.00 per \$.

Q.5. [A]

[15 MARKS]

- [a] How is surplus capital calculated under piecemeal distribution? [7]
[b] What do you mean by monetary and non-monetary item in relation to foreign exchange transaction. [8]

OR

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

[15 MARKS]

1. Rules in absence of partnership deed.
2. Statements of piecemeal distribution.
3. Need for conversion of a partnership firm into company.
4. Steps for amalgamation of partnership firms.
5. Accounting entries in foreign exchange transactions.