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. Income received in advance is shown on asset side of Balance Sheet.
- 2. In a Trading account total of debit and credit side should always be equal.
- 3. In piecemeal distribution Govt. taxes are secured creditors.
- 4. Preferential Creditors are secured creditors.
- 5. In piecemeal distribution partners loan is paid before unsecured creditors. .
- 6. Gains and losses on Realisation in an amalgamation are divided in capital ratio among partners.
- 7. On amalgamation of firms, General Reserve is transferred to realization Account.
- 8. On Amalgamation of firms, discharge of liability is debited to Partners capital A/c.
- 9. The closing balance of realization account indicates Goodwill of the firm
- 10. Net asset method is not a method of computing Purchase Consideration.

Q.1. [B] FILL IN THE BLANKS WITH APPROPR	IATE OPTIONS [ANY 7] [07 MARK	(S]
1. In the absence of partnership deed the pa	rtners not entitled to	
A] Interest on Capital	B] Commission	
C] Salary	D] All of the above	
2. At the time of retirement or death of a pai	rtner, if not specified, thenis raised for all	
partners.	~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~	
A] Sinking fund	B] Goodwill	
C] Provision for bad debts	D] Reserve fund	
3. A, B & C share profits in the ratio of 5:4:3 A	A retires the new profit sharing ratio will be	
A] 5:4	B) 5:3	
C] 4:3	D] 3:4	
4. Old profit sharing ratio being 2:1 and the i	ncoming partner is entitled for ¼ share in future profits the	
new profit sharing ratio would be		
A] 1:2:1	B] 2:1:2	
C] 2:1:1	D] None of the above	
5. Discharge of purchase consideration in exc	cess of net asset is debited to in the books of th	e
purchasing company.	97 47 98	
A] Capital reserve	B] Share capital	
C] Reserves & surplus	D] Goodwill	
6. Profit and loss adjustment account is also	known as	
A] Revaluation	B] Realisation	
C] Profit & loss	D] Capital	
7is not a method of calculation	n of purchase consideration.	
A] Lump sum method	B] Discharge or payment method	
C] Net asset method	C] Excess capital method	

53735 Page **1** of **6**

Paper / Subject Code: 79809 / Financial Accounting (Special Accounting Areas) - III

8. If the incoming partner is guaranteed a mini	mum 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	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	CONTENT	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
CAPITAL ACCOUNTS:		
Sanil		215000
Rahul		210000
Cash paid by Akash on 1.7.2017		380000
CURRENT ACCOUNTS:		
Sanil	55000	
Rahul	52000	
Akash	122000	
Cash in hand	204440	
Total	1376530	13,76,530

53735 Page **2** of **6**

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 S	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	CAPITAL	
Travelling and Conveyance	432000	Sneha	960000
Salaries	879000	Anjali	810000
Advertisement	187500	Shivani	630000
Carriage Outwards	67500		
Insurance State St	27000		
Salesman Commission	450000		
Bad Debts	376500		
Investment	600000		
Cash and Bank	77250		
Bills Receivable	185250		
Printing	18000	\$5.5x	
	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.

53735 Page **3** of **6**

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 2000	30000	44000
Mrs. A's Loan	10000		Machinery	106000	70000
General Reserve	12000	24000	Goodwill State Sta	20000	1773 B
Revenue Reserve	10000	8000	Furniture & Fixtures	30000	42000
Capital Accounts			Building	140000	80000
R	140000				
A	130000	Å	200 6 2 2 2 2 2 4 4 6 V V V V V		
J		120000			3,32
U		100000			8 ⁷
	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
CAPITAL ACCOUNTS:		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
7 2 V V V V V V V V V V V V V V V V V V	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:

53735 Page **4** of **6**

PARTICULARS	31.1.2018	28.2.2018	31.3.2018
Stock	45000	60000	75000
Debtors	75000	52500	67500
Bills receivable	30000	15000	20 20 CO. F.
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 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

LIABILI	TIES	AMT	ASSET	AMT
CAPITAL		200	Land & Building	480000
Sherin	480000	200	Machinery	288000
Janesa	448000	25 15 15 15 15 15 15 15 15 15 15 15 15 15	Motor Van	192000
Alba	272000	1200000	Furniture & Fixture	40000
General Reserve	27	96000	Stock	75200
Bills Payable		24000	Debtors	416000
Sundry Creditors		384000	Marketable Securities	96000
	Z 200		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

53735 Page **5** of **6**

Paper / Subject Code: 79809 / Financial Accounting (Special Accounting Areas) - III

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?

17

[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.



53735 Page **6** of **6**