

**DURATION: 2.30 HOURS****TOTAL MARKS: 75****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) Fill in the blanks with an appropriate option.(Any 8) (08)**

1. \_\_\_\_\_ account is maintained if capitals of all partners are fixed.  
A] Current B] Realisation  
C] Revaluation D] Profit & loss appropriation
2. In the absence of general expenses, all trade expenses are recorded in \_\_\_\_\_, when preparing final accounts.  
A] Trading account B] Profit & loss account  
C] Profit & loss appropriation account D] Capital account
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. After the payment of all outside liability, order of payment as per statement of excess capital is adopted so that \_\_\_\_\_ ratio is equated.  
A] Profit sharing & Capital sharing B] Assets & Liabilities  
C] Profit & Loss D] Capital & Drawing
5. X,Y & Z were partners sharing profits & losses in the ratio 6:8:5. Z retired, the gain ratio for calculating his share of goodwill will be \_\_\_\_\_.  
A] 3:4 B] 3:5  
C] 2:1 D] None of the above.
6. Profit or loss on realisation is distributed among all partners in \_\_\_\_\_ ratio.  
A] Sacrifice B] Old profit sharing  
C] Gain D] New profit sharing
7. Discharge of purchase consideration by the new company, in form of shares and debentures can be \_\_\_\_\_.  
A] Only at Par B] Only at a Premium  
C] Only at a Discount D] At par, premium or discount
8. Only \_\_\_\_\_ are entitled for discharge of purchase consideration in form shares & debentures in the new company at the time of conversion.  
A] Creditors B] All the stakeholders  
C] Partners D] Outsiders
9. Foreign exchange fluctuation account is not affected, if the payment or receipt is at \_\_\_\_\_ rate.  
A] Closing B] Spot  
C] Base D] Forward
10. \_\_\_\_\_ currency is the currency considered for presenting the financial statement.  
A] Foreign B] Reporting  
C] Domestic D] Vehicle

**Q.1 B) State whether the following statements are True or False: (Any7) (07)**

- 1) In Fixed capital method drawings is debited to Partners current A/c.
- 2) Partner's current account must always show a credit balance.
- 3) In Excess capital method, Proportionate capital of a partner is equal to lowest unit value divided by his share of profit.
- 4) Piecemeal distribution means distribution of assets in pieces as and when available.
- 5) Gains and losses on Realisation in an amalgamation are divided equally among partners.
- 6) In Amalgamation of firm agreed value of assets taken over less agreed value of liabilities taken over is known as Purchase consideration.
- 7) In Amalgamation of Partnership old firm is continued.
- 8) An old firm continues its business on conversion into a Ltd. company.
- 9) Exchange rate is the proportion between two currencies.
- 10) AS 14 is applicable for translation of foreign currency.

**Q.2.** Priya ,Nitisha and Jyoti were partners sharing profit and losses in the ratio of 3:1:1. Jyoti retired from firm on 1<sup>st</sup> April 2015. The following is their trial balance as on 31<sup>st</sup> Dec.2015. **(15)**

NAME OF THE ACCOUNT	DR. RS.	CR.RS.
<b>Drawings and Capital A/c.</b>		
Priya	32000	320000
Nitisha	24000	240000
Jyoti	16000	160000
Purchases	1240000	
Salaries	180000	
Carriage Inward	40000	
Return outwards		40000
Bank overdraft		100000
Creditors		480000
Sales(Rs.12,00,000 from 1.4.2015 to 31.12.2015)		2000000
Bank Loan		200000
Opening stock (01.01.2015)	160000	
Building	600000	
Rent, Rates & Taxes	40800	
Wages	60000	
Advertisement	32000	
Discount allowed	16000	
Insurance	16000	
Debtors	480000	
Cash	140000	
Machinery	240000	
Bills receivable	80000	
Computers	160000	
Patents	3200	
Bills Payable		20000
	<b>3560000</b>	<b>356000</b>



**ADJUSTMENTS:**

- A) The value of closing stock is Rs.2,00,000.
  - B) Interest on capital is to be provided @ 8% p.a.
  - C) Depreciation to be provided on Building @ 10% p.a., Machinery @ 10%p.a. and Computers @ 20% p.a.
  - D) Salaries prepaid Rs.20,000.
  - E) Amount payable to retiring partner is to be transferred to Loan A/c.
- Prepare Final Accounts of the Firm.

**OR**

**Q.2** Raja and Gulam were in partnership business sharing profits as 4:1. On 30<sup>th</sup> June, 2016 Rani has been admitted who has brought Rs. 1,80,000 for capital for which the entry has been passed in the book and Rs. 72,000 as share of goodwill for which the entry yet to be passed. After admission of New profit sharing ratio 3:2:1. (15)

Following is the Trial Balance of Raja, Rani and Gulam as on 31<sup>st</sup> Dec. 2016

PARTICULARS	Dr.	Cr
<b><u>Drawing and Capitals</u></b>		
Raja	36,000	3,60,000
Rani	18,000	1,80,000
Gulam	9,000	90,000
Machinery	2,52,000	
Fixtures	36,000	
Debtors	4,32,000	
Creditors		5,04,000
Cash	5,40,000	
Bills payable		1,44,000
Bank loan @ 5% taken on 31/12/2016		3,60,000
Bank	4,08,600	
Stock 1-1-2016	1,08,000	
Purchase	42,48,000	
Wages	64,800	
Carriage	21,600	
Sales		46,80,000
Administrative expenses	1,08,000	
Selling Expenses	36,000	
Rent	72,000	
Insurance	54,000	
Outstanding expenses		1,26,000
	<b>64,44,000</b>	<b>64,44,000</b>

**ADJUSTMENT:**

- a) Depreciation at 10% on Machinery and 15% on fixtures
  - b) 10% interest on capital and Drawing is charged.
  - c) Closing stock is Rs.1,20,000.
  - d) Goods worth Rs. 10,000 are lost by fire but insurance co. has admitted the claim for Rs. 8000 only.
- Prepare Final Accounts of the firm.

**Q.3** The Balance Sheet of M/s. OM and M/s. Shanti as on 31.12.2016 were as follows: **(15)**

**BALANCE SHEET**

LIABILITIES	M/s.Om	M/s.Shanti	ASSETS	M/s.Om	M/s.Shanti
<b><u>CAPITAL A/C:</u></b>			Land & Building	20,000	41,000
Om	60,000		Investment	30,000	12,000
Mohan	30,000		Furniture	6,000	
Shanti		40,000	Debtors	20,000	75,000
Geeta		65,000	Stock	34,000	46,600
Creditors	20,000	46,000	Cash and Bank	10,000	10,400
Loan	10,000	34,000			
	<b>1,20,000</b>	<b>1,85,000</b>		<b>1,20,000</b>	<b>1,85,000</b>

**TERMS OF AMALGAMATION:**

**A) In case of M/s.OM:**

- 1) Goodwill was valued at Rs.20,000
- 2) Land & Building was taken over at Rs.60,000
- 3) Stock to be valued at Rs.30,000
- 4) Provision for doubtful debts to be created at 5% on debtors.
- 5) Mohan to take over Furniture for Rs.8,000.

**B) In case of M/s.Shanti:**

- 1) Goodwill was valued at Rs.10,000
- 2) Land & Building was taken over at Rs.80,000
- 3) Stock to be valued at Rs.42,600
- 4) Provision for doubtful debts to be created at 5%.
- 5) Geeta to take over Investment for Rs.15,000.

You are required to:

- 1) Prepare necessary ledger A/c to Close the books of old firms.
- 2) Balance Sheet of the new firm.

**OR**

**Q.3** Pass Journal entries for the following Foreign Exchange transactions in the books of King Ltd. for the year 2015- 2016 and 2016 - 2017. **(15)**

King Ltd of Patna exported goods worth £ 2,00,000 on 12<sup>th</sup> January 2016 to Queen traders of USA. The payment for the same was received as follows.

12 <sup>th</sup> January 2016	£ 30,000
15 <sup>th</sup> February 2016	£ 70,000
2 <sup>nd</sup> March 2016	£ 60,000
12 <sup>th</sup> April 2016	£ 40,000

The company closes its books of account every year ended at 31<sup>st</sup> March.the Exchange rate for £ 1 was as follows:

DATE	RS.
12 <sup>th</sup> January 2016	46
15 <sup>th</sup> February 2016	48
2 <sup>nd</sup> March 2016	45
31 <sup>st</sup> March 2016	49
12 <sup>th</sup> April 2016	50



**Q.4** Amu, Banu and Sonu, dissolved their firm who were sharing profit and losses in the ratio of 5:3:2, Balance sheet of the firm is as under. (15)

LIABILITIES	RS	ASSETS	RS
Creditors	75,000	Patents	25,000
General reserve	1,00,000	Machinery	1,25,000
Amu's Capital	1,25,000	Stock	1,00,000
Banu's Capital	25,000	Debtors	1,37,500
Sonu's capital	75,000	Cash in hand	12,500
	4,00,000		4,00,000

It was decided to distribute cash each month to partners after meeting the creditors and after retaining Rs. 7,500 out of cash in hand for meeting expenses. Realisation of assets took place as under:

1 <sup>st</sup> Month	Machinery	1,00,000
2 <sup>nd</sup> Month	Stock	25,000
	Debtors	12,500
3 <sup>rd</sup> Month	Stock	62,500
	Debtors	25,000
4 <sup>th</sup> Month	Stock	25,000
	Expenses	5,000

Prepare a statement showing distribution of cash under Excess capital Method

**OR**

**Q.4** The Balance sheet of partnership firm carried on by Sudha, Mitra and Rekha who shared profits & losses in the ratio of 2:2:1 respectively is as follows : (15)

**BALANCE SHEET AS ON 31<sup>ST</sup> DECEMBER 2016**

LIABILITIES	AMT	ASSET	AMT
<b><u>CAPITAL</u></b>		Land	160000
Sudha	100000	Furniture	50000
Mitra	60000	Inventory	56000
Rekha	40000	Sundry Debtors	120000
<b><u>CURRENT</u></b>		Cash	13000
Sudha	10000		
Mitra	30000		
Rekha	10000		
Sundry Creditors	80000		
Bank Overdraft	49000		
Loan from Bank	20000		
	399000		399000

All the partners decided to close down their partnership firm and form a joint stock company by the name SUMIRE limited. For the this purpose it was decided to revalue the assets as follows

Land	200000
Furniture	40000
Inventory	50000

All the other assets and external liabilities were taken over at book value. The purchase consideration was to be satisfied as under:

1. 6000, 12% Preference shares of SUMIRE Ltd of Rs. 10 each at par.
2. 1000, Equity shares of SUMIRE Ltd of Rs. 100 each at par.
3. Balance to be paid in cash.

12% Preference shares and Equity shares in SUMIRE Ltd, to be distributed among the partners in their profit sharing ratio and cash to be distributed as per the balance in their respective capital accounts upon dissolution.

The authorised capital of SUMIRE as per the Registrar of company was to be as follows :-

2000, Equity shares of Rs. 100 each.

10000, 12% Preference share of Rs. 10 each.

You are required to

- a) Calculate the purchase consideration.
- b) Close the books of the old partnership firm.
- c) Pass opening entries in the books of SUMIRE Ltd. (Narrations not required.)

**Q.5 A.** Explain order of payment of liabilities in case of dissolution of partnership firm

**[08]**

B. State any 7 expenses to be apportioned on the basis of sales ratio.

**[07]**

**OR**

**Q.5** Write short notes: (Any 3)

**(15)**

- 1) Fluctuating Capital Method.
- 2) Statement of Surplus Capital
- 3) Profit & Loss Appropriation A/c
- 4) Payment Order under piecemeal distribution
- 5) Equitable Approach to Distribution of Purchase consideration.