

Q.P. Code: 22809

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.

FA

Q.1 A) Fill in the blanks with an appropriate option. (Any 8)

(08)

1. In the absence of provision in partnership deed, Interest at _____ per annum is allowed on partner's loan.

A) 5 %	B) 6%
C) 7%	D) 8%
2. Profit and Loss appropriation account is prepared to ascertain _____ profit.

A) Gross	B) Net
C) Divisible	D) Adjusted
3. Practically in case of actual dissolution the assets are realized on _____ basis.

A) Immediate	B) Gradual
C) hasty	D) Prompt
4. M, N & Q were partners sharing profits & losses in the ratio of 5:6:4. M expired, the new profit sharing ratio after M's death would be _____.

A) 3:1	B) 3:2
C) 1:1	D) None of these
5. When closing the books of the old partnership firm, all the assets and liabilities are transferred to realization account at _____ value.

A) Market	B) Book
C) Barter	D) Agreed
6. On amalgamation partner's loan taken over by new firm is transferred to _____ account.

A) Partner's capital	B) Partner's Loan
C) New firm	D) Realisation
7. Conversion of partnership into a limited company is referred to as _____ of partnership business to a joint stock company.

A) Exchange	B) Sale
C) Transfer	D) Acquisition
8. Purchase consideration of vendor partnership firm can be discharged in form of _____.

A) Cash only	B) Shares only
C) Shares, debentures & Cash	D) Debentures only
9. Foreign exchange fluctuation account is a _____ account.

A) Real	B) Personal
C) Fictitious	D) Nominal
10. At the end of the accounting period any difference in foreign exchange fluctuation is transferred to _____ account.

A) Realisation	B) Revaluation
C) Profit & Loss	D) Profit & Loss appropriation

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

(07)

- 1) Purchase of office equipment is shown in Profit & Loss A/c on debit side.
- 2) Adjustment to partners' capital are passed through current accounts when the capitals are fluctuating.
- 3) Surplus capital method is also known as Highest relative capital method.
- 4) Government dues are paid on preference basis.
- 5) AS 13 deals with amalgamation.
- 6) Purchase consideration is amount payable by new firm to vendor firms.
- 7) On Conversion or Sale of firm, In Equitable approach Equity shares are divided in Fixed capital ratio.
- 8) On Conversion or Sale of firm, Realisation expenses paid by Ltd. company debited is to Realisation Account.
- 9) Reporting currency is the currency used in presenting financial statements of an Enterprises.
- 10) Accounts receivable is a non-monetary items.

Q.2 Raju, Rancho and Farhan were partners sharing profit and losses in the ratio of 2:2:1. Farhan decided to retired from firm on 1st April.2016. The following is their trial balance as on 31st Dec.2016. (15)

Name of the Account	Dr. Rs.	Cr.Rs.
Drawings and Capital A/c.		
Raju	8000	80000
Rancho	6000	60000
Farhan	4000	40000
Purchases	310000	
Wages	20000	
Bank overdraft		25000
Creditors		120000
Sales		500000
Bank Loan		50000
Opening stock	40000	
Equipment	150000	
Rent & Insurance	10200	
Salaries	40000	
Advertisement	8000	
Commission to Salesmen	4000	
General Expenses	4000	
Debtors	120000	
Cash	35800	
Furniture	60000	
Bills receivable	20000	
Computers	40000	
Bills payable		5000
	880000	880000

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ADJUSTMENTS:

- a) Sales for 1.1.2016 to 1.4.2016 was Rs. 1,50,000..
 b) The value of closing stock as on 31.12.2016 Rs.50000.
 c) Interest on capital is to be provided @ 10% p.a.
 d) Depreciation to be provided on Equipments @ 10% p.a., Furniture @ 5%p.a. and Computers @ 15% p.a.
 e) Goods worth Rs. 5,000 were destroyed by fire and Insurance co. admitted the claim in full.
 f) Amount payable to retiring partner is to be transferred to Loan A/c.

Prepare Final Accounts of the Firm.

OR

Q.2 The following is the Trial Balance of a firm as on 31st December 2016.

(15)

PARTICULARS	DEBIT	PARTICULARS	CREDIT
Current Account:		Capital :	
Kamal	10,000	Kamal	30,000
Kusum	8,000	Kusum	20,000
Kajal	4,000	Cash paid by Kajal on 1 st July 2016	40,000
Cash in hand	8,880	Bills Payable	23,900
Opening Stock	79,450	Reserve for Doubtful Debts	10,400
Purchases	3,43,250	Creditors	51,050
Returns Inward	10,500	Outstanding salaries	4,200
Wages	34,350	Sales	5,25,300
Salaries	19,590	Returns Outward	8,250
Furniture and Fixtures	10,000		
Trademarks	31,000		
Postage & Insurance	6,480		
Trade expenses	5,380		
Rent	8,400		
Debtors	80,400		
Bad debts	800		
Investment at 5% made on 1 st August, 2016	12,000		
Prepaid rent	480		
Bills receivable	40,140		
	7,13,100		7,13,100

Kamal and Kusum were running a business in partnership sharing profits equally.

On 1st July 2016, Kajal admitted into partnership firm for $\frac{1}{3}$ rd of profit. she brought in Rs.40,000 in cash of which Rs. 12,000 were considered as being payment for her share of goodwill and remainder as her capital.

Additional Information

- a) Rate of depreciation on Furniture is @ 10%p.a.
 b) Goods to the value of Rs. 2000 have been distributed as free sample.
 c) $\frac{1}{5}$ th of the Trademarks are to be written off.
 d) Closing Stock Rs. 40,000.

You are required to Prepare firm's Final Account for the year ending as on 31st December, 2016. The gross profit for the year is to be allocated in ratio of time between the pre and post admission period.

Q.3 Following are the Balance sheet of two firms as at 31st March, 2016.

(15)

LIABILITIES	SK & CO.	ND & CO.	ASSETS	SK & CO.	ND & CO.
Capital Accounts:			Computers	75,400	96,200
Shubhada	85,000		Furniture	34,500	25,000
Komal	1,05,000		Stock	62,350	47,750
Nikita		80,000	Investment	50,000	45,000
Dipti		90,000	Debtors	1,01,350	1,11,550
General Reserve	75,000	50,000	Cash	2,000	3,000
Loan	25,000	30,000			
Sundry creditors	35,600	78,500			
	3,25,600	3,28,500		3,25,600	3,28,500

Both the firms have agreed to amalgamate on the following terms and conditions:

- The assets of SK & co. were revalued as under:
Furniture Rs.38,000, Stock Rs.55,000, Debtors Rs.98,250, Computers Rs.65,000, Investment Rs.45,000.
- All the assets and liabilities of ND& co. were taken over at respective book values except Furniture which is taken over by Nikita at Rs.24,000.
- Value of goodwill of SK & co. and ND& Co. was agreed at Rs.75,000 and Rs.90,000 respectively.
- Shubhada and Komal were sharing profit in the ratio 1:2. Nikita and Dipti were sharing profit in the ratio of 2:3.

You are required to prepare necessary ledger accounts to close the books of old firms and Prepare the Balance sheet of New firm after amalgamation.

OR

Q.3 Hira, Xelia and Sayyed were into partnership business who shared profits & losses in the ratio of 3:2:1 respectively is as follows :

(15)

BALANCE SHEET AS ON 31ST MARCH 2017

LIABILITIES	AMT	ASSET	AMT
CAPITAL		Building	300000
Hira	300000	Machinery	120000
Xelia	200000	Stock	70000
Sayyed	100000	Sundry Debtors	80000
Outstanding expenses	36000	Cash	97000
Bank overdraft	25000	Preliminary expenses	18000
Sundry Creditors	24000		
	685000		685000

It was decided by all the partners to convert their partnership firm into a joint stock company by the name HIXESO Ltd. For this purpose it was decided to revalue the assets as follows:

Building	400000
Machinery	100000
Stock	51000

All the other assets and external liabilities except for bank overdraft were to be taken over by the new company at book value. The purchase consideration was to be discharged as under:

- 6000, Equity shares in HIXESO Ltd of Rs. 100 each at par.
- Balance to be paid in cash.

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You are required to

- Calculate the purchase consideration.
- Pass journal entries to close the books of the old partnership firm. (Narrations not required.)
- Pass opening entries in the books of HIXESO Ltd. (Narrations not required.)

Q 4. On 10th December, 2015 Peacock Ltd of Delhi imported goods worth £ 4,00,000 from Parrot Ltd. of USA. The payment for the same was paid as follows. (15)

10 th December, 2015	£ 60,000
1 st . February 2016	£ 140,000
21 st March 2016	£ 120,000
1 st May 2016	£ 80,000

The Exchange rate for £ 1 was as follows:

DATE	RS.
10 th December 2015	62
1 st February 2016	64
21 st March 2016	63.5
31 st March 2016	60
1 st May 2016	59.5

Pass Journal entries for the above Foreign Exchange transactions in the books of Peacock Ltd. for the year ended 31st March 2016 and 2017.

OR

Q.4 Uma, Maya and Kama are sharing profit in the ratio of 3:2:1

(15)

LIABILITIES	AMT. RS.	ASSETS	AMT. RS.
Reserve	3,12,000	Stock	7,90,400
Creditors	2,08,000	Debtors	7,04,600
Uma's Capital	6,24,000	Cash in hand	52,000
Maya's Capital	6,76,000	Goodwill	4,16,000
Kama's capital	4,68,000	Building	2,73,000
		Machinery	52,000
	22,88,000		22,88,000

It is decided to distribute the cash as and when it was received. Uma agreed to work as a Receiver on a remuneration of Rs. 26,000 and to bear all expenses of realisation. When it was completed, it was realised that she had spent Rs. 5460 for expenses. Details of realisation of assets First realisation Rs. 2,34,000; 2nd realisation 6,29,200 and 3rd realisation 5,92,800

There was some stock of the book value Rs.46,800 lying unsold and it was taken over by Kama at an agreed value of Rs. 26,000

Prepare a statement showing distribution of cash under Excess capital Method

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Q.5 A) What is monetary item as per AS 11? Give any 6 examples. (08)

B) Explain the steps to calculate partners share under excess capital method. (07)

OR

Q 5 .Write short notes: (Any 3) (15)

- 1) Payment Method of Purchase Consideration
- 2) Adjustments to Capital Balances in the books of Amalgamated Firm.
- 3) Preferential Liability
- 4) AS-11
- 5) Piecemeal Distribution

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