

- Note : 1) All questions are compulsory.
2) Figure to right indicate full marks.

Q.1 A. STATE WHETHER TRUE OF FALSE (ANY 8)

(8M)

- 1) Amalgamation is merger of businesses.
- 2) A deceased partner is not entitled to good will.
- 3) Interest on partner loan need not be paid.
- 4) In absence of information partners share profit & losses in their capital ratio.
- 5) Goodwill brought by new partner is credited to all partners capital A/c in their capital ratio.
- 6) Dues to employees is a preferential liability.
- 7) Dissolution expenses are credited to cash Account.
- 8) New firm must take over all the assets of both the firms.
- 9) Current Account of partners always shows credit balance.
- 10) Bill under discount is a current liability.

Q.1. B. MATCH THE COLUMNS

(ANY 7)

(7M)

GROUP "A"

- 1) Admission of partner
- 2) Retirement of partner
- 3) Lose tools
- 4) Salary to partner
- 5) Preferential Liability
- 6) Purchase consideration
- 7) General Reserve
- 8) Vendor firm
- 9) Creditor
- 10) Bills discounted

GROUP "B"

- a) Not a fixed Assets
- b) Profit & Loss Appropriation
- c) Income tax dues
- d) Gain Ratio
- e) Sacrifice Ratio
- f) Payable by New firm
- g) Distributed among all partners in PSF
- h) Contingent liability
- i) Out going partner
- j) OLD firm

Q.2. THE FOLLOWING IS THE TRIAL BALANCE AS ON 31ST DECEMBER 2018

DEBIT		RS.	CREDIT		RS.
Drawing	A	15,000	Capital	A	24,000
	B	7,500		B	12,000
	C	1,500		C (Including Goodwill)	5,000
Furniture		10,500	Sales		1,80,000
Purchases		1,10,000	Creditors		13,500
Stock		25,000			
General Expenses		5,200			
Salary		12,000			
Rent Taxes		5,900			
Debtors		31,000			
Bank		10,900			
		2,34,500			2,34,500

Adjustment :-

- 1) A & B were partner sharing profit & losses equally.
- 2) Mr. C was admitted to partnership on 1st July 2018.
- 3) On 31st Dec stock was valued at Rs.23,500/-
- 4) Rent & taxes paid in advance Rs.900/-
- 5) General expenses were outstanding Rs.800/-
- 6) Charge depreciation on furniture @10%.

7) Share of goodwill of new partner was valued at Rs.1,000 on 01.07.2018 & yet to be adjusted. You are required to prepare Trading, Profit & Loss A/c for the year ended as on 31st December 2018 & Balance Sheet.

OR

Q.2. From the following Trial Balance of Meena & Teena, you are requested to prepare Trading & Profit & Loss A/c & Balance sheet as on 31st Dec., 2019

Trial Balance As on 31st December 2019

Particulars	Dr.	Cr.	Particulars	Dr.	Cr.
Capital : Meena		60,000	Wages	24,000	
Teena		40,000	Insurance	1,600	
Drawing : Meena	2,000		Discount		200
Teena	1,000		Postage	800	
Stock (1-1-19)	44,000		Debtors	70,400	
Bills Receivables	1,800		Creditors		64,200
Purchases & Sales	1,90,000	3,02,000	Furniture	24,000	
Return	6,000	2,000	Cash	9,800	
Salaries	10,000		Machinery	80,000	
Carriage Outwards	1,400		Rent	1200	
			Printing	400	
				4,68,400	4,68,400

Adjustment :

- 1) Closing stock was valued at Rs.56,000
- 2) Outstanding wages Rs.2,000
- 3) Goods of Rs.2,000 were distributed as fix samples.
- 4) Interest on capital @ 7% p.a.
- 5) Provide R.D.D. @ 6% on Debtors

15 M

Q.3. Arun, Varun & Mithun were in partnership sharing profit & losses in the ratio 2:2:1. The partnership was dissolved as on 1st April, 2017

Liabilities	Rs.	Assets	Rs.
Creditors	1,06,250	Cash	9,520
Reserves	21,250	Debtors	87,125
Capital		Stock	57,035
Arun	82,450	Machinery	1,79,520
Varun	93,500	Furniture	25,500
Mithun	55,250		
	3,58,700		3,58,700

Creditors have to be paid Rs.98,600 in full settlement. A sum of Rs.9,520 have to be provided for expenses of realization. The assets are realized as under :-

Ist Realisation Rs. 62,050; IInd Realisation Rs.45,050
 IIIrd Realisation Rs.1,40,930; IV Realisation Rs.21,250

The actual expense of realization amounted Rs.8,500. Prepare a statement of piecemeal distribution of cash.

15 M

OR

Q.3. Following is the balance sheet of AB & CD as on 31st March, 2019

Liabilities		AB & Co.	CD & Co.	Assets		AB & Co.	CD & Co.
Capital	A	11,500	-	Premises	-	-	5,000
	B	11,500	-	Computers	10,000	-	-
	C	-	18,000	Furniture	5,000	-	7,000
	D	-	12,000	Stock	9,000	-	8,000
				Debtors	6,000	-	14,000
Reserve			3,000	Bank	3,000	-	6,000
Creditors		5,000	4,000				
Bills Payable		5,000	3,000				
		33,000	40,000			33,000	40,000

It was mutually agreed to amalgamate the business.

- Premises was valued at Rs.10,000 & Computers at Rs. 12,000
- Furniture was not taken over by new firm.
- A reserve of 5% on Debtors.
- Goodwill was valued as AB & Co. Rs.10,000 & that of CD & Co. at Rs.15,000.

Prepare the Ledger A/c in the books of AB & Co. & CD & Co.

15 M

- Q.4.** Nandlal imported goods from US Company worth US \$ 5 Lac on 10.08.2012 when exchange rate was US \$ 1 Rs.42.90. He agreed to pay 5 installment as below :-

Date	Installment \$	Rs.
10-10-12	75,000	42.75
10-12-12	1,50,000	43.50
10-2-13	60,000	44.80
10-4-13	75,000	42.90
10-6-13	Balance	43.00

The rate of exchange Rs.43.00 as on 31-3-13. Pass journal entries in the books of Nandlal as per AS - II

15 M

OR

- Q.4.** P, Q & R were partners sharing profit & losses in the ratio 3:2:1

Balance Sheet as on 31-12-15

Liabilities		Rs.	Assets		Rs.
Creditors		6,000	Cash		4,400
Reserves		5,400	Debtors		15,000
Capital			Stock		12,000
P	22,500		Furniture		9,000
Q	15,000		Plant & Machinery		16,000
R	7,500	45,000			
		56,400			56,400

The company took over the business of the firm on the above date & the following adjustment made :-

- The assets was valued as :- Debtors Rs.14,000; Stock Rs.10,000
Plant & Machinery Rs.20,000
- Furniture was sold Rs. 8,000
- The New company valued the goodwill at Rs.2,000
- Creditors are to be transferred at Rs.5,600
- Realisation expenses at Rs. 600
- Purchase consideration is to be given in the form of 3600 equity shares of Rs.10 each & balance in cash.

Prepare the necessary Ledger A/c in the books of the firm.

15 M

Q.5.A. Explain the difference between conversion of a firm into company & sale of (10) 08 M
firm to company.

Q.5.B. Explain the fixed capital method. 07 M

OR

Q.5. Write a short note. 15 M

1. Net Assets Methods of purchase consideration.
2. Fluctuating Capital Method.
3. Foreign Exchange Fluctuation.
4. Monetary & Non-Monetary items.
5. Adjustment to capital balance in the books of Amalgamated firm.

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SYBAK