

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. Balance in FEF A/c is transferred to Capital Reserve A/c.
2. Closing rate is the exchange rate at the close of the day on which a transaction takes place.
3. If expenses of Conversion are borne by the firm, no entry is passed in the books of the firm.
4. Investments taken over by Partner at the time of Conversion of firm, is accounted by debiting Realisation A/c and crediting Partners capital A/c.
5. On Amalgamation fictitious assets are transferred to realisation account.
6. On Amalgamation of firms, discharge of liability is credited to Realisation A/c
7. In piecemeal distribution, liabilities due to outsiders are internal liabilities.
8. In piecemeal distribution, the amounts realised from assets are used to pay the realisation expenses and then the partners' capital.
9. When new partner is admitted during the year, balance of Profit and loss Appropriation a/c for pre period is divided between all partners.
10. Amount payable to retiring partner is transferred to Balance Sheet asset side.

Q.1. [B] FILL IN THE BLANKS WITH APPROPRIATE OPTIONS [ANY 7] [07 MARKS]

1. If the partnership deed is silent the partners are not entitled to _____ rate of interest on capital.

A] 4%	B] 5%
C] 6%	D] None of the above
2. When current account is prepared partners' capital is _____.

A] Fixed	B] Fluctuating
C] Equal	D] All of the above
3. In piecemeal distribution proportionate capital Method is also known as _____.

A] Excess Capital Method	B] Highest Relative Capital Method
C] Quotient Method	D] All of the above
4. In piecemeal distribution if there are more than 2 creditors then they should be paid in ____ ratio.

A] Equal	B] their dues
C] Precedence	D] All of the above
5. Agreed Value refers to the value specified in the _____.

A] Balance Sheet	B] Profit & loss account
C] Cash account	D] Adjustment
6. Upon amalgamation of partnership firm the liabilities not taken over by the new firm is to be _____.

A] Ignored	B] Debited to partners' capital account
C] Paid in cash	D] Credited to realisation account
7. Upon conversion of partnership firm into a company, the legal actions of the company is governed by _____.

A] Articles of Association	B] Partnership Deed
C] Companies Act 1956	C] Memorandum of Association
8. At the time of conversion, if the realisation expense of the vendor firm is paid by the new company, it will be debited to _____ accounts in the books of the new company.

A] Goodwill	B] Share capital
C] Cash	D] Realisation

9. Difference in exchange is transferred to _____ account.
- A] Trading
C] Foreign Exchange Fluctuation
- B] Profit & Loss
D] None of these.
10. Shree & Adi were partners sharing profits & losses in the ratio of 3:2, they decided to admit Manav for $\frac{1}{4}$ share in future profits. Their new profit sharing ratio will be _____
- A] 3:2:1
C] 2:2:1
- B] 3:2:2
D] 9:6:5

Q.2. [A]

[15 MARKS]

Pallavi and Priya were in partnership business sharing profits and losses in the ratio of 3:2. As from 1.10.2017 they admitted Suman into partnership giving one-sixth of the profits. Suman brought in Rs.250000 in cash of which Rs.50000 were considered as being in payment of her share of Goodwill and remainder as her capital. The following trial balance was extracted from the books as on 31.3.2018.

TRIAL BALANCE AS ON 31st JULY 2018

PARTICULARS	DR.RS.	CR.RS.
Capital Accounts:		
Pallavi		315600
Priya		242400
Cash paid by Suman on 1.10.2017		250000
Sales		485260
Creditors		59000
Plant & Equipment	160000	
Computer	146000	
Office Premises	265000	
Sales Returns	5260	
Purchases	345120	
Stock (1.4.2017)	164200	
Salaries	35420	
Sundry Expenses	54260	
Insurance	36000	
Purchase Returns		5120
Wages	12000	
Cash on hand	12880	
Debtors	41250	
R.D.D.		2130
Cash at bank	42160	
Drawings:		
Pallavi	19500	
Priya	12500	
Suman	14500	
Loan from Arti at 10% p.a.(taken on 1.1.2018)		55000
Copyrights	36000	
Travelling Expenses	12460	
Total	1414510	1414510

ADDITIONAL INFORMATION:

1. Stock on 31.3.2018 was valued at Rs.206300.
2. A debts of Rs.1250 is to be written off and provision against the remaining debtors should be made at 5%.
3. Insurance prepaid as on 31.3.2018 Rs.2500.
4. Depreciate Plant & Equipment by 20%, Computer by 25% and Office Premises by 5%.
5. Interest on capital is to be provided @ 8% p.a.

Prepare Final accounts of the Firm.

OR

Q.2. [B]

[15 MARKS]

Lalu, Balu and Kalu shared profits and losses in the ratio of 3:2:2. Their trial balance as on 31st March 2018 stood as under.

TRIAL BALANCE AS ON 31/03/2018

DEBIT	AMOUNT	CREDIT	AMOUNT
Purchase	312000	<u>Capital</u>	
Return Inward	4800	Lalu	60000
Opening Stock	48000	Balu	60000
Salary	54000	Kalu	60000
Office Expenses	33000	Sales	680000
Bad Debts	4200	Return Outward	12000
Carriage Inward	9000	Bank Loan	35000
Carriage Outward	13500	Creditors	40000
Debtors	200000	Bills Payable	153000
Bills Receivable	6500		
Bank Balance	16000		
Cash in Hand	5000		
Investment	50000		
Premises	100000		
Machinery	72000		
<u>Drawings</u>			
Lalu	24000		
Balu	24000		
Kalu	24000		
Furniture	100000		
	1100000		1100000

Lalu died on 1st Oct 2018. Surviving partners decided following adjustments after his death.

1. Goodwill to be raised for all the partners' upto Rs. 90000.
2. Amount due to Lalu to be transferred to his heir account.
3. Closing Stock was valued at Rs. 42000.
4. Depreciate Machinery, Premises and Furniture by 10%, 5% and 12% respectively.
5. Provide 10% interest on capital for all the partners.
6. Also provide 5% interest on drawings for all the partners.
7. Sales were evenly distributed throughout the year.

On the basis of the above information prepare Final account after death of Lalu.

[15 MARKS]

Q.3. [A]

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

BALANCE SHEETS AS ON 31ST MARCH 2018

LIABILITIES	L & O	P & A	ASSETS	L & O	P & A
Creditors	35000	32000	Cash at Bank	42000	35000
Bills Payable	25000	15000	Investments	21000	32000
Bank Loan	15000	12000	Debtors	15000	22000
Mrs. O's Loan	5000		Machinery	53000	35000
General Reserve	6000	12000	Goodwill	10000	
Profit & Loss	5000	4000	Furniture & Fixtures	15000	21000
<u>Capital Accounts</u>			Building	70000	40000
L	70000				
O	65000				
P		60000			
A		50000			
	226000	185000		226000	185000

Both the firm decided to amalgamate and form a new Firm by the name LOPA. Following additional information is provided to implement the process of amalgamation

- Investments were taken over at 5% less than the Book Value for both the firms.
- Furniture and Fixtures of L & O were taken at Book Value and that of P & A were valued at Rs. 27000. Cash at Bank was not taken over by new firm.
- Machinery of L & O was to be appreciated by 20% & that of P & A be appreciated by 15%.
- R.D.D. should be created at 5% on Debtors for both the firms. Bad Debts for P & A was Rs. 3000.
- The value of Goodwill was fixed at 30000 for each firm.
- Unrecorded Instrument of L & O are valued at Rs.12000 and were taken over by the new firm.
- 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]

Vinod, Nitin and Pradeep were in partnership sharing profits and losses in the ratio of 2:1:1. Their Balance Sheet as on 31.3.2018 was as under, the date on which they decided to dissolve the firm.

BALANCE SHEET AS ON 31.3.2018.

LIABILITIES	AMOUNT	ASSET	AMOUNT
Sundry Creditors	75000	Cash on hand	45000
Bank Loan (Secured against Stock)	150000	Stock in Trade	200000
Income Tax payable	20000	Debtors	300000
<u>CAPITAL ACCOUNTS:</u>		Furniture	180000
Vinod	200000	Motor Car	125000
Nitin	200000		
Pradeep	150000		
Loan from Pradeep	55000		
	850000		850000

- Bank could realised Rs.125000 only on disposal of stock.
- A sum of Rs.15000 was spent on Motor car for getting better price.
- Other assets were realised as follows:

REALISATION	Rs.
1 st	135000
2 nd	50000
3 rd	150000
4 th	180000

4) The partners distributed the cash as and when available.

Using the Surplus Capital Method show the Piecemeal Distribution of Cash.

Q.4. [A]

[15 MARKS]

Rahul, Omkar, Gaurav 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 ROG Ltd. Following is the Balance Sheet on the date of conversion

LIABILITIES		AMT	ASSET	AMT
CAPITAL			Building	120000
Rahul	300000		Plant & Machinery	80000
Omkar	200000		Motor Van	50000
Gaurav	100000	600000	Furniture	10000
General Reserve		24000	Stock	120000
Bills Payable		6000	Sundry Debtors	104000
Sundry Creditors		96000	Investment	42000
			Bank	200000
		726000		726000

ROG Ltd took over the following assets & liabilities.

Building at	Rs. 200000
Plant & Machinery	Rs. 60000
Furniture	Rs. 10000
Stock	Rs. 150000
Goodwill	Rs. 52000

Create 5% Reserve for Doubtful Debt

The company has also agreed to take over Sundry Creditors at Rs. 90000. The purchase consideration was discharged by the Issue of sufficient number of Equity Shares of Rs.10 each fully paid up at par.

The firm sold investment for Rs. 50000 and paid Bills Payable fully

Motor Van was taken over by Rahul 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]

Prachi Ltd. Ratnagiri, exported goods worth US \$ 400000 to Star Ltd. of USA on 01.08.2016. 10% of the payment was received immediately. The balance amount was received as follows:

DATE	RECEIVED IN \$	EXCHANGE RATE PER \$
15.09.2016	60000	66.00
15.12.2016	120000	65.50
15.03.2017	100000	64.50
15.04.2017	80000	65.50

The exchange rate was Rs.65.00 per \$ as on 01.08.2016 and Rs.66.50 as on 31.3.2017. Prachi Ltd. closes its books on 31st March every year.

You are required to prepare:

1. Journal entries in the books of Prachi Ltd. for the above transactions.
2. Foreign Exchange Fluctuation Account.

Q.5. [A]

[15 MARKS]

[a] Elucidate admission, retirement and death of a partner? **[8]**

[b] Elaborate the procedure of accounting of a partnership firm with reference to Death of a partner? **[7]**

OR

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

[15 MARKS]

1. Rules relating to absence of a partnership deed.
2. Statement to determine order of payment to partners.
3. Steps for Amalgamation of partnership firm.
4. Format of Balance sheet as revised schedule VI.
5. Foreign Exchange Fluctuation Account.