SYBAF/SEM III/EXT/FA-III

04/10/22

Time: 2½ hrs.

Marks:75

Note:
1. All questions are compulsory with internal options.
2. Figures to the right indicate full marks.
3. Draw neat diagram wherever necessary.

Q. 1 (A) Fill in the blanks with the correct answer from the alternatives given below. (Attempt any 8) **(08)**

(1) If cash is insufficient to pay off all partner's loan, payment is made_______.
(a) In the ratio of outstanding loan balances (b) In the profit sharing ratio
(c) In the ratio of capitals (d) None of the above

(2) On amalgamation of a firm, _______Account is opened.
(a) Deficiency (b) Realisation (c) P & L adjustment (d) P & L suspense

(3) On sale of firm to a company, the purchase consideration is calculated by______.
(a) Lump sum method (b) Payment method
(c) Net assets method (d) Any of the above

(4) The contingent liability denominated in foreign currency at the balance sheet date is disclosed by using the _______.
(a) Average rate (b) Closing rate (c) Non-monetary rate (d) Monetary rate

(5) The relationship between persons who have agreed to share profit of a business carried on by all or any of them acting for all is known as________.
(a) Partnership (b) Joint venture
(c) Association of persons (d) Body of individuals

(6) Bank loan obtained by hypothecation of machinery is treated as_______creditors.
(a) Secured creditors (b) Preferential creditors
(c) Unsecured creditors (d) Outside creditors

(7) On amalgamation, assets and liabilities of vendor firm are transferred to _________Account.
(a) Realisation (b) Goodwill (c) Partner's capital (d) Cash

(8) Following are the essential elements of a partnership firm except_______.
(a) At least two persons
(b) There is an agreement between all partners
(c) Equal share of profits and losses
(d) Partnership agreement is for some business

(9) The mean of the exchange rates in force during a period is known as_______.
(a) Average rate (b) Closing rate (c) Reporting rate (d) Fair rate

(10) In the absence of any provision in the partnership agreement, profits and losses are shared ________.
(a) In the ratio of capitals (b) equally
(c) In the ratio of loans given by them to the partnership firm (d) None

(B) State whether the following statements are true or false. (Attempt any 7) **(07)**

(1) Gains and losses on realisation in an amalgamation are divided equally among partners.
(2) Foreign currency is a currency other than the Indian rupee.
(3) In excess capital method the minimum capital is equal to the lowest unit capital.
(4) The liability of partners is limited.
(5) In the case of amalgamation of firms, goodwill of both the firms is ignored.
(6) Reporting currency means the Indian rupee used in presenting the financial statements of Indian companies.
(7) Conversion of firm into company does not involve dissolution of firm.

(8) Piecemeal distribution means division of physical assets in pieces among the partners.

(9) On conversion of firm into limited company, partners of the firm become managers in the new company.

(10) Current assets are kept in business for a long time.

Q.2 Prajakta and Manasvi were in partnership in a wholesale business sharing profits in the proportion of 3:2. As from 1st April, 2016 they admitted Rishika into partnership giving him one-sixth of the profits. Rishika brought in Rs. 2,00,000 in cash of which Rs. 75,000 were considered as being in payment for his share of goodwill and remainder as his capital. The following trial balance was extracted from the books as on 31st March, 2020. **(15)**

Particulars	Dr. (Rs.)	Particulars	Cr. (Rs.)
Purchases	3,14,325	Sales	5,35,800
Discount allowed	4,300	Discount received	5,375
Sundry debtors	1,00,500	RDD	3,000
Opening stock	1,07,050	Sundry creditors	81,350
Carriage inward	8,125	**Capital A/C:**	
Miscellaneous expenses	19,600	Prajakta	1,62,500
Motor vehicle	1,25,000	Manasvi	87,500
Land and building	2,00,000	Cash paid by Rishika on 1st April 2016	2,00,000
Cash at bank	12,600	Bank overdraft	17,300
Telephone expenses	8,100		
Printing and stationery	6,725		
Rent and insurance	8,000		
Bad debts	1,000		
Investments	1,50,000		
Drawings:			
Prajakta	12,500		
Manasvi	10,000		
Rishika	5,000		
Total	10,92,825		10,92,825

Additional information:

1. Stock as on 31st march 2020 was Rs. 1,05,625.
2. Bad debts Rs. 3,000.
3. Depreciate land and building by 5% and Motor vehicle by 20 %.
4. RDD to be maintained at 10 % on debtors.
5. Goods to the value of Rs. 2,500 have been lost by theft.

Prepare final accounts of the firm.

OR

Q.2 X and Y shared profits and losses equally. Their trial balance as on 31st December 2018 was as under: **(15)**

Debit	Rs.	Credit.	Rs.
Current A/c		**Capital A/c**	
X	7,500	X	75,000
Y	7,500	Y	75,000
Fixed assets	75,000	Sales	1,12,500
Debtors	25,000	creditors	12,500
Bank	25,000		
Opening stock	12,500		
Purchases	62,500		
Wages	6,250		

Office and administration expenses	12,500		
Selling expenses	10,000		
Advances	31,250		
	2,75,000		**2,75,000**

1. Z retired on 30th June 2018. His capital was paid off but the amounts due to him for (i) profit of the year (ii) share of goodwill Rs. 10,000 (iii) interest on his capital 1,250 were to be paid.
2. X, Y and Z were sharing profits and losses 2:2:1
3. Closing stock was Rs. 6,250 on 30-06-2018 and Rs. 7,500 on 31-12-2018.
4. Item

Item	up to 30-06-2018	After 1-7-208
Purchases	37,500	25,000
Wages	3,750	2,500
Sales	75,000	37,500

Other expenses were to be equally distributed between the two periods.
5. Depreciate fixed assets by 10% p.a.
6. Allow interest at 10 % p.a. on capital

Prepare final accounts of the firm.

Q.3 Following is the balance sheet as on 31-3-2019 of Arjun, Bansal and Chetan who shared profits and losses in the ratio of 4:3:2 respectively. **(15)**

Liabilities	Rs.	Assets	Rs.
Capital :		Cash	20,000
Arjun	1,28,000	Debtors	1,46,000
Bansal	90,000	Stock	1,30,000
Chetan	84,000	Machinery	1,40,000
Creditors	56,000		
Mrs. Bansal's loan	28,000		
Bills payable	14,000		
General reserve	36,000		
	4,36,000		4,36,000

The firm was dissolved on the above date. It was decided to keep aside Rs. 6,000 for estimated realisation expenses and to distribute the cash as and when the asset realised.

Months	Rs.
April 2019	1,04,000
May 2019	1,38,000
June 2019	1,26,000

The actual realisation expenses were Rs. 6,900.

Prepare :

(a) Statement showing surplus capital and

(b) Statement showing piecemeal distribution of cash.

OR

Q.3 M/s PM and M/s AV decided to amalgamate on the following terms and conditions on 1st April 2020 when their balance sheets were as under: **(15)**

Balance sheet as on 31st march 2012

Liabilities	M/s PM	M/s AV	Assets	M/s PM	M/s AV
Capital account			Land and building	1,50,000	-
Prashant	2,59,200	-	Plant	94,800	1,45,800
Manesh	1,90,800	-	Investments	75,000	-
Amit	-	3,36,900	Inventories	1,02,300	1,48,500
Vijay	-	1,26,600	Debtors	1,20,000	1,50,000
Creditors	82,500	46,500	Cash at bank	27,900	65,700
Bank loan	37,500	-			
	5,70,000	5,10,000		5,70,000	5,10,000

Following are terms and conditions of amalgamation:

1. **In case of M/s PM**
   (a) Goodwill was taken at Rs. 1,80,000
   (b) Prashant took over the bank loan
   (c) Investments were taken over by the new firm at an agreed value of Rs. 90,000.
   (d) Land and building was taken over at 2,70,000.
   (e) Inventories to be valued at Rs. 97,800.
   (f) 5% provision to be created on debtors.
2. **In case of M/s AV**
   (a) Goodwill was taken at Rs. 1,50,000.
   (b) Inventories to be valued at Rs. 1,26,000.
   (c) 4 % provision to be created on debtors.
   Other assets and liabilities of both the firms were taken at book values.
3. It was further decided that the total capital of the new firm shall be Rs. 13,77,000 in the equal ratio.
   You are required to calculate the purchase consideration and prepare ledger accounts and balance sheet

Q.4 Me and too were in the partnership sharing profits and losses in the ratio of 2:1. **(15)**
Their balance sheet as on 31st march 2021 was as under:

Balance sheet as on 31st march 2021

Liabilities	Rs.	Assets	Rs.
Creditors	1,80,000	Bank	42,000
Bank loan	60,000	Debtors	1,56,000
Capital account		Stock	96,000
Me	1,20,000	Machinery	30,000
Too	60,000	Property	96,000
	4,20,000		4,20,000

The partners decided to convert their business into Private limited company. The company took over all the assets and liabilities except bank loan. The purchase consideration was Rs. 3,60,000 payable as under:

Rs. 72,000	in cash
Rs. 1,44,000	in debentures and
Rs. 1,44,000	in equity shares of Rs. 10 each.

Bank loan has been paid and partners agreed to share the debentures and shares in the proportion of their final capital.
You are required to prepare Realisation A/c , Private limited company, Equity shares in Pvt ltd A/c, Debentures in Pvt ltd A/c, Cash A/c and Partner's capital A/c in the books of firm.

OR

Q.4 Pass journal entries for the following transactions in foreign currency in the books of 'Priyanka Ltd'. Priyanka ltd exported goods to 'Jerry Trading company' Germany worth US $ 90,000 on 10th January, 2012 on which date exchange rate of 1 US $ was Rs. 49.50. The payment for the same was received as under: **(15)**

Date of payment	US $ received	Exchange rate for 1 US $
25th January 2012	25,000	Rs. 49.75
23rd February 2012	24,000	Rs. 48.90
24th March 2012	24,000	Rs. 48.60
28th April 2012	17,000	Rs. 48.90

Priyanka Ltd closes its books on 31st march every year. The exchange rate on 31st march 2012 was 1 US Rs. 48.75.

Q.5 (a) What are the adjustments in final account on admission of a partner? **(08)**
(b) Explain the steps for conversion of partnership firm into Joint stock company. **(07)**

OR

Q.5 Write short notes on (Attempt any 3) **(15)**

(1) Piecemeal distribution.
(2) Amalgamation of partnership firms.
(3) Foreign exchange fluctuation account.
(4) Purchase consideration.
(5) Retirement of partner

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