SYBAF/SEM III/EXT/FA-III

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) Assets taken over at agreed value less liabilities taken over at agreed value is equal to ----.
   a) Wasting asset b) Gross Asset
   c) Net asset d) None of the above

(2) Reserves & Surplus are transferred to partners' capital account in --- ratio.
   a) Gain b) Sacrifice
   c) Capital d) Old profit sharing

(3) ---- is a sale of partnership business to a joint stock company.
   a) Amalgamation b) Absorption
   c) Reconstruction d) Creation

(4) Piecemeal distribution is a form of slow and gradual ---- of a partnership firm.
   a) Amalgamation b) Absorption
   c) Dissolution d) Creation

(5) Outstanding expenses is ---- account.
   a) Real b) Personal
   c) Nominal d) None of the above

(6) Profit or loss on exchange transaction is transferred to ---- account.
   a) Realisation b) Revaluation
   c) Profit & Loss d) FEF

(7) Upon conversion of a partnership firm into a joint stock company the liability becomes ----.
   a) Limited b) Unlimited
   c) Limited up to the paid value of shares d) None of the above

(8) If any obsolete asset is not taken over by the new company & the problem is silent the assets needs to be ---.
   a) Ignored b) Sold for Cash
   c) Distributed among partners d) Donated.

(9) Old Ratio-New Ratio= ------.
   a) Gain Ratio b) Capital Ratio
   b) C) Profit sharing ratio d) Sacrifice Ratio

(10) The currency of the business firm maintain account is called as ----- currency.
   a) Home b) Foreign
   b) Reporting d) Counterfeit

(B) State whether the following statements are true or false. (Attempt any 7) **(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 cash in pieces as and when available
(5) Gains and losses on Realization 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 The following is the Trial Balance of a firm as on 31st March, 2017: **(15)**

Debit	Rs.	Credit	Rs.
Purchases	1,56,000	Capital Account	
Return Inward	2,400	-Shakti	30,000
Stock	24,000	-Bhakti	30,000
Drawings		-Mukti	30,000
-Shakti	12,000	Sales	2,94,000
-Bhakti	12,000	Return Outward	2,000
-Mukti	12,000	R.D.D	8,800
Salary	27,000	Bank Loan	20,000
Office Expenses	16,500	Creditors	76,500
Bad debts	2,100	Bills Payable	8,700
Carriage Inwards	4,500		
Carriage outwards	6,750		
Debtors	1,00,000		
Bills Receivables	3,250		
Bank Balance	8,000		
Cash Balance	2,500		
Investment	25,000		
Premises	50,000		
Machinery	36,000		
	5,00,000		5,00,000

On 1st October, 2016, 'Shakti' retired and the following adjustments were agreed upon:

1. Goodwill of Rs. 90,000 was raised into the books of accounts.
2. Furniture worth Rs. 20,000 was purchased on 3oth June, 2016 but the invoice was not recorded in the books.
3. Balance in Shakti's Account after making all adjustments was to be transferred to his loan account carrying interest @ 16%
4. Closing stock was valued at Rs. 42,000
5. Depreciate machinery by 10%, Premises by 5% and furniture by 5% p.a.
6. Provide interest on capital at 10%.

   Prepare Trading and Profit & loss account for the year ended 31-03-2017 and a balance Sheet as on that date.

OR

Q.2 Following is the Balance Sheet of Amir, Salman &Sahrukh as on 31st December, 2016. **(15)**

Particulars	Dr.Rs	Cr. Rs
<u>Drawings and capital</u>		
-Amir	20,000	2,00,000
-Salman	10,000	1,00,000
-Sahrukh	5,000	50,000
Building	1,40,000	-
Furniture	20,000	-
Debtors	2,40,000	-
Creditors	-	2,80,000
Cash	3,00,000	-
Bills Payables	-	80,000
5% Bank Loan (01-07-2016)	-	2,00,000
Bank	2,27,000	-
Stock (1st January, 2016)	60,000	-
Purchases	23,60,000	-
Wages	36,000	-
Carriage	12,000	-
Sales	-	26,00,000
Office and Administration expenses	60,000	-
Selling and distribution Expenses	20,000	-
Rent, Rates & Taxes	40,000	-
Insurance	30,000	-
Outstanding Expenses	-	70,000
Total	35,80,000	35,80,000

Additional Information:

1. On 1st July, 2016, Salman has been admitted who has brought Rs. 1, 00,000 for capital of which Rs.40,000 considered as goodwill.
2. Before Admission of Salman &Sahrukh were sharing profits as 4:1. After admission the new profit sharing ratio is 3:2: 1.
3. Depreciation at 10% to be provided on building and Furniture.
4. 10% provision for Doubtful debts is to be made on Debtors.
5. 10% Interest on Capital is to be allowed to All Partners.
6. Insurance is paid for the year ending 31st March 2017.
7. Stock on 31st December, 2016.

Prepare the Trading, Profit & loss A/c and Balance Sheet as on that date.

Q.3 Following were the Balance Sheets of Two firms as at 31st March, 2017 **(15)**

Liabilities	Prem& Co	Dhan& Co	Assets	Prem& Co	Dhan& Co
Creditors	50,000	60,000	Cash in Hand	10,000	7,800
Loan	20,000	-	Building	-	84,000
Bills Payable	-	18,000	Stock	40,000	30,000
Outstanding	2,000	1,800	Debtors	24,000	22,000
Salaries		-	Patterns	6,000	10,000
Capital:	72,000	-	Furniture	20,000	16,000
-Prem	36,000	-	Machinery	80,000	50,000
-Ratan	-	80,000			
-Dhan	-	60,000			
-Paya					
	1,80,000	2,19,800		1,80,000	2,19,800

Prem and Ratan were sharing profit in the ratio 2:3 and Dhan&Paya were sharing profit in the ratio of 3:2. It was mutually agreed to amalgamate the business.
Terms of Amalgamation were as follows:

1. Furniture of both the firms were not to be taken over by new firm. Prem& Co sold their furniture for Rs. 24,000 and Dhan& Co. sold their furniture for Rs. 14,000.
2. Building was valued at Rs. 90,000.
3. Stock of Prem& Co. was undervalued by Rs. 4,000 but stock of Dhan& Co. was overvalued by Rs. 3,000.
4. Debtors were taken by the new firm subject to 5% RDD.
5. Bills payable were not taken over by new firm and it is taken over by Dhan at Rs. 16,000

Show Necessary accounts in the books of old firms and balance sheet of new firm.

OR

Q.3 A, B and C are partners sharing profits and losses in the ratio of 4: 2: 1. They decided to dissolve the partnership as on March 31, 2017 when their Balance Sheet was as follows: **(15)**

Liabilities	Rs.	Assets	Rs.
Creditors	11,600	Cash in Hand	340
General Reserves	18,900	Investment	30,000
Bank Overdraft	32,500	Stock	1,28,300
Capital:		Debtors	45,400
-A	80,000	Machinery	32,600
-B	1,60,000	Furniture	4,900
-C	1,30,000	Building	1,91,460
	4,33,000		4,33,000

All Creditors have to be paid off. Rs. 2,400 have to be provided for Realization expenses. Thereafter All cash received should be distributed among the partners. The Amounts were realized as follows:

1st Instalment: Rs. 30,000
2nd Instalment Rs. 36,000
3rd Instalment Rs. 2,10,000
4th Instalment Rs. 92,000

The actual realization expenses were Rs. 1,200. Prepare a statement Showing distribution of cash as per Excess Capital Method.

Q.4 Me, You & Too who are partners in a firm and share profit and losses in the ratio 2:2:1. They decided to sell their firm into a limited company to Gurudas Co. Ltd. **(15)**

Balance sheet of Me, You & Too
As on 31st March, 2017

Liabilities	Rs.	Assets	Rs.
Creditors	48,000	Building	60,000
Bills payable	3,000	Machinery	36,000
General Reserve	12,000	Motor Van	24,000
Me's Capital	60,000	Furniture	5,000
You's Capital	56,000	Stock	9,400
Too's Capital	34,000	Sundry Debtors	52,000
		Investments	12,000
		Cash at Bank	14,600
	2,13,000		2,13,000

The Gurudas Co. Ltd. agreed to takeover following assets at values shown below:

	Rs.
Building	64,000
Machinery	33,000
Furniture	4,000
Stock	15,600
Goodwill	8,000

Sundry debtors subject to 5% RDD. The company also agreed to takeover sundry creditors at Rs. 44,000. The purchase consideration was paid by the company by issue of sufficient no. of equity shares of Rs. 100 each fully paid at par. The firm sold investment for Rs. 16,000 and paid off bills payable fully. The motor car was taken over by Me at book value. The firm paid realization expenses of Rs. 1,600. Equity shares received from the company were distributed amount partners in their last capital proportion.

A Prepare necessary account in the books for the firms

B Pass general entries in the books of limited company

OR

Q.4 Pragati Ltd. exported good worth $50,000 to Gilly Ltd. on 01.12.2016. The payment for the same is to be received in five equal monthly instalment starting from 1st January, 2016. **(15)**

The exchange rate for 1$ was as follows:

Date	Exchange
1.12.2016	60.00
1.1.2017	42.00
1.2.2017	64.00
1.3.2017	58.00
31.3.2017	61.00
1.4.2017	59.00
1.5.2017	63.00

You are required to prepare:

1. Journal entry in the books of Pragati Ltd.
2. Foreign exchange fluctuation account

Q.5 A What is purchase consideration on sale of firm and its method? **(8)**

B Explain Amalgamation of partnership firm in detail **(7)**

OR

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

(1) Piecemeal Distribution
(2) Excess Capital Distribution
(3) Partnership Deed & its Contents
(4) Advantages of Amalgamation
(5) Different Methods of Amalgamation