

Q.P. Code: 00004812

**[Time:2.30 Hrs]****[ Marks:75]**

Please check whether you have got the right question paper.

- N.B:
1. All question are compulsory.
  2. Figures to the right indicate full marks.
  3. Working note should form part of main answer
  4. Use of simple calculators is allowed

<b>Q. 1. A.</b>	True or False (Attempt any 8 out of 10)	<b>08</b>																																												
	<div><div>1. In dissolution of partnership firm all assets are transferred to Realization A/c debit side.</div><div>2. Debit Balance on Realization A/c represents Loss.</div><div>3. On amalgamation fictitious assets are transferred to Partner's Capital A/c.</div><div>4. Partnership firm has limited liability.</div><div>5. If assets are depreciated Realization A/c is credited.</div><div>6. Trade Mark is tangible asset.</div><div>7. Return Inward is deducted from Purchases.</div><div>8. Payment made in advance is shown on asset side of Balance Sheet.</div><div>9. Goodwill written off in the books of new firm is debited to Partner's Capital A/c.</div><div>10. The balance due to retiring partner is transferred to his loan A/c until the final settlement.</div></div>																																													
<b>Q. 1. B.</b>	Match the pair (Attempt any 7 out of 10)	<b>07</b>																																												
	<table><tr><th colspan="2">Column A</th><th colspan="2">Column B</th></tr><tr><td>1)</td><td>Dues to employees</td><td>a.</td><td>Separate Current A/c is not opened</td></tr><tr><td>2)</td><td>Fluctuating Capital Method</td><td>b.</td><td>Not a fixed asset</td></tr><tr><td>3)</td><td>Excess Capital Method</td><td>c.</td><td>Purchase consideration</td></tr><tr><td>4)</td><td>Amalgamation of firms</td><td>d.</td><td>Liability</td></tr><tr><td>5)</td><td>Purchase consideration</td><td>e.</td><td>Preferential Liability</td></tr><tr><td>6)</td><td>Loose Tools</td><td>f.</td><td>Amount Payable by purchasing company</td></tr><tr><td>7)</td><td>Preferential Liability</td><td>g.</td><td>6 % p.a.</td></tr><tr><td>8)</td><td>Interest on Partner's Loan</td><td>h.</td><td>Highest Relative Capital Method</td></tr><tr><td>9)</td><td>Income received in advance</td><td>i.</td><td>Distributed among partners</td></tr><tr><td>10)</td><td>General reserve</td><td>j.</td><td>Income tax dues</td></tr></table>	Column A		Column B		1)	Dues to employees	a.	Separate Current A/c is not opened	2)	Fluctuating Capital Method	b.	Not a fixed asset	3)	Excess Capital Method	c.	Purchase consideration	4)	Amalgamation of firms	d.	Liability	5)	Purchase consideration	e.	Preferential Liability	6)	Loose Tools	f.	Amount Payable by purchasing company	7)	Preferential Liability	g.	6 % p.a.	8)	Interest on Partner's Loan	h.	Highest Relative Capital Method	9)	Income received in advance	i.	Distributed among partners	10)	General reserve	j.	Income tax dues	
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**Q. 2. A.** From the following information Prepare profit & loss account for the year ended 31/3/2021 and the balance sheet as on that date. **15**

Trial balance as on 31/3/2021

Debit	Amt (₹)	Credit	Amt (₹)
Drawings		Capital	
Anil	39,000	Anil	3,84,000
Mukesh	52,200	Mukesh	3,24,000
Dhiru	33,600	Dhiru	2,52,000
Land	10,80,000	Gross profit	17,10,000
Machinery	7,20,000	Bills payable	31,620
Furniture	54,000	Interest on investment	14,400
Debtors	1,94,400	Discount received	17,280
Canteen Expenses	50,400	Creditors	2,59,500
Printing & stationery	1,72,800	Bank overdraft	3,60,000
Salaries	3,51,600	Loan from Mukesh	1,80,000
Advertisement	75,000	Pre received Interest	10,800
Carriage outward	27,000		
Bonus to staff	10,800		
Commission	1,80,000		
Sundry deposit	1,50,600		
Investment	2,40,000		
Cash & bank	30,900		
Bill receivable	74,100		
Bad debts	7,200		
	35,43,600		35,43,600

Additional Information:

On 1/10/2020 Dhiru retired. The partner shared profit & losses in the ratio 2:1:1. The following adjustments were to be incorporated upon retirement of Dhiru.

1. All amount due to Dhiru to be transferred to her loan account.
2. Provide 10% interest on capital & 5% interest on drawing.
3. Sales up to 30/9/2020 was Rs 32,00,000 and thereafter there was further sales of Rs 8,00,000.
4. Create RDD worth Rs 8000.
5. Depreciate furniture by 10% & machinery by 5%.
6. Goodwill of Rs 60,000 is raised only for the retiring partner and written off.
7. Goods were purchased before Dhiru retired.

**OR**

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- Q. 2. B.** Isha & Akash were in partnership business sharing profit & losses in the ratio of 4:1. As from 1/10/2020 they admitted Anant into partnership giving him one-fifth of the profit. Anant brought in ₹ 1,62,500 in cash of which ₹ 32,500 were considered as being in payment of goodwill and remainder as his capital. **15**

Trial balance as on 31-3-2021

Debit	Amt (₹)	Credit	Amt (₹)
Drawings		Capital:	
Isha	65,000	Isha	6,50,000
Akash	32,500	Akash	3,25,000
Anant	16,250	Anant	1,62,500
Sales Commission	39,000	Creditors	9,10,000
Advertising	26,000	Sales	84,50,000
Printing expenses	1,17,000		
Staff salary	78,000		
Wages	1,17,000		
Carriage inward	39,000		
Building	4,55,000		
Motor car	65,000		
Debtors	7,80,000		
Cash	65,000		
Bank	7,37,750		
Stock	1,95,000		
Purchases	76,70,000		
	1,04,97,500		1,04,97,500

Additional information

1. Stock as on 31/3/2021 was valued at 2,21,000
2. Interest on capital @ 10% per annum.
3. Depreciate building & motor car by 10%.
4. Goods to the value of 2,60,000 have been distributed as free samples.
5. Sales up to 30/9/2020 amounted to ₹ 33,80,000.

Prepare final account.

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**Q. 3. A.** Following are the Balance Sheet of M/S B&M who share Profit & Losses equally and M/S W&G sharing Profit & Losses in the ratio of 2:1

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Balance Sheet as on 31<sup>st</sup> March 2018

Liabilities	B&M	W&G	Assets	B&M	W&G
Creditors	1,05,000	96,000	Cash at Bank	1,26,000	1,05,000
Bills Payable	75,000	45,000	Investments	63,000	96,000
Bank Loan	45,000	36,000	Debtors	45,000	66,000
Mrs. M's Loan	15,000		Machinery	1,59,000	1,05,000
General Reserves	18,000	36,000	Goodwill	30,000	
Profit & Loss	15,000	12,000	Furniture & Fixtures	45,000	63,000
Capital Accounts:			Building	2,10,000	1,20,000
B	2,10,000				
M	1,95,000				
W		1,80,000			
G		1,50,000			
Total	6,78,000	5,55,000	Total	6,78,000	5,55,000

Both the firms decided to amalgamate and form a new firm by the name BMWG. You are required to prepare Realization A/c of both the old firm and prepare a Balance Sheet of a new firm.

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 & Fixture of B&M were taken at book value and that of W&G were valued at ₹81,000 Cash at bank was not taken over by new firm.
- Machinery of B&M was to be appreciated by 20% and that of W&G be appreciated by 15 %
- RDD. Should be created at 5% on Debtors for both the firm. Bad Debts of W&G was ₹9000.
- Value of Goodwill was fixed at ₹90,000 for each firm.
- Unrecorded Instruments of B&M are valued at ₹36,000 and were taken over by new firm
- The new firm took only Creditors & Bills Payable of both the firms and the Liabilities are not taken over by the new firm were paid in full by old firm.

OR

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- Q. 3. B.** Sonia, Mamta and Rahul were in partnership sharing profits and losses in the ratio 2:1:1. Their Balance Sheet as on 31-3-2021 was as under, the date of which they decided to dissolve the firm. **15**

Balance Sheet as on 31-3-2021

Liabilities	(₹)	Assets	(₹)
Sundry Creditors	18,750	Cash on hand	11,250
Bank loan (secured against stock)	37,500	Stock in trade	50,000
Income Tax payable	5,000	Debtors	75,000
Capital Accounts:		Furniture	45,000
Sonia	50,000	Motor Car	31,250
Mamta	50,000		
Rahul	37,500		
Loan from Rahul	13,750		
	2,12,500		2,12,500

1. Bank could realize ₹ 31,250 only on disposal of stock.
2. A sum of ₹ 3,750 was spent on Motor Car for getting better price.
3. Other assets were realized as follows:

Realization	(₹)
1 <sup>st</sup>	33,750
2 <sup>nd</sup>	12,500
3 <sup>rd</sup>	37,500
4 <sup>th</sup>	45,000

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

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

- Q. 4. A.** Modi, Shah, Yogi are partners sharing profits in the ratio 2 : 2 : 1 respectively. They decided to convert their partnership firm into Joint Stock Company by the name of CJP Ltd. **15**

Following is the Balance Sheet on the date of conversion.

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	67,20,000	Bank	1,40,00,000
Bills Payable	4,20,000	Stock	84,00,000
General Reserves	16,80,000	Debtors	72,80,000
Capital Accounts:	-	Furniture	7,00,000
Modi	2,10,00,000	Motor Van	35,00,000
Shah	1,40,00,000	Building	84,00,000
Yogi	70,00,000	Plant and Machinery	56,00,000
	-	Investment	29,40,000
	5,95,00,000		5,95,00,000

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**Additional Information:**

CJP Ltd. took over the following assets and liabilities.

Building	1,40,00,000
Plant and Machinery	42,00,000
Furniture	7,00,000
Stock	1,05,00,000
Goodwill	36,40,000
5% Reserve for doubtful debts	

- The company also agreed to take over Sundry Creditors at Rs. 63,00,000. The purchase consideration was discharged by the issue of sufficient number of Equity Shares of Rs. 10 each fully paid at par.
- The firm sold investment for Rs. 35,00,000 and paid bills payable fully.
- Motor van was taken over by Modi at book value. The firm paid Realization expenses ₹ 14,00,000.
- Purchased consideration was distributed among the partners as per their proportionate capital as at the end.

You are required to calculate the purchase consideration, close the books of old partnership firm and prepare the Balance sheet of the new company as per the Schedule III.

**OR**

- Q. 4. B.** Arwind Ltd. Ratnagiri exported goods worth US \$ 1,40,000 to Kingfisher Ltd. of USA on 1<sup>st</sup> Aug 2023. 10% of the payment was received immediately. The balance was received as follows: **15**

Date	Received in \$	Exchange rate per \$
15-09-2023	21,000	86.00
15-12-2023	42,000	86.50
15-03-2024	35,000	84.50
15-04-2024	28,000	85.50

The exchange rate was ₹ 85 per \$ as on 1<sup>st</sup> Aug 2023 and ₹ 86.50 as on 31<sup>st</sup> Mar 2024. Prachi Ltd. closed its books on 31<sup>st</sup> March every year. Prepare Journal entries and foreign exchange fluctuation.

- Q. 5. A.** Distinguish between Fixed Capital and Fluctuating Capital. **08**

- Q. 5. B.** What is purchase consideration and how is it calculated? **07**

**OR**

- Q. 5. C** Write a short note. (Attempt Any 3 out of 5) **15**

- Profit and Loss Appropriation A/c
- Highest Relative Capital Method
- Amalgamation
- Foreign Exchange Fluctuation Account
- Sale of firm into a company.

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