

Q.1.A. Fill in the blanks and rewrite the statement: (Any 8)

(8)

1. Realization of assets is _____.
2. For finding unit value capital is divided by _____.
3. Capital balances of partners go on changing, when capital Accounts are maintained on _____.
4. On amalgamation fictitious assets of the vendor firm are transferred to _____.
5. Profit on Realization is _____ to Partner's Capital Accounts.
6. Net profit is divided between the partners in their _____ ratio.
7. The liability of the partners in a firm is _____.
8. Under Realization Methods, _____ Account is opened to implement amalgamation.
9. Partner's Loan is _____.
10. On dissolution, a secured creditor could only partly recover his due out of the amounts realized from the concerned assets. The remaining amount is treated as _____.

Q.1.B. State whether the following statements are true or false: (Any 7)

(7)

1. Excess capital method is known as maximum loss method.
2. In Piecemeal distribution, the amount realized from assets are used to pay first the outside loans and then the realization expenses.
3. Final accounts are prepaid at the end of each accounting year.
4. In excess capital method, the minimum capital is equal to lowest unit capital.
5. Sleeping partner is one who takes active part in the conduct of the business.
6. On amalgamation of firms assets & liabilities not taken over by the new firm are distributed amongst partner.
7. Excess of Income over expenditure is Net Profit.
8. Amalgamation is merger of businesses.
9. AS 16 deals with amalgamation.
10. It is compulsory for a partner to contribute capital.

Q.2 Below is given the Trial Balance of Black and White as on 31st March, 2018. The partners share profits as Black 2/3 and White 1/3. As from 1st April, 2017, they admitted Red into Partnership giving him 1/6 share. Red brought ₹ 20,000 of which ₹5,000 were considered for goodwill and the remainder his capital. (15)

Trial Balance as at 31st March, 2018

Particulars	Dr. ₹	Particulars	Cr. ₹
Freehold Premises	1,50,000	Capital Accounts;	
Plant & Machinery	45,000	- Black	50,000
Wages	20,000	- White	<u>30,000</u>
Opening stock		Sundry Creditors	25,000
- Finished Goods	40,000	Sales (net)	3,25,000

- Raw Materials	20,000	Discount Recd.	2,500
- Work in process	18,000	Bad Debts reserve	1,500
Sundry Debtors	50,000	Commission	10,000
Carriage inwards	1,500	White's Loan a/c	30,000
Carriage outwards	900	Red's Personal a/c	20,000
Factory expenses	7,500		
Royalties	1,500		
Purchase of Raw Materials	75,000		
Factory Rent & Taxes	6,500		
Discount	2,900		
Office Rent	4,000		
Insurance	2,000		
Bad Debts	1,500		
Office Expenses	7,500		
Salaries, Work Manager	12,000		
Cash at Bank	28,200		
	4,94,000		4,94,000

The following additional information is to be taken into consideration:

1. Closing stock – finished goods ₹50,000, Raw Materials ₹30,000, Work in progress ₹25,000.
2. Outstanding liabilities to be provided for – wages ₹5,000, Office Expenses ₹6,000, Office Rent ₹2,000.
3. Bad Debts reserve to be adjusted to 2.5% on Sundry Debtors, Insurance Premium Paid in advance ₹500.
4. Depreciate Freehold Premises by 2.5% and Plant & Machinery by 5%.
5. Partnership salary to be allowed to Black ₹6,000 and White ₹3,000/-. The Loan Account of White was raised in the books before the commencement of the year. You are required to prepare the trading and profit & loss a/c for the year ended 31st March, 2018 and the balance sheet as at that date.

OR

Q.2 Bhavna Traders and Honey Traders were partnership firms and they decided to amalgamate the Balance sheets were as under as on 31st December, 2018: (15)

Liabilities	Bhavna Traders ₹	Honey Traders ₹	Assets	Bhavna Traders ₹	Honey Traders ₹
Creditors	12,000	18,000	Cash	16,000	17,000
Bills Payable	5,000	-	Furniture	5,700	6,000
Loans:			Investments	10,000	8,400
Reshma	10,000	-	Debtors	9,000	4,600
Bharti	-	8,000	Premises	30,000	-
Reserves	10,000	4,000	Land & Building	-	50,000
Capital;			Machinery	15,000	-
Reshma	35,000	-	Goodwill	8,300	-
Bhavna	22,000	-			
Honey	-	36,000			
Bharti	-	20,000			
	94,000	86,000		94,000	86,000

The amalgamation was made on the following terms:

1. The new firm called Bhavna & Honey Traders decided to value goodwill of both firms at ₹12,000 each.

Premises at ₹53,000 and Machinery at ₹9,300. Furniture was not taken over by the new firm.

3. For Honey Traders, the new firm took furniture and debtors at book values, Land & Building at ₹67,000. Investments were not taken over by the new firm.
4. The new firm agreed to take such cash after payments of loans made by each firm.
5. Trade creditors of each firm were taken over by the new firm.

Prepare Realization Account and Partner's Capital Accounts in the books of each firm and Balance sheet in the books of new firm.

Q.3 From the following Balance Sheet of M/s Ideal Store with Sunil, Anil and Neel as partners sharing profits & losses in the ratio of 5: 3: 2. Their Balance Sheet on the date of dissolution was as follows: (15)

Liabilities	Amount	Assets	Amount
Partner's Capital A/c:		Fixed Assets	80,000
- Sunil	38,800	Current Assets	60,000
- Anil	20,400	Cash in Hand	9,600
- Neel	26,000		
General Reserve	19,200		
Sunil's Loan	21,200		
Sundry Creditors	24,000		
	1,49,600		1,49,600

1. Realization expenses were estimated at ₹4000.

2. The Assets were realized as under:

₹

First Instalment	61,280
Second Instalment	28,720
Third Instalment	21,000

3. Actual expenses were ₹3000 only.

Prepare a statement showing piecemeal distribution of cash by adopting Excess Capital Method.

OR

Q.3 Given below is the Trial Balance of M/s Bhavna Enterprises as on 31st December, 2018. Partners share profits and losses equally.

From the following Trial Balance and additional information, prepare Trading & Profit & Loss A/c for the year ended 31st December, 2018 and the balance sheet as on that date. (15)

Trial Balance as on 31-12-2018

Particulars	Dr. ₹	Cr. ₹
Pratiksha's Capital A/c		50,000
Prerana's Capital A/c		50,000
Stock on 1-1-2018	40,000	
Bills Receivable	10,000	
Machinery	50,000	
Purchases	80,000	
Sales		1,18,000
Furniture	26,000	
Returns outwards		1,000
Prerana's drawings	4,000	

Sundry Debtors	37,000	
Sundry Creditors		54,000
Salaries	4,000	
Wages	8,000	
Insurance	5,000	
General Expenses	8,000	
Advertisement	3,000	
Interest & commission		3,000
Prepaid Taxes	2,000	
Reserve for doubtful debts		1,000
	2,77,000	2,77,000

Additional Information:

1. Stock on 31-12-2018 was worth ₹35,000 at cost, while its market value was ₹40,000.
2. It is discovered on 31-12-2018 that the credit sales effected of the value ₹5,000 had not been recorded in the books.
3. Depreciate Machinery by 10%.
4. The reserve at 5% be created for doubtful debts on Debtors.
5. Outstanding expenses- Salaries ₹2,000 and Wages ₹1,000.

Q.4 Varun, Alia and Siddharth are three partners sharing profits & losses in the ratio $\frac{1}{2}$, $\frac{1}{3}$ & $\frac{1}{6}$. The balance sheet of the partnership as on 31st December was under: (15)

Liabilities	Amount	Assets	Amount
Capital a/c:		Fixed Assets	70,000
- Varun	50,000	Stock	34,000
- Alia	30,000	Debtors	45,000
- Siddharth	20,000	Cash	61,000
Current a/c:			
- Varun	24,000		
- Alia	18,000		
- Siddharth	13,000		
Loan from Alia	20,000		
Creditors	35,000		
	2,10,000		2,10,000

Fixed Assets include two vehicles having book value ₹7,000 & ₹5,000

The partners accepted the offer of smart Cone Ltd. to acquire the stock and fixed assets, other than vehicles at an inclusive price of ₹1,50,000. The purchase consideration was to be satisfied by a cash payment of ₹26,000 and allotment by the company to the partners of 5,500 6% preference shares of ₹10 each, ₹8 paid up and 8,000 equity shares of ₹10 each fully paid up. The debtors realized ₹42,000 and creditors were settled for ₹33,000.

The partners agreed that the following should be the basis of distribution on dissolution of the partnership:

1. Varun to take over one vehicle at ₹8,000 and Alia will take other vehicle at ₹4,600.
2. Alia to be allotted preference shares to the value of his loan, balance being allotted between the partners.
3. Equity shares to be allotted in proportion to fixed capital.
4. The balance to be settled in cash.

Prepare: Realization A/c. Cash A/c. Partner's Capital & Current A/c.

XY9AEW

OR

Q.4 Padma Limited, an Indian company, had the following transactions in foreign currency on 1st March, 2018.

1. Credit sale of finished goods for \$ 1000 to Mr Michael of USA.
2. Credit purchase of raw materials for \$ 500 from John of New York.
3. Credit purchase of machinery for \$ 200 from Sony Automobiles of USA.

The rate of exchange on 1st March, 2018 was 1 \$ = ₹65

On 31st March, 2018 rate of exchange was 1 \$ = ₹66. Following additional data is available to you.

Date		Exchange Rate
On 1-6-2018	Trade Debtors realized	66.10
On 1-7-2018	Trade Creditors paid off	66.15
On 1-8-2018	\$ 100 paid against machine	66.25

The rate of exchange on 31-3-2018 is 1 \$ = 66.30.

Show important accounting entries in respect of above based transactions as per AS 11 (Revised). (15)

Q.5A) How is surplus capital calculated under piecemeal distribution. (8)

Q.5B) Define Partnership Deed. Explain its contents. (7)

OR

Q.5 Write short notes on: (Any three) (15)

1. Different Capital Methods in Partnership Final Accounts
2. Accounting Procedure of amalgamation under realization method
3. Conversion
4. Steps in Excess Capital Method
5. Articles of Partnership
