

3/10/19  
Thursday.

XY9DCT

BIK-20-1  
C-106  
Acc-II  
SYBLOM.

Marks: 100

Time: 3hrs

**Instructions to Candidates:-**

1. PLEASE CHECK WHETHER YOU HAVE GOT THE CORRECT & COMPLETE QUESTION PAPER with all pages printed. INFORM THE SUPERVISOR IMMEDIATELY IF THERE IS ANY ERROR.
2. ALL Questions are Compulsory.
3. ALL Question carry equal marks.
4. Use of simple 10 or 12 digits non-programmable calculator is allowed.
5. Possession or use of Mobile phones during the Examination is strictly prohibited and will amount to copying.
6. Working Notes should form the part of your answer.

**Q1 A) Fill in the blanks with appropriate answers. ( Any 10)**

**(10 Marks)**

1. Excess of income over expenditure is \_\_\_\_\_  
a) Net Profit    b) Net Loss    c) None of the above
2. Software is a \_\_\_\_\_ Asset.  
a) Fictitious Asset    b) Tangible Asset    c) Intangible Asset
3. On amalgamation of firm \_\_\_\_\_ Account is opened.  
a) Realisation    b) Profit and loss a/c    c) Share capital A/c
4. P, Q and R were partners sharing profit and losses in the ratio of 5:6:4. P expired, the new profit sharing ratio after P's death would be \_\_\_\_\_  
a) 3:1    b) 3:2    c) 1:1
5. Prepaid expenses are shown on the \_\_\_\_\_ side of Balance Sheet.  
a) Liability    b) Asset    c) Credit
6. In the absence of any agreement partner are entitled to get \_\_\_\_\_ interest on their capital.  
a) 6%    b) 12%    c) 8%
7. Dues to employees is \_\_\_\_\_ liability  
a) Current liability    b) Preferential liability    c) fixed liability

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8. On conversion or sale of firm to a company, the purchase consideration is calculated by \_\_\_\_\_.

- a) Lumpsum Method                      b) Payment Method                      c) Any of the above

9. When there are three partners, excess capital is to be computed \_\_\_\_\_.

- a) Once                      b) twice                      c) thrice

10. If fluctuating capital method is adopted, net profit is transferred to \_\_\_\_\_ Account.

- a) Capital Account                      b) Current Account                      c) Balance sheet

11. All Direct expenses are debited to \_\_\_\_\_ Account

- a) Trading Account                      b) Profit and loss Account                      c) Balance sheet

12. Return Inward is deducted from \_\_\_\_\_.

- a) Sales                      b) Purchases                      c) Trading Account

**Q1 B) Match the following (Any 10)**

**(10 Marks)**

**Group 'A'**

**Group 'B'**

- |                                 |   |
|---------------------------------|---|
| 1) Government Dues              | a) A Partner below 18 Years                   |
| 2) Fixture                      | b) A Partner Runs the Business                |
| 3) Gain Ratio                   | c) Debit to Profit and loss Appropriation A/c |
| 4) Death of a partner           | d) Preferential Liability                     |
| 5) Interest to Partners Capital | e) Current Liability                          |
| 6) Copy Right                   | f) Debit to Trading Account                   |
| 7) Sacrifice Ratio              | g) Will be settle by old firm                 |
| 8) Carriage Inward              | h) Fixed Asset                                |
| 9) Assets not taken over        | i) Intangible Asset                           |
| 10) Minor Partner               | j) Admission of Partner                       |
| 11) Working Partner             | k) Retirement of Partner                      |
| 12) Bank Overdraft              | l) Payment to legal heir                      |

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Q.2) Following is the Balance Sheet of Rose, Lotus and Mogara as on 31<sup>st</sup> March 2019. (20 Marks)

Particular	Amount	Particular	Amount
Drawing: Rose	50000	Sales	2143200
Lotus	40000	Sundry creditors	325400
Mogara	20000	Bank Overdraft	69200
Office Rent	32000	Discount Received	21500
Bad debts	4000	RDD	12000
Investment	600000	Cash paid by Mogara	800000
Vehicle	500000	On 1 <sup>st</sup> April 2018	
Land	800000	Capital : Rose	650000
Telephone Expenses	32400	Lotus	350000
Printing and stationery	26900		
Cash balance	50400		
Discount allowed	17200		
Sundry Debtors	402000		
Sundry Expenses	78400		
Opening stock	428200		
Carriage Inward	32500		
Purchases	1257300		
<b>Total</b>	<b>4371300</b>	<b>Total</b>	<b>4371300</b>

Additional information:

- 1) Rose and Lotus share Profit and losses in the ratio 3/5 and 2/5. On 1<sup>st</sup> April 2018 they admitted Mogara into partnership giving him 1/6<sup>th</sup> of the profit. Mogara brought Rs.800000 in cash of which Rs.300000 were considered as payment for goodwill and balance as his capital.
- 2) Closing stock was Rs.422500
- 3) Bad debts Rs.12000 and RDD to be maintain @ 10% on Debtors.
- 4) Depreciation provided on land @ 5% and Vehicle @ 20%
- 5) Goods to the value of Rs.10000 have been lost by fire and claim receivable Rs.9000.
- 6) Outstanding Office rent Rs.8000 and Prepaid Telephone Expenses Rs.2400.

You are required to prepare:

- a) Trading and Profit and Loss Account for the year ended 31<sup>st</sup> March 2019.
- b) Balance sheet as on 31<sup>st</sup> March 2019

OR

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Q.2) Following is the Balance Sheet of Mango, Banana and Apple as on 31<sup>st</sup> March 2019. (20 Marks)

Particular	Amount	Particular	Amount
Drawing: Mango	5000	Sales	650000
Banana	2500	Creditors	70000
Apple	1250	Bill Payable	20000
Land	35000	Bank Loan @ 5% taken on 1-10-2018	50000
Machinery	5000	Outstanding Expenses	17500
Debtors	60000	Capital : Mango	50000
Cash	75000	Banana	25000
Bank	56750	Apple	12500
Opening Stock	15000		
Purchases	590000		
Wages	9000		
Carriage Inward	3000		
Salaries	15000		
Sales Commission	5000		
Rent, Rates and Taxes	10000		
Insurance	7500		
<b>Total</b>	<b>895000</b>	<b>Total</b>	<b>895000</b>

Additional information:

- 1) On 1<sup>st</sup> October, Banana was admitted who brought Rs.25000 for capital for which the entry has been passed in the book
- 2) Before admission of Banana, Mango and Apple were sharing profit as 4:1. After admission the new profit sharing ratio 3:2:1.
- 3) Depreciation at 10% to be provided Land and Machinery.
- 4) 10% provision for doubtful debt is to be made on debtors.
- 5) 10% interest on capital is to be allowed to all partners.
- 6) Insurance is to be paid on 30<sup>th</sup> June 2019
- 7) Outstanding Salaries to be provided Rs.2500 and Prepaid Sales commission were Rs.1000.
- 8) Closing stock was Rs.17000

You are required to prepare in

- a) Trading and Profit and Loss Account for the year ended 31<sup>st</sup> March 2019 in columnar form and .
- b) Balance sheet as on 31<sup>st</sup> March 2019

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Q.3) G, B and M were in partnership till 30<sup>th</sup> June 2019 on which date the balance Sheet of firm was as under:

Liabilities	Amount	Assets	Amount
General Reserve	37500	Inventories	187500
		Cash	12500
Sundry creditors	40000	Machinery	200000
Capital : G	385000	Debtors	312500
B	130000	Drawings: B	5000
M	130000	M	5000
<b>Total</b>	<b>722500</b>	<b>Total</b>	<b>722500</b>

Other Information:

- 1) Profit sharing Ratio: G  $\frac{1}{2}$ , B  $\frac{1}{3}$ , M  $\frac{1}{6}$
- 2) Expenses on realization incurred Rs.2500
- 3) Asset realise as under: 1<sup>st</sup> Installment Rs.220000, 2<sup>nd</sup> Installment Rs. 350000, 3<sup>rd</sup> Installment Rs.300000

Prepare statement of excess capital and statement of distribution of cash under Highest relative capital method. (20 Marks)

OR

Q.3) P, Q and R were in partnership sharing profit in the ratio  $\frac{1}{2}$ ,  $\frac{1}{4}$  and  $\frac{1}{4}$ . They decide to dissolve the firm as on 31<sup>st</sup> December 2018 and Their Balance Sheet was as under.

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

Liabilities	Amount	Assets	Amount
Capital : P	160000	Cash and Bank	36000
Q	160000	Stock	160000
R	120000	Debtors	196000
Creditors	60000	Land	144000
Government Due	16000	Machinery	100000
Loan from Bank (Secured)	120000		
<b>Total</b>	<b>636000</b>	<b>Total</b>	<b>636000</b>

- 1) The realisation expenses estimated Rs.20000 and kept aside.
- 2) The Asset realise as under: 1<sup>st</sup> installment Rs.250000, 2<sup>nd</sup> Installment Rs.300000 and 3<sup>rd</sup> Installment Rs.75000.

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3) Actual realisation expenses incurred Rs.15000

Prepare statement of excess capital and statement of distribution of cash under Highest relative capital method. (20 Marks)

Q.4) A and B are partners who share profits and losses in the ratio of 2:3 in a similar line of business. C and D were partners who shared profit and losses equally. Both firm agreed to amalgamate their business and start new firm called AC Ltd form 1<sup>st</sup> April 2019. On 31<sup>st</sup> March 2019 the financial position of both firm as under:

Liabilities	M/s AB (Rs)	M/s CD (Rs.)	Assets	M/s AB (Rs)	M/s CD (Rs.)
General Reserve	13000	10400	Goodwill	15600	10400
Creditors	51350	37050	Land and Building	70200	54600
Bills Payable	25350	17550	Fixture	14040	10920
Loan	123500	104000	Loose Tools	93600	62400
Capital: A	52000		Debtors	50960	41730
B	45500		Bills Receivable	15470	14040
C		36400	Inventories	44330	38350
D		32500	Cash Balance	6500	5460
<b>Total</b>	<b>310700</b>	<b>237900</b>	<b>Total</b>	<b>310700</b>	<b>237900</b>

The firm amalgamated on the following term:

- 1) Capital of AC Ltd. is fixed at Rs.468000 to be adjusted according to their new profit sharing ratio, any adjustment to be made in cash. The new profit sharing is A, B, C and D is 60%, 40%, 60% and 40%.
- 2) Goodwill of M/s AB is to be valued at Rs.31200 whereas of M/s CD is to be valued at Rs.19500.
- 3) Fixture of both firms not taken over by new firm.
- 4) Inventories is to be appreciated by 20% of both the firm.
- 5) Land and Building is subject to depreciated by 5% and Loose Tools depreciated by 10% for both the firm.
- 6) Creditors of the firms are to be taken at a discount @ 10%. You are required to close the books of both the firm and prepare the Balance Sheet after amalgamation as on 1<sup>st</sup> April 2019. (20 Marks)

OR

Q.4) M and N, sharing profits and losses equally, decided to convert their business into a MN ltd company on 31<sup>st</sup> December, 2019 when their balance sheet stood as follows:

Balance sheet as on 31<sup>st</sup> December 2019

Liabilities	Rs.	Assets	Rs.
Capital Accounts :		Plant and Machinery	32000
M	80000	Land and building	120000
N	80000	Trade Marks	16000
Reserve Fund	12000	Bills Receivable	20000

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Sundry creditors	96000	Closing Stock	72000
Loan from BOI	80000	Debtors	120000
Bank Overdraft	32000		
<b>Total</b>	<b>380000</b>	<b>Total</b>	<b>380000</b>

Additional Information:

- 1) The new company MN Ltd. Took all fixed assets at 10% appreciated value.
- 2) MN Ltd. Took all current assets and creditors, bank loan at book value.
- 3) The purchase consideration discharge by MN Ltd. By issue of equity shares for conversion.

You are required to show Realisation Account, MN Ltd. Company Account and Partners capital account and Equity share in MN Ltd A/c in the books of the partnership firm assuming that all the transactions are duly completed and Balance Sheet of MN Ltd. (20 Marks)

Q.5) a) Explain Accounting Procedure for Accounting of Amalgamation of firm in the Books of

Amalgamating Firm.

(10 Marks)

b) Describe the order in which Outside liabilities are paid under piecemeal distribution. (10 Marks)

OR

Q.5) Write short note. ( Any 4)

(20 Marks)

- 1) Fluctuating Capital Method
- 2) Highest Relative Capital Method
- 3) Retirement of partner
- 4) Realisation Account
- 5) Discharge of purchase consideration
- 6) Gain Ratio

END