

Date: 10.10.2019

Time : (2½ Hours)

Total Marks: 75

- N.B. (1) All questions are compulsory.  
(2) Figures to the right indicate marks for respective sub questions.

- Q.1 A Fill in the blanks. (Any 8) (8)
- (i) A company which is taken over by the purchasing company \_\_\_\_\_
  - (ii) Accounting for effects of changes in foreign exchange rates is AS \_\_\_\_\_
  - (iii) \_\_\_\_\_ items are money held and assets and liabilities to be settled in fixed amounts of money.
  - (iv) Amount payable by the purchasing company to Vendor Company for taking over its business \_\_\_\_\_
  - (v) In piecemeal distribution of cash \_\_\_\_\_ statement is prepared.
  - (vi) Indian partnership act is in force \_\_\_\_\_
  - (vii) The credit balance of revaluation account shows \_\_\_\_\_
  - (viii) Two firms come together to form a new firm by losing one existence \_\_\_\_\_.
  - (ix) On amalgamation of a firm \_\_\_\_\_ account is opened.
  - (x) \_\_\_\_\_ is a distribution of cash.

B Match the following. (Any7) 7

	Column A		Column B
1	Goodwill	A	Net assets taken over less purchase consideration
2	Amalgamation of firms	B	Dissolution expenses paid by company to firm
3	Distribution of cash	C	General reserve
4	AS-14	D	Profit & loss account
5	Reserve fund	E	Amalgamation
6	Statement of profit and loss	F	Piecemeal distribution of cash
7	Equitable approach	G	Partners are promoters
8	Capital reserve	H	Partners may not be directors
9	No entry	I	Division of equity shares in profit sharing ratio
10	Conversion of firm into company	J	Division of shares and debentures in ratio of capitals

- Q.2 (A) Jenifer ltd purchases goods on 1<sup>st</sup> Jan 2019 worth \$ 50000 from Adam ltd. (\$ 1 = 68.90) on credit. Company paid \$10000 on 1<sup>st</sup> Feb 2019 when the rate was Rs.68.80. The balance amount was paid equally on 1<sup>st</sup> March 2019 and 15<sup>th</sup> March 2019 when the rate was Rs.68.75 and Rs.68.97 respectively. Give journal entries and prepare foreign exchange fluctuation account. (15)

OR

- (B) Extracted Balance sheet As on 31<sup>st</sup> March 2019 (15)

Liabilities	Rs	Assets	Rs
Capitals – P	30000	Deferred revenue expenditure	20000
H	40000	Cash	20000
D	50000	Fixed assets	160000
General reserve	20000		
Profit & loss A/c	60000		
	200000		200000

fixed assets were sold as on 30<sup>th</sup> April 2019, 25<sup>th</sup> May 2019 and 15<sup>th</sup> June 2019 realizing Rs.20000, Rs.30000 and Rs.105000 respectively. Profit sharing ratio is 2:3:5.

- Q.3 (A) Ayush ltd imported goods worth Rs.400000 from Zindagi ltd of New York on 4<sup>th</sup> Aug 2018, when the exchange rate was Rs.41. Ayush ltd agreed to pay the amount in four equal installment as under. (15)

Date	Exchange Rate
10 <sup>th</sup> Sept 2018	Rs. 42.25
10 <sup>th</sup> Oct 2018	Rs. 43.00
10 <sup>th</sup> Nov 2018	Rs. 43.50
10 <sup>th</sup> Dec 2018	Rs. 43.70

Prepare journal entries in the books of Ayush ltd.

**OR**

- (B) Shraddha and Varun sharing profit and losses equally decided to convert their business into ltd company. (15)

Liabilities	Rs	Assets	Rs
creditors	48000	Debtors	60000
Loan creditors	40000	Bills receivable	10000
Bank overdraft	16000	Stock	36000
Reserve fund	6000	Patents	8000
Capital - Shraddha	40000	Plant & machinery	16000
Varun	40000	Land & building	60000
	190000		190000

Terms and conditions ;

- 1) The goodwill of firm was to be valued at 2 years purchases of profits of previous 3 years.
- 2) Creditors agreed to accept 7.5% redeemable preference shares in settlement of his loan.
- 3) Land & building, Plant & machinery were to be valued at Rs.100000 and Rs.24000 respectively.
- 4) The vendors were to be allocated equity shares of value Rs.210000.

5) Profit for past years Rs.30000 in 2017, Rs.36000 in 2018 and Rs.42000 in 2019 after setting a side Rs.2000 to reserve fund each year.

Show realization account and capital account in the books of firm assuming that all the transaction are duly completed.

- Q.4 (A) Bruse ltd export goods worth \$200000 on 15<sup>th</sup> Dec 2016 to Jack traders in US. The payment was received on 28<sup>th</sup> Feb 2017. The exchange rate on the date of export was \$1 = Rs.65, however when payment was received exchange rate was \$1 = Rs.68. (15)

Pass journal entries in the books of Bruse ltd as per AS-11 and prepare foreign exchange fluctuation account for the year ended 31<sup>st</sup> March 2017.

**OR**

- (B) Balance Sheet 31<sup>st</sup> March 2019 (15)

Liabilities	Nayan	Vinay	Assets	Nayan	Vinay
Bills payable	50000	40000	Fixed assets	40000	50000
Bank overdraft	25000	-	Stock	50000	25000
Capital	75000	100000	Book debts	60000	55000
			Cash	-	10000
	150000	140000		150000	140000

Both the parties decided to amalgamate and form a new company on 1<sup>st</sup> April 2019 with the help of following conditions.

1. Fixed assets were to be reduced by 10 %.
2. Stock of Nayan ltd to be reduced by 20 % and that of Vinay ltd increased by 10 %.
3. A reserve for 2.5 % to be created against book debts.
4. The bank overdraft of Nayan ltd is to be paid by him.

Calculate the amount of purchase consideration and give journal entries in the books of vendor company and prepare balance sheet after amalgamation.

- Q.5 (A) What is foreign exchange fluctuation account? (8)  
(B) Which are the methods of calculating purchase consideration? (7)

**OR**

- (B) Give short notes. (Any 3) (15)
1. Amalgamation
  2. Distribution of cash
  3. Partnership final account
  4. Conversion of partnership firm
  5. Foreign currency