

SYFMG CORPORATE ACCOUNTS**MARKS: 75****SEM III****sws9****TIME: 2.5 HOURS****Q1) A) State whether the following is True or False (any 8):- (8)**

1. A new company is formed on conversion of a firm into a Ltd. Company.
2. On conversion of partnership firm into Ltd. Company, old firm dissolved.
3. Final accounts are prepaid at the end of each accounting year.
4. An old firm dissolved on conversion into a Ltd. Company.
5. Under Piecemeal distribution assets realized gradually.
6. AS-14 deals with Amalgamation of firm.
7. On amalgamation, old firms are dissolved.
8. Loss on Realisation is debited to partners' capital Accounts
9. Surplus capital method and maximum loss method both are same
10. In piecemeal distribution of cash, reserve for contingent liabilities is created before payment of any liabilities.

Q1) B) Match the following (any 7):- (7)

| Group 'A' | | Group 'B' | |
|-----------|--|-----------|--|
| 1. | Partnership Deed | A | 1956 |
| 2. | Income tax | b | Preferential creditors |
| 3. | Highest Relative Method | C | Excess Capital Method |
| 4. | Loan from Wife | D | External Liabilities |
| 5. | Loss on Realisation | E | Debited to partners' capital A/c |
| 6. | Interest on partners Loan | F | 12% |
| 7. | Amalgamation | G | Distributed among the partners |
| 8. | Purchase consideration | H | Formation of new company |
| 9. | General reserve | I | Amount payable by new firm to old firm |
| 10 | Conversion of firm into a ltd. Company | J | Sale of firm to a company |
| .. | | | |

Q2. Mohan and Sohan are partners sharing profit and loss equally. From the following Trial Balance of the firm. Prepare Trading and Profit and Loss Account for the year ended 31st

March, 2018 and Balance Sheet as on that date after taking into account the additional information.

15marks

Trial Balance as on 31st March 2018

| Debit Balance | Rs. | Credit Balance | Rs. |
|----------------------|----------|-------------------|----------|
| Opening stock | 25,000 | Capital Accounts: | |
| Purchases | 24,000 | Mohan | 1,50,000 |
| Wages | 2,000 | Sohan | 1,50,000 |
| Carriage inward | 1,000 | Sundry Creditors | 20,000 |
| Cash in hand | 3,000 | Bills Payable | 7,000 |
| Insurance | 1,300 | Rent received | 16,000 |
| Postage and telegram | 1,700 | Sales | 52,000 |
| Sundry debtors | 30,000 | R.D.D. | 1,000 |
| Land and building | 2,40,000 | Commission | 4,000 |
| Furniture | 24,000 | | |
| Travelling expenses | 1,200 | | |
| Discount allowed | 1,800 | | |
| Bad debts | 2,000 | | |
| Bills receivable | 8,000 | | |
| Salaries | 20,000 | | |
| Patents | 15,000 | | |
| | 4,00,000 | | 4,00,000 |

Adjustments

1. Stock on 31st March, 2018 was Rs.65,000
2. Depreciate Land & Buildings at 20% p.a.
3. Wages outstanding are Rs.2,500.
4. Prepaid insurance Rs. 300.
5. Write off Rs. 1000 as Bad debts and provide 5% Reserve for Bad debts on sundry debtors and 2% for discount on debtors.
6. Write off one fifth of Patents.
7. Goods costing Rs. 5000 have been stolen but not entered in the books.

OR

Q2. The following is the Trial Balance of firm as on 31st December, 2018: 15 marks

| Particulars | Rs. | Particulars | Rs. |
|-------------|-----|-------------|-----|
|-------------|-----|-------------|-----|

| | | | |
|------------------|----------|--------------------------|----------|
| Drawing : | | Capital | |
| - P | 25,000 | - P | 44,000 |
| - Q | 10,500 | - Q | 42,000 |
| - R | 11,500 | - R (including goodwill) | 45,000 |
| Furniture | 1,00,000 | Sales | 3,80,000 |
| Purchases | 1,90,000 | Creditors | 23,500 |
| Stock | 25,000 | | |
| General Expenses | 5,200 | | |
| Salary | 22,000 | | |
| Rent & Taxes | 5,900 | | |
| Debtors | 31,000 | | |
| Bank | 10,900 | | |
| Land | 97,500 | | |
| | 5,34,500 | | 5,34,500 |

Adjustments:

1. P and Q were partners sharing profits and losses equally.
2. Mr. R was admitted to the partnership on 1st July, 2018.
3. On 31st December, 2018 stock was valued at Rs. 43,500.
4. Rent and Rates paid in advance Rs. 1900.
5. General expenses were outstanding Rs. 1800.
6. Charge depreciation on Furniture @ 10% p.a.
7. Share of Goodwill of new partner was valued at Rs. 10,000 on 1st July, 2018 and yet to be adjusted.

Prepare Trading and Profit and Loss Account For the year ended 31st December, 2013 and Balance Sheet as on that date.

Q. 3 : A, B, C were in partnership, sharing profit and losses in the ratio of equally . The firm was dissolved as on 31-3-2015 on that date the Balance Sheet of the firm was as under.

Balance sheet as on 31.3.2015

| Liabilities | Rs | Assets | Rs |
|-----------------|----------|---------|----------|
| Capital: | | | |
| A | 32,000 | Stock | 36,000 |
| B | 16,000 | Debtors | 84,000 |
| C | 8,000 | Cash | 8,000 |
| General reserve | 12,000 | balance | |
| loans : | | | |
| B | 12,000 | | |
| C | 8,000 | | |
| Creditors | 40,000 | | |
| Total | 1,28,000 | Total | 1,28,000 |

Realisation and expenses were as under

| Particulars | Stock | Debtors | Expenses |
|-------------|-------|---------|----------|
| April -2015 | 9,000 | 15,000 | 2,000 |

| | | | |
|---------------|--------|--------|-------|
| May – 2015 | 1,000 | 21,000 | 1,000 |
| June – 2015 | 17,000 | 17,000 | 2,000 |
| July – 2015 | 1,000 | 21,000 | 800 |
| August – 2015 | 6100 | 4100 | 1200 |

Stock were completely disposed off and the remaining debtors were taken over by “A” at Rs 1200.

You are required to prepare :

- Statement of excess capital
- Statement of distribution of cash.

OR

Q3. Sadguru Paints and Rose Interiors decided to amalgamate on the following terms and conditions on 1st April, 2014 when their Balance Sheets were as follows :- **15marks**

| Liabilities | SP | RI | Assets | SP | RI |
|------------------|----------|----------|--------------|----------|----------|
| Pankaj's Capital | 86,400 | - | Building | 50,000 | - |
| Panna's Capital | 63,600 | - | Furniture | 31,600 | 48,600 |
| Rina's Capital | - | 1,12,300 | Investment | 25,000 | - |
| Riya's Capital | - | 42,200 | Stocks | 34,100 | 49,500 |
| Creditors | 27,500 | 15,500 | Debtors | 40,000 | 50,000 |
| Bank loan | 12,500 | - | Cash at Bank | 9,300 | 21,900 |
| | 1,90,000 | 1,70,000 | | 1,90,000 | 1,70,000 |

Terms of amalgamation:-

(1) **In case of Sadguru Paints:-**

- Goodwill was valued at Rs. 60,000.
- Pankaj took over Bank Loan.
- Investments were taken over by the new firm at Rs. 30,000.
- Building was taken to be worth Rs. 7, 90,000
- Stock to be valued at Rs. 32,600.
- Provision for doubtful debts to be created at 5 % on debtors.

(2) **In case of Rose Interiors:**

- Goodwill was valued at Rs. 50,000
- Stock was valued at Rs. 42,000
- Provision for doubtful debts to be created at 4% on debtors.

(3) Other assets and liabilities of both the firms were taken at book values.

You are required to show necessary ledger accounts in the books of both the Companies that are amalgamating and prepare Balance Sheet of New firm after Amalgamation.

Q4. The Balance Sheet of M/s. Day & Co. and M/s. Night & Co. as on 31-12-2016 were as follows:

20marks

| Liabilities | Baba & Co Rs. | Baby & Co Rs. | Assets | Baba & Co. Rs. | Baby & Co Rs. |
|----------------|------------------|------------------|-------------------|-------------------|------------------|
| Capital: | | | Land and Building | 30,000 | 40,000 |
| Mr. Kala | 75,000 | - | Machinery | 25,200 | 38,800 |
| Mr. Gora | 60,000 | - | Furniture | 10,800 | 12,600 |
| Mr. White | - | 80,000 | Debtors | 21,600 | 30,600 |
| Mr. Black | - | 60,000 | Stock | 28,800 | 32,400 |
| Creditors | 54,000 | 36,000 | Bills Receivable | 3,600 | 1,800 |
| Bank overdraft | - | 39,600 | Bank | 6,200 | 5,400 |
| O / S Expenses | 7,200 | 11,400 | Goodwill | 15,000 | 25,000 |
| Bills Payable | 5,000 | 5,000 | Computer | 60,000 | 45,400 |
| Total | 201,200 | 232,000 | Total | 201,200 | 232,000 |

The two firms decided to amalgamate and form into M/s Item & Co. with effect from 31-12-2016. Partners would share profits and losses equally between themselves as they were doing prior to amalgamation and they agreed to following revaluation of assets and liabilities:

| Particulars | baba & Co. Rs. | Baby & Co Rs. |
|-------------------|----------------|---------------|
| Land and Building | 45,000 | 45,000 |
| Machinery | 30,000 | 32,000 |
| Furniture | 10,000 | 12,000 |
| Debtors | 21,000 | 30,000 |
| Stock | 29,000 | 34,000 |
| Creditors | 52,000 | 34,000 |
| Bank overdraft | - | 38,000 |
| O/S Expenses | 7,200 | 11,400 |

In addition to the above it was decided –

1. Goodwill of M/s. Baba & Co. and M/s. Baby & Co. was valued at Rs. 35,000 and Rs. 20,000 respectively and it should be written off in the New Firm.
2. That the reconstructed capitals of the partners would be Rs. 37,500 each. The difference, if any, should be transferred to Current Account.

You are required to show :– The accounts in the books of the Amalgamating Companies. and Opening Balance Sheet of the new firm.

OR

Q4A, Band C were partners carrying on partnership business and sharing profit and losses in the ratio of 1:2:3. On 31st march 2015, their balance sheet was as under: **15marks**

Balance sheet on 31st March, 2015

| Liabilities | Rs. | Rs. | Assets | Rs. | Rs. |
|-------------------|---------------|-----------------|------------|-----|-----------------|
| Capitals : | | | Building | - | 40,000 |
| - A | 20,000 | | Machinery | - | 60,000 |
| - B | 40,000 | | Motor Car | - | 10,000 |
| - C | <u>60,000</u> | 1,20,000 | Stock | - | 30,000 |
| A's Loan | - | 40,000 | Debtors | - | 40,000 |
| Creditors | - | 30,000 | Cash | - | 18,000 |
| Bills Payable | - | 10,000 | Investment | - | 2,000 |
| | | 2,00,000 | | | 2,00,000 |

On the above date a private ltd. Company was incorporated to take over business on the following terms and conditions :

1. All assets (except cash and investments) and liabilities (except A's loan) to be taken over by the company for which all assets are valued at par except Building which is considered worth RS 54,000 and stock as worth Rs28,000. Further, goodwill is valued at Rs60,000.
2. A's loan to be parity liquidated by his taking over the firm's cash and investments at par. For the balance he is given 8% debenture received from the company in part discharge of purchase consideration.
3. The balance of the purchase consideration is received in the form of equity shares of the company which are to be appropriately distributed amongst the partners.
Give ledger accounts to close the books of the old firm.

- Q5) .** A) Explain in process of Admission of a partner.
B) Explain fixed capital method and fluctuating capital method.

8 marks
7 marks

OR

Q5) write short note on (any 4) :-

15

- 1) Partnership firm
- 2) Maximum Loss Method
- 3) Conversion of firm into Company
- 4) Excess capital method
- 5) Purchase consideration
- 6) Objective of Amalgamation