VCD111022 SYFMG. SEM-III CORPORATE ACCOUNTS 2½ HRS. MARKS 75

(NOTE: All Questions are Compulsory.)

1. (A) State whether following statements are True or False: (Any Eight) (8)

1) Goodwill requires special treatment on amalgamation.
2) On amalgamation fictitious assets are transferred to a capital account.
3) Partners' capital accounts are closed on settlement of purchase consideration among the partners.
4) Dues payable to employees is a preferential liability of the firm.
5) Provision for discount on debtors shows credit balance.
6) Goodwill requires special treatment on amalgamation.
7) Drawing appears on the debit side of the capital account.
8) General reserve is credited to partners' capital account.
9) Goodwill requires special treatment on amalgamation.
10) On amalgamation fictitious assets are transferred to a capital account.

1. (B) Match the following: (Any Seven) (7)

Group 'A'	Group 'B'
A. Purchasing Firm	I. Preferential Creditors
B. Creditors	II. External Liabilities
C. Carriage Outwards	III. Software
D. Bills Discounted	IV. Outgoing Partner
E. Carriage Inwards	V. New Firm
F. Ratio of Sacrifice	VI. Debit all Partners Capital A/c
G. Retirement of Partner	VII. Contingent Liability
H. Intangible Assets	VIII. Debited to Trading Account
I. Wages of workers	IX. Debited to Profit and Loss A/c
J. Loss in Realization on Amalgamation	X. Old ratio minus New ratio

2. A) Following is the Balance Sheet of two firms as at 31st March, 2006: (15)

Liabilities	Prem & Co.	Raj & Co.	Assets	Prem & Co.	Raj & Co.
Capital:			Premises	-	5,000
Prem	11,500	-	Computers	10,000	-
Anil	11,500	-	Furniture	5,000	7,000
Raj	-	18,000	Inventory	9,000	8,000
Shy am	-	12,000	Debtors	6,000	14,000
General	-	3,000	Bank	2,000	4,000
Reserve	5,000	4,000	Cash	1,000	2,000
Creditors	5,000	3,000			
Bills Payable					
	33,000	40,000		33,000	40,000

It was mutually agreed to amalgamate the business from 1st April, 2006.
Terms of amalgamation were as follows:
a) A premise was valued at Rs. 10,000 and computers at Rs.12,000.
b) Furniture was not taken over by new firm.
c) A reserve of 5% is to be created on debtors.
d) Goodwill was valued as: M/s. Prem & Co. at Rs. 10,000 and that of M/s. Raj & Co. at Rs. 15,000.
e) The new firm also assumed other Assets and Liabilities of old firm at book value. Show necessary accounts in the books of old firms and the Balance Sheet of new firm M/s.Prem Raj & Co. after amalgamation.

OR

2. **B)** Madhuri, Tabu and Juhi carrying on business in partnership decided to dissolve it on and from 30th September, 2013. The following was their Balance Sheet on the date: **(15)**

Balance Sheet

Liabilities		Rs.	Assets	Rs.
Capital Accounts : -			Fixed Assets	40,000
-Madhuri	20,000		Current Assets	22,000
-Tabu	5,000		Bank	13,000
- Juhi	10,000	35,000		
General Reserve		30,000		
Creditors		10,000		
		75,000		75,000

As per the arrangements with the bank, the partners were entitled to withdraw Rs. 4,000 immediately and Rs.
9,000 after 1st December, 2013. It was decided that after keeping aside an amount of Rs.1,000 for estimated
realisation expenses, the available funds should be distributed amongst the partners as and when realised. The
following were the realisations:

	Fixed Assets Rs.	Current Assets Rs.
31 st October, 2013 (First)	10,000	5,000
15th November, 2013 (Second)	26,000	12,000
30th December, 2013 (Final)	10,000	12,000

Actual realisation expenses amounted to Rs 700. You are requested to submit a statement showing distribution of cash amongst the partners by Proportionate Capital Method.

3. A) A and B were partners sharing profits and losses in the ratio of 3 : 2. With effect from 1-10-2012, C joins as a third partner. The new profit sharing ratio was 2: 2:1. The following is their trial balance as on 31-3-2013.: (15)

Particulars	Debit	Credit
A's Drawings and Capital	15,000	3,00,000
B's Drawings and Capital	10,000	2 00,000
C's Drawings and Capital	5,000	1,50,000
Opening Stock (1-4-2012)	30,000	-
Purchases and Sales	9 00 000	14 00 000
Wages	1,40,000	-
Furniture	2 00 000	-
General Expenses	60 000	-
Selling Expenses	14,000	-
Debtors and Creditors	626000	-
Cash and Bank Balance	350000	2.50.000
Amount brought by C (for his share of Goodwill)	-	- 50,000
	23,50,000	23,50,000

Other Information :

1. Stock on 31 -3-2013 was Rs 1,80,000. .
2. Purchases from 1 -4-2012 to 30-9-2012 were Rs 4,00,000.
3. Sales from 1-4-2012 to 30-9-2012 were Rs 6,00,000.
4. Wages from 1-4-2012 to 30-9-2012 were Rs 60,000.
5. Stock on 30-9-2012 was Rs 80,000.
6. Furniture worth Rs 1,00,000 was purchased on 1-1-2013. Write off depreciation on furniture at 20%p.a.
7. Interest on partners' capital is to be provided at 12% p.a.
8. No interest is to be charged on partners' drawings. You are required to prepare :

a) Trading A/c containing the columns for: 1-4-2012 to 30-9-2012 and 1-10-2012 to 31-3-2013.

b) Profit and Loss A/c containing the columns for: 1-4-2012 to 30-9-2012 and 1-10-2012 to 31-3-2013.

c) Profit and Loss Appropriation A/c containing the columns for: 1-4-2012 to 30-9-2012 and 1-10-2012 to 31-3-2013.

d) Balance sheet as on 31-3-2013.

OR

3. B) ABC Co. Ltd. was formed with an authorised capital of 1,50,000 consisting of 10,000 Equity shares @ 10 each and 5,000, 72% Preference Shares of 10 each to acquire on 1-7-14 the business of M/s 'Lad and Wad', who were sharing profits in the ratio of 3:2. Their Balance Sheet as on 30-6-14 was as follows: (15)

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Trade Creditors	16,580	Land and Building	40,000
Overdraft	8,950	Plant and Machinery	24,000

Capitals: Lad Wad	40,974 37,316	Stock Debtors	15,960 23,860
	1,03,820		1,03,820

The company took over all the assets and assumed all the liabilities and the consideration was fixed at 1,10,000. In computing this figure, Land and Building were valued at 60,000, Plant and Machinery at 20,000; Stock at 15,000 and Debtors at book value subject to allowance of 5% to cover the doubtful debts.

The purchase price was settled by the issue of 3,300 Equity shares at 10 each, to the firm, 2,500 Preference shares of 10 each, and the balance paid in cash.

Prepare:

(a) Realisation A/c

(b) Partners' Capital A/c

(c) ABC Co. Ltd. A/c and

(d) Cash A/c

4. A) L, U and M were in partnership, sharing profits and losses in the ratio of 1/2, 1/3, 1/6 respectively. Their firm was dissolved as on 31st December 2013 on which date the Balance Sheet of the firm was as under: **(15)**

Balance Sheet As At 31st December, 2013

Liabilities	Rs.	Assets	Rs.
Capitals -L -U -M General Reserve Loans -L -U Creditors	 17,000 8,000 1,000 6,000 6,000 4,000 20,000	Cash Debtors Stock	4,000 42,000 16,000
	62,000		62,000

It was agreed that the realisation should be distributed in their due order at the end of each fortnight. The realisation and expenses were as under:

Particulars	Debtors	Stock	Expenses
15th January 2014	7,500	4,500	1,000
31st January 2014	10,500	500	500
15th February 2014	8,500	8,500	1,000
28th February 2014	10,500	500	400
15th March 20 14	2,050	3,050	600

Stocks were completely disposed off and the remaining debtors were to be taken over by M at an agreed amount of Rs. 600.

Show the Statement of distribution of cash, following Relative Capital Method.

OR

4.B) The following is the Trial Balance of a firm as on 31st December, 2013. **(15)**

Debit	Rs	Credit	Rs
Purchases	1,56,000	Capital Account	
Return Inward	2,400	-A	30,000
Stock	24,000	-B	30,000
Drawings		-C	30,000
-A	12,000	Sales	2,94,000
-B	12,000	Return outward	2,000
-C	12,000	R.D.D.	8,800
Salary	27,000	Bank Loan	20,000
Office Expenses	16,500	Creditors	76,500
Bad Debts	2,100	Bills Payable	8,700
Carriage Inward	4,500		
Carriage Outward	6,750		
Debtors	1,00,000		
Bills Receivables	3,250		
Bank Balance	8,000		
Cash Balance	2,500		
Investments	25,000		
Premises	50,000		
Machinery	36,000		
	5,00,000		5,00,000

On 1st July 2013, 'A' retired and the following adjustments were agreed upon:

a)Goodwill of Rs 90,000 was brought into the books of accounts.

b) Furniture worth Rs 20,000 was purchased on 31-3-2013 but the invoice was not recorded in the books.

c)Balance in A's account after making all adjustments was to be transferred to his loan account carryinginterest @ 16%.

d) Closing stock was valued at Rs 42,000.

e)Depreciate machinery by 10%, Premises by 5% and furniture by 5% p.a.

f) Provide interest on capital at 10%. Prepare Trading and Profit and Loss Account for the year ended 31-12-2013 and a balance sheet as on that date.

5. (A) Explain the meaning of Proportionate capital method. **(8)**

(B) Explain in detail Order of payment of external liabilities in Piecemeal distribution. **(7)**

OR

5. Write short notes on: (Any Three) **(15)**

1. Piecemeal distribution of Cash
2. Preferential Creditor.
3. Amalgamation of Firms.
4. Purchase Consideration
5. Benefits of Conversion of Firm into a Company.