28/10/23

VCD/ SYFMG SEM III CORPORATE ACCOUNTING 2 ½ HRS 75 marks

Q.no.1.)State whether the following statements are 'True' or 'False'(Any 8) (08)

1.In insolvency liabilities exceed the assets ______

2.Dissolution expenses are credited to cash account. ______

3.In Excess Capital Method the minimum capital is equal to the lowest Unit Capital ______

4.Each partner has a right to take part in the business. ______

5.Income tax dues is a preferential liability. ______

6.To eliminate competition is one reason to admit a new partner in a firm. ______

7.On amalgamation of firm, Profit and Loss Adjustment Account is Opened. ______

8.Prepaid expenses are a liability. ______

9.Piecemeal distribution means division of physical assets in pieces among the partners. ______

10.Indian Partnership Act is in force since 1932. ______

B. Match the following. (Any 7) (07)

1.Excess Capital Method	a. Purchase consideration
2.Amalgamation of firm	b. Will be settled by old firm
3.income received in advance	c. Baddept
4 liability not taken over	d. Highest relative capital method
5.debt Irrecoverable	e. Liability
6..Intangible	f. Profit and loss appropriation account
7.partner are promoter	g. Sacrifice ratio
8 Loose tools.	h. Goodwill
9. Salary to partner	i. Not a fixed assets
10.Admission of partner.	j. Conversion of firm into company

Q.no.2.A) From the following Balance Sheet of M/s Ideal Store with Sunil, Anil and Neel as partners sharing. profits and losses in the ratio of 5:3: 2. Their Balance Sheet on the date of dissolution was as follows: (15)

Liabilities	₹	Assets	₹
Partners' Capital:		Fixed Assets	80,000
- Sunil	38,000	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) Realisation expenses were estimated at 4,000.

(2) The assets were realised as under:

First instalment	₹61,280
Second instalment	₹28,720
Third instalment	₹20,000

(3) Actual realisation expenses were 3,000 only.

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

OR.

Q.no.2.B) M/s A and B as partners decided to amalgamate with M/s C and Co having C and D as partners on the following terms and conditions. (15)

i) The new firm M/s AC & Co. to consider goodwill to both the firms at ₹12000 each.

ii) The new firm to take over investments at 10%depreciation ; Debtors Furniture at book value: Premises at ₹53,000; Land at ₹66,800; Machinery at ₹9,000 and such cash which remained after discharge of partners' loans by the respective old firms before amalgamation.

(iii) The new firm also assumed other liabilities of old firms.

The following were the Balance Sheets of both the firms on the date of amalgamation:

Liabilities	A&Co,	C&Co.	Assets	A & Co.	C& co.
Creditors	20,000	10,000	Cash	15,000	12,000
Bills Payable	5,000	-	Investments	10,000	8,000
Loans : A	8,000	-	Debtors	9,000	4,000
C	-	10,000	Furniture	12,000	6,000
Reserves	10,000	4,000	Premises	30,000	-
Capital : A	35,000		Land	-	50,000
B	22,000		Machinery	15,000	-
C	-	36,000	Goodwill	9,000	-
D	-	20,000			
	1,00,000	80,000		1.00,000	80,000

Prepare following Ledger Accounts in each case :

(1) Realisation Account.

(2) Partners' Capital Accounts.

(3) New Firm Account;

and also prepare the Balance Sheet of the New Firm, Q.no.3.A) The following is the Trial Balance of firm as on 31st December, 2013: **(15)**

Debit	₹	Credit	₹
Cash	29,700	Creditors	40,500
Debtors	93,000	Sales	5,40,000
Rent and Rates	17,700	Capital :	
Salary	36,000	D	72,000
Sundry Expenses	15,600	E	36,000
Stock	75,000	F (including goodwill)	12,000
Purchases	3,30,000		
Sundry Assets	31,500		
Drawings :			
A	45,000		
B	22,500		
C	4,500		
	7,00,500		7,00,500

Adjustment -

(1) D and E were partners sharing profits and losses equally.

(2) Mr. F was admitted to the partnership on 1st July, 2013.

(3) On 31st December, 2013 stock was valued at 70,500.

(4) Rent and Rates paid in advance ₹700.

(5) Sundry Expenses were outstanding ₹400.

(6) Depreciate Sundry Assets by 20% p.a.

(7) Goodwill of the firm was valued at 6,000 on 1st July, 2013 and not to appear in the Balance Sheet.

(8) Interest on capital to be charged at the rate of 10% p.a.

You are required to prepare Trading, Profit and Loss Account for the year ended on 31st December, 2013 and Balance sheet as on that date.

OR

Q.no.3.B) ABC Co. Ltd. was formed with an authorized capital of Rs. 1,50,000 consisting of 10,000 Equity shares @ Rs. 10 each and 5,000, 7 ½ % Preference Shares of Rs 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)**

Liabilities	₹	Assets	₹
Trade Creditors	16,580	Land and Building	40,000
Overdraft	8,950	Plant and Machinery	24,000
Capitals :		Stock	15,960
Lad	40,974	Debtors	23,860
Wad	37,316		
	1,03,820		1,03,820

The company took over all the assets and assumed all the liabilities and the consideration was fixed at Rs. 1,10,000. In computing this figure, Land and Building were valued at Rs. 60,000, Plant and Machinery at Rs. 20,000; Stock at Rs. 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 Rs. 10 each, to firm, 2,500 Preference Shares of Rs. 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

Q.no.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		Cash	4,000
-L	17,000	Debtors	42,000
-U	8,000	Stock	16,000
-M	1,000		
General Reserve	6,000		
Loans			
-L	6,000		
-U	4,000		
Creditors	20,000		
	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 Rs.	Stocks Rs.	Expenses Rs.
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 Capitals Method.

OR

Q.no.4.B) Rahul, Omkar, Gaurav were partners sharing Profits and Losses in the ratio of 3: 2: 1. Their Balance Sheet as 31-3-2010 was as follows: **(15)**

Liabilities	₹	Assets	₹
Capitals A/cs :		Land and Building	42,000
Rahul	50,000	Plant and Machinery	30000
Omkar	20,000	Sundry Debtors	44,000
Gaurav	30,000	Stock	26,000
General Reserve	24,000	Furniture	10,000
Creditors Bills	20,000	Cash	6,000
Bills Payable	12,000		
Outstanding Expenses	2,000		
	1,58,000		1,58,000

The partners agreed to sell their business to a limited company. The Company to take over the assets at the valuation shown below:

Land and Building	Rs. 45,000
Plant and Machinery	Rs. 25,000
Sundry Debtors	Rs. 40,000
Stock	Rs. 20,000
Furniture	Rs. 12,000
Goodwill	Rs. 20,000

The company also agreed to pay the bills payable which were agreed at Rs. 10,000. The limited Company paid Rs. 46,000 in cash and the balance in Equity shares @ 1 each. The Creditors were paid by the firm at discount of 2 ½ % and Outstanding expenses were paid in full. The Realisation expenses amounted to Rs. 3,500. Prepare Realisation A/c, Partner's Capital A/c, Cash A/c, Limited Company A/c, Shares in Limited Company A/c and show calculation of Purchase Consideration.

Q.no.5.A)

1.Define Partnership. What are the main features of partnership accounts? (07)

2.What is 'Purchase Consideration'? How is it calculated? (08)

OR

Q.no.5.B) Write short notes : (Any 3) (15)

1.Amalgamation of firm

2 Conversion of firm into company

3 piecemeal distribution

4.Death of partner

5.Vendors firm