VCD-280916 SYBAF ACCOUNTING III-SEMESTER EXAM.- 2016-17 75-MARKS 2½-HRS. PG-4×360

Q1. (A) State whether the following statements are true or false. (Any 8) (8)

1. Interest on drawing is an income to the partnership firm.
2. Balance sheet is an account of business result.
3. Partners always shares profits equally.
4. Closing stock is valued at cost price or market price whichever is more.
5. Excess of income over expenditure is net profit.
6. In excess capital method, the minimum capital is equal to lowest unit capital.
7. On Amalgamation of firm, profit & loss adjustment account is opened.
8. Conversion of firm into company does not involve dissolution of firm.
9. Transactions are allocated to cost centres.
10. An entry made in a debit note can update the stocks.

Q1. (B) Match the following. (Any 7) (7)

Group A	Group B
1. Irrecoverable amount	a. Allocation of Transaction
2. Inventory info	b. cannot be prior to voucher date
3. Delivery notes	c. Bad Debts
4. Income tax payable by a firm as on the date of	d. Date of manufacture, by default.
dissolution	e. Goodwill
5. Intangible Assets	f. Goods Purchased
6. Date of Voucher	g. Units of Measure
7. Cost Centre	h. Two or more departments
8. Expiry date	i. Goods sold
9. Receipt Note	j. Preferential creditors
10. Cost Categories	

Q2. Ram and Kirti were in partnership in a retail business sharing profit and losses in the ratio of 3:2. As from 1st January 2015 they admitted Vikram into partnership giving him 1/5th of the profits. Vikram brought in Rs. 20,000 in cash of which Rs. 6,000 were considered as being in payment for his share of goodwill and remaining as his capital.

The following Trial balance was extracted from the books as on 31st December 2015. (15)

Particulars	Debit Rs.	Particulars	Credit Rs.
Purchases	1,71,625	Sales	2,62,650
Returns	5,250	Returns	4,125
Debtors	40,200	Creditors	25,525
Bills receivable	20,070	Bills payable	11,950
Carriage inward	15,000	Reserve for doubtful debts	5,200
Carriage outward	2,175	Outstanding carriage inward	1,200
Stock as on 1st January 2015	39,725	Outstanding Rent	900
Bad debts	400	**Capital account**	
Salaries	9,795	Ram	15,000
Furniture	5,000	Kirti	10,000
Shop	15,500	Cash paid by Vikram	20,000
Postage	3,240		
Trade expenses	2,690		
Rent and rates	4.200		
Loan to Vishnu	6,000		
Prepaid insurance	240		
Cash	4,440		
Current Account			
Ram	5,000		
Kirti	4,000		
Vikram	2,000		
Computer	30,000		
Professional charges	4,450		
	3,91,000		3,91,000

P.T.O.

You are required to prepare the firms final account for the year ending 31st December 2015 after considering the following information.

1. Stock at the end was Rs. 20,000.
2. Depreciate computer and furniture @10% p.a.
3. 1/5th of the shop are to be written off.
4. Goods worth Rs. 800 have been destroyed by fire and the insurance company admitted the claim of Rs. 600.
5. Bill receivable includes a dishonoured bill of Rs. 1,100 of Rs. 1,000 due from customer on account of sales, who has become insolvent.
6. Goods worth Rs. 300 withdrawn by Kirti included in Debtors.
7. Reserve for doubtful debts is to be maintaining @ 5% on Debtors.

OR

Q2. The partnership deed of A, B and C trading in partnership as AB & Co. provides for the following: (1

1) Interest @ 5% p.a. on capital
2) B and C to be entitled to a salary of Rs. 500 and Rs. 350 per month respectively.
3) Balance of profits to be shares equally.
4) On retirement of partner, deferred revenue expenses are to be written off in the proportion of partners capital.
5) A retires from partnership as on 31st December 2014.
6) You are ask to prepare final account for the year ended 31st December 2014 after showing the amount payable to A on retirement from the following trial balance:

Particulars	Debit Rs.	Particulars	Credit Rs.
Cash	10,500	**Capital Accounts:**	
Salary to staff	8,000	A	50,000
Office expenses	7,000	B	10,000
Depreciation	500	C	5,000
Bad debts	1,000	Liabilities	17,000
Deferred Revenue expenses	6,500	Trading account	52,000
Land and Building	37,500		
Furniture	6,000		
Stock	35,000		
Debtors	15,000		
Current Accounts:			
B	4,000		
C	3,000		
	1,34,000		1,34,000

Q3. Orange, Mango and Apple carrying on business in partnership decided to dissolve it on and from 30th September 2013. Following is their Balance Sheet as on that date.

Liabilities	Rs.	Assets	Rs.
Capital:		Fixed Assets	80,000
Orange	40,000	Current Assets	44,000
Mango	10,000	Bank	26,000
Apple	20,000		
Reserve fund	60,000		
Creditors	20,000		
	1,50,000		1,50,000

As per the arrangements with the bank, the partners were entitled to withdraw Rs. 8,000 immediately and Rs. 18,000 after 1st December 2013. It was decided that after keeping aside an amount of Rs. 2,000 for estimated realisation expenses. The following were realisation:

1. 31st October, 2013 (first) Rs. 30,000
2. 15th November 2013 (second) Rs. 76,000.
3. 30th December 2013 (final) Rs. 44,000.

Actual realisation expenses amounted to Rs. 1,400.
Calculate excess capital and prepare statement of distribution. (15)

OR

Q3. Riya and Siya were in partnership. Their balance sheet as on 31st December 2015 was as under:

Particulars	Rs.	Particulars	Rs.
J's Capital	300000	Stock	480000
K's capital	300000	Other assets	720000
Loan from bank (secured by stock)	300000		
Creditors	300000		
	1200000		1200000

The Assets were realised as under:

1. 30th April 2015 Rs. 300000 (other assets)
2. 31st May 2015 Rs. 120000 (stock)
3. 30th June 2015 Rs. 90000 (other assets)
4. 31st July 2015 Rs. 360000 (other assets)

You are required to prepare a statement showing piecemeal distribution of cash. (15)

Q4. Following were the Balance Sheet of M/s. Meena & co. And M/s. Heena & co. as on 31st December 2015.

Liabilities	Meena co. (Rs.)	Heena co. (Rs.)	Assets	Meena co. (Rs.)	Heena co. (Rs.)
Creditors	10000	12500	Cash	2800	3350
Mrs. A's Loan	2500		Stock	10200	9150
Capital:			Debtors	7500	10000
A	20000		Furniture	2000	2500
B	10000		Premises	20000	
C		7500			
D		5000			
	42500	25000		42500	25000

The two firms decided to amalgamate their business as from 1st January, 2015 and form a new firm Miss and Mrs Checks co. for this purpose it was agreed that Mrs. A's Loan should be repaid by the firm. Goodwill of Meena & co. was fixed at Rs. 4000 and that of Heena & co. at Rs. 5000. Premises were revalued at Rs. 25000. The stock of Meena & co. was found over valued at Rs. 2000; whereas the stock of Heena & co. was undervalued by Rs. 1000. A provision of 5% was created for doubtful debts of both the firms. The total capital of the new firm was to be Rs. 40000 and capital of each partner was to be in his profit sharing ratio which was to be 3:2:3:2. Adjustments to be made through their current accounts. Prior to that goodwill account in the new firm was to be written off. Following the realisation method, prepare ledger accounts in the books of old firm to close these partnership firms. And also prepare balance sheet in the books of new firm. (15)

OR

Q4. X, Y and Z 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:

Liabilities	Rs.	Assets	Rs.
Capitals:		Building	20000
X	10000	Machinery	30000
Y	20000	Motor Car	5000
Z	30000	Stock	15000
Y's Loan	20000	Debtors	20000
Creditors	15000	Cash	9000
Bills Payable	5000	Investments	1000
	100000		100000

On the above date a Private Ltd. company was incorporated to take over the above business on the following terms and conditions:

1. All assets (except cash and investments) and all liabilities (except Y's Loan) to be taken over by the company for which all assets are valued at par except building which is considered worth Rs. 27000 and stock as worth Rs. 14000. Further Goodwill is valued at Rs. 30000.
2. Y's Loan to be partly liquidated by his taking over the firm's cash & 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 share of the company which are to be appropriately distributed amongst the partners.
4. Pass journal entry and prepare ledger accounts to close the books of the firm. (15)

Q5. (a) Write the steps for creating the company.

Q5. (b) Explain Fluctuating Capital Method with format

OR

Q5. Write Short Notes. (Any 3)

1. Cost Centre.
2. Inventory Accounting.
3. Purchase consideration.
4. Stock Group.
5. Amalgamation.

—— The End ——