VC-D 23-09-14 ACCOUNTS & FINANCIAL MANAGEMENT SYBCOM SEM III 2 ½ HRS MARKS-75 1300

Q.1. A) Say true or false (Any 8) (08)

1. Payment made in advance shown on the liability side
2. Interest on loan to partners is charged @6% in absence of information.
3. Piecemeal distribution is a method of allocating cash between partners.
4. Excess capital method is same as highest relative capital method.
5. Purchase consideration is calculated on dissolution of the firm.
6. Net Assets Method is a method of calculating purchase consideration.
7. Cost centre is a unit of generation of profit
8. Liabilities to creditors are outside liabilities
9. To select A co in tally we press the F12 key
10. Amalgamation is a merger.

Q.1. B) Match the following (Any 7) (07)

1. Tally	a) At the end of this year
2. Amalgamation	b) Shares profits and losses
3. Final accounts	c) Incurring of costs
4. Partner	d) Admission of partier
5. Cost centre	e) Amalgamation
6. Sacrifice Ratio	f) Fluctuating Capital
7. Two firms combine	g) Take over
8. Change in capital	h) Method of Accounting
9. Max loss method	i) Piecemeal Distribution
10. Highest relative capital method	j) Excess capital method

Q.2. From the following information prepare Final Accounts of the firm after admission. Rajesh & Akhilesh were partners sharing profits and losses equally they admitted Reema into partnership the new profit sharing ratio will also be equal Reema will contribute Rs.90,000 as cash of which 27,000 is goodwill and the balance capital Goodwill will not appear in the books. (15)

Trial Balance as on 31-12-2010

Particulars	Debit	Credit
Capital		
- Rajesh		65,000
- Akhilesh		45,000
Drawings		
- Rajesh	10,000	
- Akhilesh	15,000	
- Reema	5,000	
Purchases	4,00,000	
Sales		8,00,000
Debtors	1,80,000	
Creditors		1,30,000
Bills payable		50,000
Bills receivable	20,000	
Opening stock	1,20,000	
Wages	90,000	
Salaries	30,000	
Cash by Reema		90,000
Building	1,46,000	
Patents	50,000	
General expenses	14,000	
Postage	20,000	
Loan to A (Int @ 6% for full year)	25,000	
Investments	55,000	
	11,80,000	11,80,000

Additional information:

1. Closing stock was valued Rs. 50,000.
2. Goods costing Rs.5,000 have been stolen but no entry is passed
3. Write off 1/5 of patents.
4. Maintain reseve for doubtful debts @ 5% p.a.
5. Depreciate Building @ 10% p.a.

OR

Q.2. Baba and Baby were partners sharing profits and losses in the ratio of 3:2 they admitted mother into the partnership on and from 1st Jan 2011. Giving him 1/5 share of profits. He will contribute 16,000 as goodwill and 34,000 as capital. Prepare final a/cs post admission.

Trial Balance as on 31-12-2013 (15)

Particulars	Debit	Credit
Current A/c		
Baba	24,000	
Baby	16,000	
Mother	16,000	
Capital A/c		
Baba		60,000

Baby		36,000
Mother		50,000
Sales		10,20,000
Returns	20,000	12,000
Creditors		1,20,000
Bills payable		1,00,000
RDD		11,200
Interest		2,400
Wages outstanding		22,400
Purchases	6,60,000	
Debtors	2,41,200	
Bills receivable	40,000	
Op. stock	1,00,000	
Wages	80,000	
Salaries	32,000	
Furniture	32,000	
Building	1,52,800	
Postage	14,000	
Rent Rates Taxes	6,000	
	14,34,000	14,34,000

Additional information:

1. Provide depreciation on all fixed assets @ 10% p.a.
2. RDD to be maintained @ 5% on debtors
3. Stock value at the end 48,000 market value 40,000.
4. During the year repairs to building Rs. 4800 not recorded
5. Partners are entitled to salary of Rs. 8000 each
6. Interest on capital to be charged @ 10% p.a.

Q.3. Following is the balance sheet of two firms as at 31st March 2014 (15)

Liabilities	SR & Co	RK & Co	Assets	SR & Co	RK & Co
Capital			Premises		5,000
- Shyam	11,500		Computers	10,000	
- Ram	11,500		Furniture	5,000	7,000
Raj		18,000	Inventory	9,000	8,000
Kumar		12,000	Debtors	6,000	14,000
General reserve		3,000	Bank	2,000	4,000
Creditors	5,000	4,000	Cash	1,000	2,000
Bills payable	5,000	3,000			
	33,000	**40,000**		**33,000**	**40,000**

It was mutually agreed to amalgamate the business from 1st April, 2014.

Terms of amalgamation were as follows:

1. Premises were valued at Rs. 10,000 and computers at Rs. 12,000.
2. Furniture was not taken over by new firm
3. A reserve of 5% is to be created on debtors.
4. Goodwill was valued at M/S SR & Co at Rs.10,000 and that of M/S RK & Co at Rs.15,000
5. The new firm also assumed other assets & liabilities of old firm at book value.

Show necessary accounts in the books of SR & Co and the balance sheet of new firm M/S SRK & Co after amalgamation.

OR

Q.3. Following is the balance sheet of two firms as at 31st March, 2010.

Liabilities	RR & Co	SS & Co	Assets	RR & Co	SS & Co
Capital			Premises		17,500
Rakesh	40,250		Computers	35,000	
Ramesh	40,250		Furniture	17,500	24,500
Shashank		63,000	Inventory	31,500	28,000
Suresh		42,000	Debtors	21,000	49,000
General reserve		10,500	Bank	7,000	14,000
Creditors	17,500	14,000	cash	3,500	7,000
Bills payable	17,500	10,500			
	1,15,500	**1,40,000**		**1,15,500**	**1,40,000**

It was mutually agreed to amalgamate the business from 1st April 2010. Terms of amalgamation were as follows:

1. Premises was to be valued at Rs. 35,000 & computers at Rs. 42,000
2. Furniture was not taken over by new firm.
3. A reserve of 5% is to be created on debtors.
4. Goodwill was valued as M/S RR & Co at Rs.35,000 and that of M/s CS & Co at Rs.52,500.
5. The new firm also assumed other assets and liabilities of old firm at book value – show necessary accounts in the book of old firms and the balance sheet of New Firm M/S RS & Co. after amalgamation.

Q.4. From the following balance sheet from of M/S CLARO store with Ram, Raj & Rahim 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	Amt	Assets	Amt
Partners capital		Fixed Assets	2,80,000
Ram	1,35,500	Current Assets	2,10,000
Raj	71,400	Cash in hand	33,600
Rahim	91,000		
General reserves	67,200		
Ram's loan	74,200		
Creditors	84,000		
	5,23,600		**5,23,600**

1. Realization expenses were estimated at Rs.14,000.
2. The assets were realized as under:

First installment	Rs.2,14,480
Second installment	Rs.1,00,520
Third installment	Rs. 70,000

3. Actual realization expenses were Rs.10,500

Prepare a statement showing piecemeal distribution of cash by adopting excess capital method.

OR

Q.4. Raj, Jay and Lalit carrying on business in partnership decided to dissolve it on and from 31st Dec 2014. The following was their balance sheet on the date: (15)

Liabilities		Amt	Assets	Amt
Capital			Fixed assets	60,000
Raj	30,000		Current assets	33,000
Jay	7,500		Bank	19,500
Lalit	15,000	52,500		
General reserve		45,000		
creditors		15,000		
		1,12,500		**1,12,500**

As per the arrangements with the bank, the partners were entitled to withdraw Rs. 6,000 immediately, and Rs.3,500 after 01st March 2014. It was decided that after keeping aside an amount of Rs.1500 for estimated realization expenses the available funds should be distributed amongst the partners as and when realized. The following were the realizations:

	Fixed Assets	Current Assets
31st Jan, 2014	15,000	7500
01st Feb, 2014	39,000	18,000
30th Mar, 2014	15,000	18,000

Actual realization expenses amounted Rs.1050 you are requested to submit a statement showing distribution of cash amongst thepartners by proportionate capital method

Q.5. A) Discuss the various types of Cost Classification

Q.5.B) Explain various types of inventory vouchers (15)

OR

Q.5. Write a short notes on Any three (15)

1. Methods of piecemeal distribution
2. Fixed fluctuating capital method
3. Accounts to be opened in case of amalgamation
4. Methods of calculating purchase consideration
5. Describe the order in which outside liabilities are paid