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VCD - 240315 - ADDITIONAL EXAM (SEM III) ACCOUNTANCY 2 ½ HRS 75 MARKS 110

**Q.1. A. Fill in the blanks with appropriate words. ( Any 8 )** (08)

1) Payment made in advance is shown on __________ side of balance sheet.
   a. Assets  b. liabilities  c. debit  d. credit
2) In absence of any agreement, partner are entitled to receive interest on their loans ________.
   a. 15%  b. 10.5%  c. 6%  d. 8.5%
3) In piecemeal distribution liabilities of a firm are paid before __________.
   a. distribution of cash among the partners  b. sale of assets
   c. revaluation of assets  d. none of the above
4) Excess capital method is also known as __________.
   a. surplus capital method  b. maximum loss method
   c. national loss method  d. none of the above
5) Amalgamation is ____________.
   a. merger of business  b. dissolution of firms
   c. none of the above
6) Purchase consideration is the amount __________.
   a. payable by new firm to old firm  b. payable by old firms to partners
   c. payable by one firm to another firm
7) A cost centre is the unit of the organisation where ____________.
   a. cost is incurred  b. income is generated
   c. profit is generated  d. all of the above
8) To display list of inventory in tally the key pressed is ___________.
   a. F7  b. F10  c. F9  d. F12
9) To select a company in tally the key pressed is ___________.
   a. F1  b. F2  c. F3  d. F4
10) On amalgamation liabilities note taken over by new firm are transferred to __________.
   a. Capital accounts of partners  b. new firm's A/c
   c. Revaluation A/c  d. none of the above

**Q.1. B. State whether the following statements are true or false. (Any 7)** (07)

1) Final accounts are prepared at the end of each accounting year.
2) A partner can carry on competitive business.
3) In Excess capital method the minimum capital is equal to the lowest unit capital.
4) Piecemeal distribution means division of physical assets in pieces among the partners.
5) Liabilities due to outsiders are internal liabilities.
6) All assets & liabilities not taken over by a partner on amalgamation, no entry is passed in the books.
7) After amalgamation of firms, assets & liabilities of old firm get recorded at their realizable value.
8) Transactions are allocated to cost centres.
9) Receipt note voucher is used to recorded receipt of new stock.
10) In tally the key pressed for stock journal entry is F7.

Q.2. Rani and Rita were in partnership sharing profit in the ratio of 3:2 from 1st Jan 2013, they admitted Reema into partnership giving her 1/6th share in profit. She brought Rs. 45,000 cash of which Rs. 13,500 was considered as being in payment for her share of goodwill and the balance as her capital you are given.

Trial balance as on 31st December, 2013

| Particulars | Rs. | Particulars | Rs. |
|---|---|---|---|
| Drawings: | | Outstanding wages | 12,236 |
| Rani | 18,000 | Rent payable | 4,176 |
| Rita | 15,750 | Sales | 11,84,175 |
| Reema | 11,250 | Returns outwards | 14,040 |
| Purchases | 7,48,824 | Reserve for doubtful debts | 5,400 |
| Returns inward | 19,125 | Creditors | 1,25,477 |
| Debtors | 1,80,900 | Bills payable | 40,275 |
| Opening stock | 1,22,512 | Dividend | 3,713 |
| Wages | 90,617 | Capital: | |
| Salaries | 39,388 | Rani | 65,250 |
| Building | 30,375 | Rita | 37,350 |
| Addition to building | 2,250 | Cash paid by Reema ( on 01-01-2013) | 45,000 |
| Patents | 32,850 | | |
| Postage | 14,517 | | |
| Power / fuel | 8,325 | | |
| General expenses | 14,913 | | |
| Rent, rates, taxes | 15,827 | | |
| Bad debts | 2,362 | | |
| Loan to A @ 6%p.a. (given on 01-09-2013) | 22,500 | | |
| Investments | 51,750 | | |
| Prepaid insurance | 2,358 | | |
| Cash/bank | 25,884 | | |
| Bills receivable | 76,815 | | |
| **Total** | **15,47,092** | | **15,47,092** |

Adjustments:

1) Closing stock was valued at Rs. 70,920.
2) Goods costing Rs. 4,500 have been stolen but not entered in the books.
3) Write off 1/5th of patents.
4) Bills receivable include dishonored bill of Rs. 4,725.
5) Maintain reserve for doubtful debts @ 5% p.a.
6) Depreciate building @ 10% p.a. prepare final accounts.

Or

Q.2. Amir & Shahrukh were partners sharing profits and losses in the ratio of 3:1 as from 1st January 2013 they admitted Salman into partnership giving him 1/5th of the profit. Salman brought in cash Rs. 1,68,000 of which Rs. 48,000 was considered as being for goodwill and remaining as his capital.

Trial Balance as on 31st December, 2013

| Particulars | Rs. | Particulars | Rs. |
|---|---|---|---|
| Current A/c | | Capital A/c | |
| Amir | 12,000 | Amir | 60,000 |
| Shahrukh | 8,000 | Shahrukh | 36,000 |
| Salman | 8,000 | Salman | 1,68,000 |
| Purchases | 6,60,000 | Sales | 10,20,000 |
| Returns | 20,000 | Returns | 12,000 |
| Debtors | 2,41,200 | Creditors | 1,20,000 |
| Bills receivable | 40,000 | Bills payable | 76,000 |
| Opening stock | 1,00,000 | R.D.D. A/c | 11,200 |
| Wages | 80,000 | Interest on Investment | 2,400 |
| Salaries | 32,000 | O/s wages | 22,400 |
| Furniture | 32,000 | | |
| Building | 1,80,800 | | |
| Postage | 14,000 | | |
| Loan to B 6% ( 1st March 2013) | 16,000 | | |
| 10% investments ( 31st March 2013) | 40,000 | | |
| Prepaid Insurance | 1,600 | | |
| Rent, rates, taxes & insurance | 8,000 | | |
| Cash | 34,400 | | 15,28,000 |
| | 15,28,000 | | |

Adjustments:

1) Provide depreciation on building & furniture @ 10% p.a.
2) R.D.D. is to be maintained at 5% on debtors.
3) Stock on 31st December 2013 is valued at cost price Rs. 48,000.
4) During the year building repairs charges Rs. 4,800 recorded on building A/c.
5) As per the new partnership deed Amir & Shahrukh are entitled for annual salary of Rs. 8,000 each.
6) Interest on all partners capital is allowed @ 10%p.a.
7) New profit sharing ratio is 3:1:1

Prepare Final Accounts of the firm. (15)

Q.3. The Balance Sheet of M/s. P & Co. and M/s. X & Co. as on 31st March 2014 were as follows.

| Liabilities | P & Co Rs. | X & Co Rs. | Assets | P & Co Rs. | X & Co Rs. |
|---|---|---|---|---|---|
| Capital | | | Land | | |
| P | 18,000 | | Machinery | | |
| Q | 18,000 | | Furniture | | |
| X | | 18,000 | Debtors | | |
| Y | | 18,000 | Stock | | |
| Creditors | 27,000 | 18,000 | Cash | | |
| Loan | - | 19,800 | Bank | | |
| Outstanding Expenses | 3,600 | 5,700 | | | |
| Total | 66,600 | 79,500 | Total | 66,600 | 79,500 |

The two firms decided to amalgamate & form into M/s PX & Co. with effect from 1-4-2014. Partners would share profits & Losses equally between themselves as and they were doing prior amalgamation & they agreed to following revaluation of assets & liabilities:-

| Particulars | P & Co Rs. | X & Co Rs. |
|---|---|---|
| Land | 22,500 | 22,500 |
| Machinery | 15,000 | 16,000 |
| Furniture | 5,000 | 6,000 |
| Debtors | 10,500 | 15,000 |
| Stock | 14,500 | 17,000 |
| Creditors | 26,000 | 17,000 |
| Loans | - | 19,000 |
| o/s Expenses | 3,600 | 5,700 |

In addition to the above it was decided-

1. Goodwill of P& Co. and X & Co. was value at Rs. 17,500 and Rs. 10,000 respectively & it should be written off in the New firm.
2. That the reconstructed capital of the partners would br Rs. 18,750 each. The difference if any should be transferred to current account.

You are required to show:

The accounts in the books of M/s P & Co and

The opening balance sheet of the new firm.

Or

Q.3. Following is the balance sheet of two firm's as at 31st March 2014.

| Liabilities | JV & Co Rs. | CS & Co Rs. | Assets | JV & Co Rs. | CS & Co Rs. |
|---|---|---|---|---|---|
| Capital | | | Premises | | 17,500 |
| Jay | 40,250 | | Computer | 35,000 | - |
| Viru | 40,250 | | Furniture | 17,500 | 24,500 |
| Chandu | | 63,000 | Inventory | 31,500 | 28,000 |
| Suraj | | 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 2014. Terms of amalgamation were as follows:

1. Premises was valued at Rs. 35,000 & computers Rs. 42,000.
2. Furniture was not taken over by new firm.
3. A reserve at 5% is to be created on debtors.
4. Goodwill was valued as: M/s. JV & cost Rs. 35,000 and that of M/s Raj & Co. at Rs. 52,500.
5. The new firm also assumed other assets & liabilities of old firm at book value.
6. Show necessary accounts in the books of old firms and the balance sheet of new firm M/s Jaichand & Co. after amalgamation.