

Class: S Y B Com (Sem-III)

Time: 3 Hrs 15/10/2019

Sub: Accountancy & Financial Management

Marks: 100

Q.1. A. State whether the following statements are true or false (any 10) 10 Marks

- i. Under Net Assets Method, agreed value of assets and liabilities are taken into a/c.
- ii. AS 14 deals with Amalgamation of firm
- iii. Amalgamation means merger of two firm.
- iv. Government dues are preferential liabilities.
- v. Under piecemeal distribution, realization of assets is gradual.
- vi. Undistributed profit is shared to partners in their capital ratio.
- vii. All variable expenses are allocated on the basis of Time Ratio.
- viii. Prepaid expense is a liability.
- ix. All partners of a partnership firm automatically become directors in the new company upon the conversion of the firm.
- x. Conversion of the firm into company does not involve dissolution of firm.
- xi. Partnership is a non-trading concern.*
- xii. Balance sheet is an account -*

Q. 1. B. Match the column (any 10)

10 Marks

Column A	Column B
I. Dues to Employees	a. Outgoing Partner
II. Fluctuating Capital Method	b. Old Ratio minus New Ratio
III. Excess Capital Method	c. will be settled by old firm
IV. Amalgamation of Firm	d. 12% p.a.
V. Purchase Consideration	e. created after payment of external liabilities
VI. Loose Tools	f. 6% p.a.
VII. Preferential Liability	g. Income Tax due
VIII. Interest on Partner's Loan	h. Not a fixed asset
IX. Reserve for Contingent Liabilities	i. Amount payable by purchasing company
X. Liabilities not taken over	j. Purchase Consideration
XI. Ratio of Sacrifice	k. Highest relative method

XII. Retirement of Partner

1. Separate current a/c is opened

m. Preferential liabilities

Q.2. Amit and Narendra are partners. Their final balances as on 31st December 2018 was as under. 20 Marks

Debit Balances	Amt in INR	Credit Balances	Amt in INR
Building	74,000	Amit's Capital	90,000
Machinery	40,000	Narendra's Capital	90,000
Furnitures	20,000	Sales	6,80,000
Purchases	2,98,000	Creditors	52,000
Stock	60,000	R D D	3,000
Wages	65,000	Discount	10,000
Carriage Inward	25,000		
Salaries	40,000		
Repairs	18,000		
Commission	5,700		
General Expenses	30,000		
Rent & Taxes	21,000		
Bank Balance	95,000		
Cash Balances	49,300		
Debtors	84,000		
	9,25,000		9,25,000

Additional Information:

- Closing Stock was Rs. 50,000.
- Narendra has taken goods worth Rs. 5,000 for his personal use for which no entry was made in the books.
- Wages outstanding were Rs. 6,000 and Taxes paid in advance Rs. 2,000.
- Depreciation was to be provided at 10% on Machinery, 5% on Building & 15% on Furniture.
- Write off Rs. 2000 as Bad Debts and provision for doubtful debts is to be increased to Rs. 5,000.
- Goods costing Rs. 2,500 have been stolen but no entry was passed in the books.

Prepare Trading and Profit and Loss account for the year ended 31st December 2018 and Balance sheet as on that date.

OR

Q.2. The following is the Trial Balance of a firm as on 31st December 2018. 20 Marks

Particulars	Debit Amt	Particulars	Credit Amt
Current Account:		Capital Account	
Karan	10,000.00	Karan	30,000.00
Kusum	8,000.00	Kusum	20,000.00
Kajal	4,000.00	Cash paid by Kajal on 1st July 2018	40,000.00

Cash in Hand	8,880.00	Bills Payable	23,900.00
Opening Stock	79,450.00	Reserve for Doubtful debts	10,400.00
Purchases	3,43,250.00	Creditors	51,050.00
Returns Inward	10,500.00	Outstanding Salaries	4,200.00
Wages	34,350.00	sales	5,25,300.00
Salaries	19,590.00	Return Outwards	8,250.00
Furniture & Fixtures	10,000.00		
Trademarks	31,000.00		
Postage and Insurance	6,480.00		
Trade Expenses	5,380.00		
Rent	8,400.00		
Debtors	80,400.00		
Bad Debts	800.00		
Investment @ 5% made on 5th Aug. 2018	12,000.00		
Prepaid Rent	480.00		
Bills Receivable	40,140.00		
	7,13,100.00		7,13,100.00

Karan & Kusum were running a business in partnership sharing profit equally.

On 1st July, 2018, Kajal admitted into partnership firm for 1/3rd share of profits. She bought in Rs. 40,000 in cash for which Rs. 12,000 were considered as being payment for her share of Goodwill and reminder as her capital.

Additional Information:

1. Rate of depreciation on Furniture is @ 10% p.a.
2. Goods to the value of Rs. 2,000 have been distributed as free sample.
3. 1/5th of the Trademarks are to be written off.
4. Closing Stock Rs. 40,000

You are required to prepare firm's Final Account for the year ending as on 31st December 2018. The Gross profit for the year is to be allocated in ration of time between pre & post admission period.

Q.3. Arvind, Chandan and Piyush were in partnership sharing profit & losses in the ratio 2:1:1. Their Balance Sheet as on 31-03-2018 was as under, the date of which they decided to dissolve the firm.

20 Marks

Balance Sheet as on 31-03-2018

Liabilities	Amt in INR	Assets	Amt in INR
Sunday Creditors	75000	Cash on Hand	45000
Bank Loan (Secured against Stock)	150000	Stock in Trade	200000
Income Tax Payable	20000	Debtors	300000
Capital Accounts:		Furniture	180000

Arvind	200000	Motor Car	125000
Chandan	200000		
Piyush	150000		
Loan from Piyush	55000		
	850000		850000

1. Bank could realise Rs. 125000 only on disposal of stock.
2. A sum of Rs. 15000 was spent on Motor Car for getting better price.
3. Other assets were realise as follow:

1 st	Rs. 135000
2 nd	Rs. 50000
3 rd	Rs. 150000
4 th	Rs. 180000

4. The partners distributed the cash as and when available.

Using the Excess Capital Method show the Piecemeal distribution of Cash.

OR

Q.3. Following is the Balance Sheet of two firms as at 31st March, 2018: 20 Marks

Liabilities	MM & Co. Rs.	NN & Co. Rs.	Assets	MM & Co. Rs.	NN & Co. Rs.
Capital:			Premises	-	10,000
Mamta	23,000	-	Computers	20,000	-
Meena	23,000	-	Furniture	10,000	14,000
Narmata	-	36,000	Inventory	18,000	16,000
Neena	-	24,000	Debtors	12,000	28,000
General	-	6,000	Bank	4,000	8,000
Reserve	10,000	8,000	Cash	2,000	4,000
Creditors	10,000	6,000			
Bills Payable					
	66,000	80,000		66,000	80,000

It was mutually agreed to amalgamate the business from 1st April, 2018.

Terms of amalgamation were as follows:

- (a) Premise was valued at Rs. 20,000 and Computers at Rs. 24,000.
 - (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. MM & Co. at Rs. 20,000 and that of M/s. NN & Co. at Rs. 30,000.
 - (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. MN & Co. after amalgamation.

(4)

Q.4. Veena, Eenna & Reena are partners sharing equal profits. They decided to convert their partnership firm into a joint stock company in the name of "VEER Ltd". Following is the Balance sheet on the date of conversion. 20 Marks

Liabilities	Amt in INR	Assets	Amt in INR
Capital:		Building	1,98,000
Veena	3,00,000	Plant & Machinery	1,52,000
Eenna	3,00,000	Motor Van	66,000
Reena	3,00,000	Furniture	84,000
General Reserve	24,000	Stock	1,20,000
Bills Payable	8,000	Sunday Debtors	1,65,000
Sunday Creditors	96,000	Investment	43,000
		Bank	2,00,000
	10,28,000		10,28,000

a. "VEER Ltd" took over the following assets and liabilities:

Building at	Rs. 2,00,000
Plant & Machinery	Rs. 2,00,000
Furniture	Rs. 14,000
Stock	Rs. 1,50,000
Goodwill	Rs. 66,200

- Create 10% Reserve for Doubtful Debts.
- The Company has also agreed to take over Sundry Creditors at Rs. 82,000.
- The purchase consideration was discharged by the issue of sufficient number of Equity Shares of Rs. 100 each fully paid up at par.
- The firm sold Investment for INR 50,000 and paid bills payable fully.
- Motor Van was taken over by Veena at book value.
- The firm paid realisation expenses Rs. 20,000.

Purchase consideration was distributed amongst the partners as per their proportionate capital at the end. You are required to:

- Calculate the Purchase consideration
- Close the books of old partnership firm
- Prepare Balance Sheet of "VEER Ltd" as per the schedule III.

OR

Q.4. Amar & Co. and Deep & Co. carrying on allied business decided to amalgamate under the name of Amardeep & Co. on and from 31st December 2018. Their balance sheet as on that were as follows: 20 Marks

Balance Sheet

Liabilities	Amar & Co.	Deep & Co.	Assets	Amar & Co.	Deep & Co.
Capital A/cs			Machinery	75,000.00	1,20,000.00
Ajeet	50000		Stock	50,000.00	67,500.00
Sujeet	75000		Debtors	75,000.00	50,000.00
Samar		62,500.00	Bank	27,500.00	22,500.00

(5)

Babar		62,500.00	Goodwill	12,500.00	
General Reserve	62500	50,000.00			
Creditors	37500	75,000.00			
Bills Payable	15000	10,000.00			
	2,40,000.00	2,60,000.00		2,40,000.00	2,60,000.00

The term of Amalgamation were as follows:

a. The valuation of assets & liabilities :

Firm	Goodwill	Machinery	Stock	Debtors	Creditors	Bills Payable
Amar & Co.	37,500.00	95,000.00	45,000.00	70,000.00	45,000.00	13,000.00
Deep & Co.	30,000.00	1,12,500.00	62,500.00	47,500.00	70,000.00	8,000.00

b. Profit Sharing ratio

Before / After	Ajeet	Sujeet	Samar	Babar
Before	1	4	3	2
After	2	1	1	1

c. Goodwill was to be write off.

d. The agreement capital of new firm should be Rs. 3,00,000, to be distributed in new profit sharing ratio. The difference if any is to be settle in cash.

You are required to prepare :

1. Statement of Purchase Consideration
2. Ledger a/c to close the books of Amar & Co. and Deep & Co.
3. Balance Sheet of Amardeep & Co. after amalgamation.

Q.5 A. What do you mean by amalgamation of firm? Explain the objectives of Amalgamation. 10 Marks

Q. 5 B. Explain in detail " Piecemeal Distribution". 10 Marks

OR

Q. 5. Write short notes (any 4) 20 Marks

1. Purchase consideration
2. Order of payment under piecemeal distribution
3. Profit & Loss Appropriation A/c
4. Admission of partner
5. Conversion of firm into company
6. Partnership Deed.

(6)