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(180) +15

VIVA COLLAGE OF ARTS, COMMERCE & SCIENCE

S.Y.B.Com (Semester – III)

Sub – Accounting & Financial Management II   Marks – 60   Duration – 2 hrs.

Note: - 1) All questions are compulsory.
2) All working notes should be part of your answer.
3) All Questions Carries equal marks each.
4) Figures of right indicate marks of the questions.

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Q1. From the following Trial Balance of Ajitdada and Amitbhai, you are required to prepare a Trading and Profit & Loss A/c for the year ended 31st December 2003 and a Balance Sheet as on that date:

Trial Balance As On 31st December 2003

Particulars	*Dr. Rs.*	*Cr. Rs.*	*Particulars*	*Dr. Rs.*	*Cr. Rs.*
Capital A/cs			Carriage Outwards	14,000	
- Ajitdada		6,00,000	Wages	2,40,000	
- Amitbhai		4,00,000	Insurance	16,000	
Drawing A/cs			Discount Received		2,000
- Ajitdada	20,000		Postage	8,000	
- Amitbhai	10,000		Debtors and Creditors	7,04,000	6,42,000
Stock on 1-1-2003	4,40,000		Furniture	2,40,000	
Bills Receivable	18,000		Cash in Hand	98,000	
Purchases and Sales	19,00,000	30,20,000	Machinery	8,00,000	
Return	60,000	20,000	Rent & Taxes	12,000	
Salaries	1,00,000		Printing & Stationery	4,000	
				46,84,000	**46,84,000**

Adjustments :

(1) The Closing Stock on 31st December 2003 was valued at Rs. 5,60,000.

(2) The outstanding expenses were : (a) Wages Rs. 20,000 and (b) Salaries Rs. 9,300

(3) Goods of Rs. 20,000 were distributed as free samples.

(4) Interest on partners' capitals was to be provided at 7% p.a.

(5) Prepaid Insurance was Rs. 1000.

(6) Depreciation was to be provided on furniture at 10% and on machinery at 5%.

(7) A Reserve for bad and doubtful debts was to be created at 5% of sundry debtors. (15)

OR

Q1. A & B are partners sharing profits equally. From the following Trial Balance, Prepare Trading and Profit and Loss A/c for the year ended 31st Dec. 2003 and the Balance Sheet as at that date of M/s . AB after making the adjustments given below.

Particulars	*Dr. Rs.*	*Cr. Rs.*	*Particulars*	*Dr. Rs.*	*Cr. Rs.*
A's Capital		1,00,000	Rent and Taxes	2,000	
B's Capital		1,00,000	Motor Car	3,000	
Land and Buildings	87,000		Carriage Outward	1,400	
Plant and Machinery	17,500		Sales		84,000
Goodwill	20,000		Salaries	3,100	
A's Drawing s	10,000		Bank Charges	105	
B's Drawings	12,600		Bad Debts Written off	2,100	
Deposits	1,000		Provision for Doubtful Debts		1,500
Stock (1-1-2003)	27,000		Printing and Stationery	2,000	

Wages	10,000		Debtors	19,800	
Purchases	69,000		Creditors		7,500
Carriage Inwards	600		Bank Current A/c	795	
General Expenses	4,000			2,93,000	2,93,000

(1) Closing Stock was Rs. 46,000.

(2) It is discovered that credit sales affected on 21-12-2003 to the value of Rs. 200 have not been entered in the books.

(3) Stock worth Rs. 3,000 uninsured has been destroyed by fire.

(4) Plant and Machinery worth Rs. 1,000 purchased on 31st Dec. 2003 has been inadvertently include in purchases.

(5) Wages include a sum of Rs. 500 spent at the time of installation of a new machinery valued at Ra. 4,000 on 30-6-2003.

(6) The Motor car was sold on 30-6-2003 for Rs. 2,000, the amount being wrongly included in the sales.

(7) Depreciate Plant and Machinery at 10% p.a. and Motor Car at 20% p.a. and Provision for Bad Debts to be increased by Rs. 2,000.

(8) Rent and Taxes prepaid were Rs. 800.

(9) No interest is to allowed on partners' capital and no interest is to be charged on drawings. (15)

The following is the Balance Sheet of Madan and Mohan sharing profis in the ratio of 3:2 as on 31st December, 2005

Balance Sheet as on 31st December, 2005

Liabilities	Rs	Assists		Rs
Capital		Building		36,000
Madan	40,000	Plant and Machinery		0,000
Mohan	50,000	Stock		24,000
Sundry Creditors	30,000	Debtors	21,000	
Bolls payable	5,000	**Less: R.D.D**	1,000	20,000
		Bank		10,000
		furniture		5,000
	1,25,000			**1,25,000**

On this date Mukesh is admitted on the following terms:

1. He is to pay Rs.50,000 as his capital and Rs.20,000 s his share of goodwill.
2. The new profit sharing ratio is to be 5:3:2.
3. **The assets are to be revalued as under:**
   Building – Rs.50, 000
   Plant and Machinery – Rs.24, 000.
4. R.D.D. to be increased Up to Rs.2, 000.
5. The old partners decided to retain half the amount of Goodwill I the business.
6. Sundry Creditors should be revalued at Rs.33,000.

Give: Revaluation Account, Capital Account and Balance Sheet of the new firm. (15)

OR

Shankar, Shiv and Mahesh were partners in a firm sharing profits and losses in ratio 3:2:1 respectively. Their Balance Sheet was as follows:

Liabilities	Rs.	Assets		Rs.
Creditors	60,000	Sundry Assets		
Capital A/c's:		Machinery		1,60,000
Shankar	1,20,000	Furniture		70,000
Shiv	1,10,000	Stock		6,000
Mahesh	90,000	Debtors	60,000	50,000
		(-) R.D.D.	2,000	58,000
		Bank		30,000
		Cash		6,000
	3,80,000			3,80,000

Mahesh decided to retire on 1st January, 2008 on the following terms:

1) Goodwill of the firm will be valued Rs. 48,000.
2) Decrease the value of Sundry Assets, Machinery and Stock by 10% p.a.
3) Furniture and Fixtures were taken over by Shankar at Rs. 5,400.
4) Make a provision for Unpaid Expenses Rs. 1,400.
5) An amount due to Mahesh, Rs. 13,000 to be paid by cheque and remaining amount should be transferred to his Loan Account. (8)

Prepare Profit and Loss Adjustment A/c. also calculate New Ratio & Gain Ratio.

b) The following is the balance sheet of Rahul, Rohan and Roshan who were partners sharing profits and losses in the ratio of 2:2:1. **Balance sheet as on 31st December, 2000**

Liabilities		RS	Assets		Rs
Capital :			Investment		35,000
Rahul	20,000		Stock		12,000
Rohan	15,000		Debtors	20,400	
Roshan	20,000	55,000	Less: R.D.D.	400	20,000
Creditors		12,000	Cash		3,000
Outstanding Salaries		3,000			
		70,000			70,000

Roshan dies on 1st April 2001 and the following adjustment were made in the books of the firm :

(1) All debtors were considered as good and the Reserve for Doubtful Debts was no longer necessary.
(2) A contingent liability for compensation of Rs900 was to be provided.
(3) Investment worth Rs 20,000 was taken over by the executors of Roshan and the remaining investment was sold for Rs 15,000.
(4) Stock was revalued at Rs 15,000.
(5) The goodwill of the firm was valued at Rs 10,000 and was to be shown in the books.
(6) The deceased partner's share in profit upto the date of his death was to be calculated on the basis of the preceding year's profit which was Rs 8,000.

PREPARE : The Profit and Loss Adjustment Account, Capital Account of partners. (7)

Q.3 The following was the Balance Sheet of M/s. Santosh and Rajesh Bros as on 31st December, 2007.

Balance Sheet as on 31st December, 2007

Liabilities	Rs.	Rs.	Assets	Rs.
Capitals:			Cash at Bank	6,000
Santosh	50,000		Furniture	30,000
Rajesh	50,000	1,00,000	Investments	10,000
Reserve Fund		10,000	Machinery	70,000
Santosh's Loan		1,000	Debtors	7,000
Bills Payable		2,000		
Creditors		10,000		
		1,23,000		**1,23,000**

The firm was dissolved on 31st December, 1984 and the assets realised as under:

1) Santosh took over the Investment at Rs. 9,200.
2) Cash realised from Debtors Rs. 6,500, Machinery Rs. 67,500.
3) Rajesh agreed to take over Furniture at Rs. 28,000 and agreed to meet the Bills Payable at Rs. 1,500.
4) Dissolution Expenses were Rs. 1,400.
5) The Creditors were paid off Rs. 9,700 in their full settlement.
6) Santosh and Rajesh share Profits and Losses in the proportion of 3:2.

Prepare: Realisation A/c, Partner's Capital A/c and Bank A/c. (15)

Q.3 a) A, B, C share profits and losses in the proportion of 3:2:1. their balance sheet is as follows:

Liabilities	Rs.	Assets	Rs.
Capital Accounts:		Sundry Assets	80,000
- A	30,000		
- B	30,000		
- C	20,000		
	80,000		80,000

The partnership is dissolved and the assets are realised as follows:

First Realisation	Rs. 17,000
Second Realisation	Rs. 21,000
Third and Final Realisation	Rs. 36,000

Show distribution of cash at each stage: (a) in profit sharing ratio (b) in ratio of capital balances. (8)

b) 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:

Liabilities	Rs.	Assets	Rs.
Partner's Capital:		Fixed Assets	80,000
- Sunil	38,800	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) Realization expenses were estimated at Rs. 4,000.
(2) the assets were realised as under:

First instalment	Rs. 61,280
Second instalment	Rs. 28,720
Third instalment	Rs. 20,000

(3) Actual realization expenses were Rs. 3,000 only.

Prepare a statement of Excess capital and Order of Payments. (7)

Q.4 **a) Fill in the Blanks.** (8)

1. .... Side of P& L Adjustment A/c shows losses on revalution.
2. The balance in the capital account of the deceased partner is transferred to his .... Account.
3. On Dissolution, Profit & Loss are transferred to partners' capital accounts in .... Sharing ratio.
4. Income Received in advance is shown on .... side of balance sheet.
5. Dada, Kaka & Baba were partners in partnership sharing profit in the ratio of 3:2:1, in Kaka retires from the firm, then New Ratio will be ....
6. On dissolution of firm, assets and liabilities are transferred to .... Account.
7. '..........' means 'relationship between partners'.
8. Prepaid expenses are shown on the .... side of Balance Sheet.

b) State whether True or False. (7)

1. Goodwill is Fictitious Assets
2. Sacrifice Ratio = New Ratio – Old Ratio.
3. The capital A/c of the retiring partner closes only when the full amount due to him is paid.
4. Insolvent partner does not share in realization loss.
5. After dissolution of a partnership firm, it can continue doing its normal business.
6. Interest on drawing is an income to the partnership firm.
7. Closing stock is to be valued at cost price or market price whichever is more.