SHRI. S. H. KELKAR COLLEGE OF ARTS COMMERCE & SCIENCE, DEVGAD.

DATE :- 18/10/2023 CLASS:- SYBCOM SUB :- ACC & FIN. MNGT.III(UBCOMFS.III.2)TOT.MARKS -100

Time : 3 Hrs.

Exam Department DEVGAD

N.B. 1. All questions are compulsory

2. Figures to the right indicate full marks

Q. 1 a) Fill in the blanks with the appropriate option given in the bracket. (Any Ten) **10**

1.A partner acts as an…………...

a. Agent of the firm b. Employee of the firm

c. Third Party d. None of the above

2. Excess capital method is also known as………

a. Highest Relative Capital Method b. Maximum loss method

c. Capital Equalization method c. Capital Induction method

3. Gross profit is transferred to……….

a. Trading A/c b. P & L A/c

c. P & L Appropriation A/c d. None of the above

4. Sacrifice ratio is calculated ………

a. When a new partner is admitted b. When a partner is retires

c. When one partner is declared insolvent d. When the partnership firm is dissolved

5. A partner's current A/c may show……….

a. Debit balance b. Credit balance

c. Either debit or credit balance d. None of the above

6. External liabilities are liabilities due to…………

a. Partners b. Owners

c. Outsiders d. None of the above

7. Assets taken over by partner is debited to

a. Realization A/c b. Partners capital A/c

c. Bank A/c d. Cash A/c

8. Preferential liabilities are………..

a. Payable to creditors b. Payable to government

c. Payable to partners d. None of the above

9. Goodwill written off is debited to…………

a. All partners Capital account b. Goodwill account

c. Realization A/c d. Drawing A/c

10. 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 d. None of the above

11. Amalgamation is dealt with by

a. AS 14 b. AS 16

c. AS 18 d. AS 3

12. Realisation expenses are………….

a. Debited to Bank Account b. Debited to Realisation Account

c. Credited to Capital Account d. None of the above

b) State True or False (Any Ten) **10**

1. Final accounts are prepared at the end of each year.
2. Excess of Income over expenditure is net profit.
3. Assets must be equal to liabilities.
4. Partners current A/c must always show credit balance.
5. Each partner has a right to take part in the conduct of the business of a firm.
6. New firm must take over all the assets of both the firms.
7. Liabilities due to outsiders are internal liabilities.
8. Loss on realization account is credited to partners capital account.
9. Goodwill of both the firms is not considered.
10. Purchase consideration is not necessary on conversion into a Ltd. Co.
11. General Reserve should be transferred to old partner's capital accounts in their old profit-sharing ratio.
12. A partnership firm has unlimited capital.

Q.2) A and B were partners sharing profits and losses in the ratio of 3: 2. With effect from 1st October, 2021; C joins as a third partner. The new profit sharing ratio was 2:2:1. The following is their Trial Balance as on 31st March, 2022.

Particular	Debit Amount	Credit Amount
A's Drawings and Capital	15,000	3,00,000
B's Drawings and Capital	10,000	2,00,000
C's Drawings and Capital	5,000	1,50,000
Opening Stock (1.4.2021)	30,000	-
Purchases and Sales	9,00,000	14,00,000
Wages	1,40,000	-
Furniture	2,00,000	-
General Expenses	60,000	-
Selling Expenses	14,000	-
Debtors and Creditors	6,26,000	2,50,000
Cash and Bank Balance	3,50,000	
Amount brought by C (for his share of Goodwill)		50,000
	23,50,000	**23,50,000**

Other Information:

1. Stock on 31st March, 2022 was 1,80,000.
2. Purchases from 1st April, 2021 to 30th September, 2021 was 4,00,000.
3. Sales from 1st April, 2021 to 30th September, 2021 was 6,00,000.
4. Wages from 1st April, 2021 to 30th September, 2021 was 60,000.
5. Stock on 30th September, 2021 was 80,000.
6. Furniture worth 1,00,000 was purchased on 1st January, 2022. Write off depreciation on furniture at 20% p.a.
7. Interest on partners' capital is to be provided at 12% p.a.
8. No interest is to be charged on partners' drawings.

You are required to prepare :

i) Trading Account containing the columns for: 1st April, 2021 to 30th September, 2021 and 1st October, 2021 to 31st March, 2022.

ii) Profit & Loss Account containing the columns for: 1st April, 2021 to 30th September, 2021 and 1st October, 2021 to 31st March, 2022.

iii) Profit & Loss Appropriation Account containing the columns for 1st April, 2021 to 30th September, 2021 and 1st October, 2021 to 31st March, 2022.

iv) Balance Sheet as on 31st March, 2022. **20**

OR

Q.2 X, Y and Z were sharing P & L in the ratio of 2:2:1. Their Trial Balance as on 31-3-2022 was as follows:

Particular	Dr. Amount	Cr. Amount
Capital A/c		
X		1,60,000
Y		1,60,000
Z		80,000
Drawings		
X	16,000	
Y	16,000	
Z	8,000	
Sundry Suppliers		2,40,000
Closing Inventory	2,80,000	
Sundry Customers	4,00,000	
Fixed Assets	2,40,000	
General Reserve		1,20,000
Gross Margin		3,20,000
Office Expenses	80,000	
Selling & distribution Exp.	40,000	
	10,80,000	**10,80,000**

Additional Information :

1. Y retired on 1st October, 2021. His share of Goodwill was decided at 80,000.
2. New Profit sharing ratio between X and Z was agreed at 3: 1. (P.T.O)

3. X is entitled to a Salary of 24,000 p.a.

4. General Reserve represents the opening balance in that A/c and the partners decided that General Reserve should not appear in the books.

5. Interest on Capital is to be provided at 10% p.a.

6. Balance payable to Y on his retirement was to be transferred to his loan A/c carrying interest at 10% p.a.

Prepare final account. **20**

Q.3 A) Ajay, Vijay and Sanjay carrying on business in partnership decided to dissolve it on from 31st March , 2017. The following was their Balance sheet as on that date:

Liabilities	Amount	Assets	Amount
Capital: -		Fixed Assets	160,000
Ajay	60,000	Current Assets	88,000
Vijay	30,000	Bank	52,000
Sanjay	50,000		
General Reserve	60,000		
Ajay's Loan	20,000		
Vijay's Loan	40,000		
Creditors	40,000		
	300,000		300,000

You required to prepare statement of Excess capital. **10**

B) Amit, Anil & Akshay were in partnership till 31st March 2021. When their balance sheet was as follows. They shred profits & losses as 3:2:1 respectively.

Liabilities	Amount	Assets	Amount
Capital:-		Plant & Machinery	2,00,000
Amit	1,54,000	Stock	75,000
Anil	50,000	Sundry Debtors	1,25,000
Akshay	50,000	Cash	5,000
Sundry Creditor	16,000		
Bank Overdraft	70,000		
Anil's Loan	50,000		
General Reserve	15,000		
	4,05,000		4,05,000

You required to prepare statement of Excess capital. With Highest Relative capital method. **10**

OR

Q.3. Sonam, Nidhi and Pooja are partners sharing profits and losses in the ratio of 4:2: 1. They decided to dissolve the partnership as on 31 March, 2022 when their Balance Sheet was as follows:

Liabilities	Amount	Assets	Amount
Capital:-		Land and Building	1,00,000
Sonam	1,00,000	Machinery	1,50,000
Nidhi	60,000	Debtors	45,000
Pooja	20,000	Stock	34,500
10% Bank Loan (unsecured)	40,000	Cash and Bank	500
Bills Payable	30,000		
Creditors	30,000		
	2,80,000		2,80,000

800 has to be provided for realisation expenses.

Thereafter all cash received should be distributed among the partners.

The amounts were realised in installments as follows:

Installments

1st 60,300

2nd 50,000

3rd 79,000

4th 27,700

The actual realisation expenses were 500.

Prepare a statement showing piecemeal distribution of cash as per excess capital method. **20**

(P.T.O)

Q.4. Two independent Firms carrying on similar business under the name & style Tanaji & Baji and Yesaji & Hiroji decided to amalgamate on 1st April, 2022; when their respective Balance Sheets were a under :

Liabilities	Tanaji & Baji	Yesaji & Hiroji	Assets	Tanaji & Baji	Yesaji & Hiroji
Tanaji's Capital	40,000		Buildings	39,000	36,000
Baji's Capital	20,000		Furniture	8,000	20,000
Yesaji's Capital		35,000	Stock	29,000	24,000
Hiroji's Capital		28,000	Debtors	7,000	22,000
Creditors	28,000	35,000	Investments	-	8,000
Mortgage Loan	12,000		Cash	17,000	10,000
Bills Payable		22,000			
	100,000	**120,000**		**100,000**	**120,000**

Terms of amalgamation were as under:

A. For Tanaji & Baji

1. Firm should pay its mortgage loan.
2. Building to be increased to 60,000.
3. Furniture recorded 20% below cost should be recorded at its cost price.
4. Stock to be reduced by 4,000.
5. Debtors should appear in the books at 95% of the Book Value.
6. Goodwill to be valued at 30,000.

B. For Yesaji & Hiroji

1. Goodwill to be valued at 20,000.
2. Investments not to be taken over by the new firm.
3. Stock was recorded 20% above the Book value. It is to be recorded at its original cost.
4. Reduce debtors by 10%.

C. It was further decided that:

Total capital of the new firm is to be fixed at 1,50,000 and the profit sharing ratio 3:2:3:2 is to be maintained for individual capital contributions of the partners. Adjustment in this respect is to be done through Currents Accounts.

D. Goodwill Account in the new firm is to be written off.

Close Books of Tanaji & Baji and those of Yesaji & Hiroji by Realisation method. Prepare capital accounts of the partners in the new firm. **20**

OR

Q.4. A) Two independent firms carrying on similar business under the name & style Raja & Rani and Sham & Ram decided to amalgamate on 1st April, 2017 when their respective Balance Sheet were as under.

Liabilities	Raja & Rani	Sham & Ram	Assets	Raja & Rani	Sham & Ram
Capital:-			Building	39,000	36,000
Raja	40,000	-	Furniture	8,000	20,000
Rani	20,000	-	Stock	29,000	24,000
Sham	-	35,000	Debtors	7,000	22,000
Ram	-	28,000	Investment	-	8,000
Creditors	28,000	35,000	Cash	17,000	10,000
Mortgage	12,000	-			
Loan	-	22,000			
	1,00,000	1,20,000		1,00,000	1,20,000

Terms of amalgamation were as under:

For Raja & Rani: -

1. Firm should pay its mortgage Loan.
2. Building to be increased to Rs. 60,000.
3. Furniture recorded 20% below cost should be recorded at its cost price.
4. Stock to be reduced by Rs. 4,000.
5. Debtors should appear in the books at 95% of the Book Value.
6. Goodwill to be valued at Rs. 30,000.

For Sham & Ram: -

1. Goodwill to be valued at Rs. 20,000.
2. Investment not to be taken over by the new firm.
3. Stock was recorded 20% above the Book value. It is to be recorded at its original cost.
   Calculate Purchase Consideration by Net Asset Method. **10**

Q. 4 **B)** The balance sheet of M/s M & N and M/s R & S as on 31st March, 2021 were as follows.

Liabilities	M & N	R & S	Assets	M & N	R & S
Capital:-			Land	36,000	47,400
M	36,000	-	Machinery	25,200	28,800
N	36,000	-	Furniture	10,800	12,600
R	-	36,000	Debtors	21,600	30,600
S	-	36,000	Stock	28,800	32,400
Creditors	54,000	36,000	Cash	3,600	1,800
Loan	-	39,600	Bank	7,200	5,400
Outstanding Exps	7,200	11,400			
	1,33,200	1,59,000		1,33,200	1,59,000

Partners would share profits and losses equally between themselves as they were doing prior to amalgamation and they agreed to following revaluation of assets and liabilities.

Particular	P & R	R & S
Land	45,000	45,000
Machinery	30,000	32,000
Furniture	10,000	12,000
Debtors	21,000	30,000
Stock	29,000	34,000
Creditor	52,000	34,000
Loans	-	38,000
Outstanding Exps	7,200	11,400

In addition to the above it was decided:

1. Goodwill of M & N and R & S were valued at 35,000 and 20,000 respectively and it should be written off in the New Firm.

You are required to show: Calculate Purchase Consideration by Net Asset Method. **10**

Q.5 A) Explain the meaning of Piecemeal distribution and its order of payments. **10**

B) What is Amalgamation of companies and explain the methods of purchase consideration. **10**

OR

Q.5 Write Short Notes. (any four) **20**

1. Admission of partner
2. Excess capital method
3. Gain ratio
4. External liabilities
5. Net Assets method of Purchase Consideration
6. Conversion of company