12, OCT, 2022 (9)

SYBCOM/SEMIII/AFM

Time: 03hrs. Marks:100

Note:
1. All questions are compulsory with internal options.
2. Figures to the right indicate full marks.
3. Draw a neat diagram wherever necessary.

Q1. (A) Fill in the blanks with proper words: (Any 10) **(10)**

1 A partnership firm has --------liability.
2 Debit balance on realization A/c represents--------.
3 Return inward is deducted from --------.
4 A trademark is a --------asset.
5 Payment made in advance is shown on the -----side of the balance sheet.
6 The excess capital method is also known as------
7 Fictitious assets are distributed among the partners in their------ratio.
8 Employees due are a -------liability.
9 Unproductive wages are debited to--------.
10 Assets and liability are transferred to the realization account at ---------.
11 Expenses payable are shown on the -------side of the balance sheet.
12 Excess of income over expenditure is ---------.

Q.1 (B) Match The Column: **(10)**

Column A	Column B
1. Dues to Employees	(a) 12% p.a.
2. Fluctuating Capital Method	(b) Distributed among the partners
3. Excess Capital Method	(c) Closing stock
4. Amalgamation of Firms	(d) Liability
5. Purchase Consideration	(e) Created after payment of external liability
6. Loose Tools	(f) 6% p.a.
7. Preferential Liability	(g) Income tax dues
8. Interest on Partner's Loan	(h) Not a fixed asset
9. Reserve for Contingent Liabilities	(i) Amount payable by purchasing company
10. Income received in Advance	(j) Purchase consideration
11. Unsold Stock at the end of the year	(k) Highest relative capital method
12. General Reserve	(l) Separate current A/C is not opened
	(m) Preferential liability

Q2. (A) Ram and Shyam are partners. Their Trial Balance as of 31-12-14 was as under: **(20)**

Debit	Amount	Credit	Amount
Building	74000	Ram's Capital	90000
Machinery	40000	Shyam's Capital	90000
Furniture	20000	Sales	680000
Purchases	298000	Creditors	52000
Stock	60000	R.D.D	3000
Wages	65000	Discount	10000
Carriage Inward	25000		
Salaries	40000		
Repairs	18000		
Commission	5700		
General expense	30000		
Rent and Taxes	21000		
Bank Balance	95000		
Cash Balance	49300		
Debtors	84000		
	925000		925000

Additional Information:

1 Closing stock was ₹50,000.
2 Shyam has taken goods worth ₹5,000 for his personal use for which no entry was made in books.
3 Wages Outstanding were ₹6000 and Taxes paid in advance ₹2000.

4 Depreciation was to be provided at 10%p.a on machinery and 5% p.a. on building and 15% p.a. on furniture.

5 Write off ₹2000 as Bad debts and provision for bad debts is to be increased by ₹5000.

6 Goods Costing ₹2,500 has been stolen but no entry was passed in the books of accounts.

Prepare a trading and profit and loss accounts for the year ended 31st December 2014 & balance sheet as on that date.

OR

Q2. (B) A,B,C are the partners sharing profit and losses in the ratio of 4:2:1. They decided to dissolve the partnership firm as on 31st March, 2014 when their balance sheet was as follows: **(20)**

Liabilities	Amount	Assets	Amount
Creditors	11400	Cash in Hand	140
General Reserves	18900	Investment	30000
Bank Overdraft	32500	Stock	128300
Capital A	80000	Debtors	45400
B	160000	Machinery	32600
C	130000	Furniture	4900
		Building	191460
	432800		432800

All the creditors have to pay off. ₹2400 have to be provided for realization expenses. Thereafter all the cash received should be distributed among the partners. The amount were realised as follows:

1st Realisation ₹30720

2nd Realisation ₹36800

3rd Realisation ₹212840

4th Realisation ₹92600

The Actual realisation expense was ₹1200. Prepare a statement of Distribution of cash as per Excess Capital Method.

Q3. (A) Following is the balance sheet of two firms as 31st March 2014: **(20)**

Liabilities	Prem & Co.	Raj & Co.	Assets	Prem & co.	Raj & Co.
Capital:			Premises	----	5000
Prem	11500		Computers	10000	-----
Anil	11500		Furniture	5000	7000
Raj		18000	Inventory	9000	8000
Shyam		12000	Debtors	6000	14000
General Reserves	-------	3000	Bank	2000	4000
Creditors	5000	4000	Cash	1000	2000
Bills Payable	5000	3000			
	33000	40000		33000	40000

It was mutually agreed to amalgamate the business from 1st April 2014. Terms of Amalgamation are as follows:

1. Premises were valued at ₹10000 and Computers at ₹12000.
2. Furniture was not taken over by the new firm.
3. Reserves of 5% are to be created on debtors.
4. Goodwill was valued as M/s Prem &co. at ₹10,000 and that of M/S Raj & co at ₹15000.
5. The new firm also assumed other assets and liabilities of the old firm at book value. Show necessary accounts in the books of old firms and the balance sheet of new firm M/s Prem Raj& Co. After Amalgamation.

OR

Q3. (B) Madhuri, Tabu & Juhi carrying on business in partnership decided to dissolve it on and from 30th September 2013. The following was there balance sheet as on the date: **(20)**

Liabilities	Amount	Assets	Amount
Capital Account:		Fixed Assets	40000
Madhuri 20000		Current Assets	22000
Tabu 5000		Bank	13000
Juhi 10000	35000		
General Reserves	30000		
Creditors	10000		
TOTAL	75000	TOTAL	75000

As per the arrangement with the bank, the partners were entitled to withdraw ₹4000 immediately and ₹9000 after 1st December 2013. It was decided that after keeping aside an amount of ₹1000 for estimated realization expenses, the available funds should be distributed among the partners as and when realized.

The Following were the realisations:

Particulars	Fixed Assets ₹	Current Assets ₹
31stOctober,2013 (1st)	10000	5000
15th November,2013 (2nd)	26000	12000
30th December,2013 (Final)	10000	12000

Actual Realisation Expenses amounted to ₹700. You are requested to submit a statement showing the distribution of cash amongst the partners by the Proportionate Capital Method.

Q4. (A) . Desai Bros. & Shah Traders decided to amalgamate and form a new firm called Desha & Co. on the following terms and conditions on 1st January2014 when their Balance sheet was as follows: **(20)**

Particulars	Desai Bros.	Shah Traders	Particulars	Desai Bros.	Shah Traders
Aurn's Capital	60000	------	Building	20000	41000
Barun's Capital	30000	-------	Furniture	6000	----
Tarun's Capital	-------	40000	Investment	30000	12000
Varun's Capital	--------	65000	Stocks	34000	46600
Creditors	20000	46000	Debtors	20000	75000
Bank Loan	10000	34000	Cash at Bank	10000	10400
TOTAL	120000	185000	TOTAL	120000	185000

(I) Terms of Amalgamation :

In the case of Desai Bros.

1. Goodwill was valued at ₹20000.
2. Desai Bros. Partners to take over its bank loan equally.
3. The building was taken to be worth ₹60000.
4. Stock to be valued at ₹30000.
5. Provision for doubtful debts to be created at 5% on debtors.

(II) Terms of Amalgamation :

In the case of Shah Traders

1. Goodwill was valued at ₹10000.
2. The building was taken to be worth ₹80000.
3. The investment was not taken over by the new firm, which was taken over by Varun at ₹10000.
4. The stock was Valued at ₹42600.
5. Provision for doubtful debts to be created at 5% on debtors.

You are required to show necessary ledger accounts in the books of Desai Bros. & Shah Traders and Prepare Balance sheet of New Firm after amalgamation.

OR

Q4 (B) ABC Co. Ltd was formed with an authorized capital of ₹ 1,50,000 consisting if 10,000 Equity shares @₹10 each and 5,000. 7 ½ % preference shares of ₹10 each to acquire on 01-07-14 the business of M/s 'lad and Wad', who we were sharing profits in ratio of 3:2, Their Balance sheet as on 30-6-14 was as follows: **(20)**

Liabilities	₹	Assets	₹
Trade Creditors	16,580	Land and Building	40,000
Overdraft	8,950	Plant and Machinery	24,000
Capitals :		Stock	15,960
Lad	40,974	Debtors	23,860
Wad	37,316		
	1,03,820		1,03,820

The company took over all the assets and assumed all the liabilities and the consideration was fixed at 1,10,000. In computing this figure, Land and Building were valued at 60,000, Plant and Machinery at 20,000; Stock at 15,000 and Debtors at book value subject to the allowance of 5% to cover the doubtful debts.

The purchase price was settled by the issue of 3,300 Equity shares at ₹ 10 each, to the firm, Preference shares of ₹ 10 each, and the balance paid in cash.

Prepare:

a. Realisation A/c
b. Partner's Capital A/c
c. ABC Co. Ltd A/c and
d. Cash A/c

Q5. (A)1. What is a profit and loss appropriation Account? Discuss the Items to be considered in profit and Loss Appropriation Account. (10)

(A)2. Explain the method of calculating Purchase Consideration. (10)

Q5. (B) Short Notes (Any four) (20)

a. Partnership Deed.
b. Admission of Partners.
c. The benefit of Conversion of firm into a Company.
d. Interest on partners loan.
e. Purchase Consideration.
f. Define amalgamation of Firms.

---X---