SY B.com Sem-III

SY B.com 25/10/18

Paper / Subject Code: 79305 / Accountancy and Financial Management III

(1)

Duration: 3 Hrs. Marks: 100

Kindly check whether you have received the right question paper

N.B. 1) All questions are compulsory.
2) Q.1 and Q.6 carry 20 marks each.
3) Q.2, Q.3, Q.4 and Q.5 carry 15 marks each.
4) Use of simple calculator is allowed.

Q.1.A. State whether the following statement is true or false **(Any 10)** 10

1. The partners must conduct lawful business.
2. Drawing appears on debit side of capital account.
3. General reserve is credited to partners' capital account.
4. Unpaid salaries of employees are preferential liabilities.
5. Goodwill requires special treatment on amalgamation.
6. On amalgamation fictitious assets are transferred to capital account.
7. Partners' capital accounts are closed on settlement of purchase consideration among the partners.
8. Profit or loss on realization is transferred to partners' capital account in capital ratio.
9. Provision for discount on debtors shows debit balance.
10. Outstanding wages is a nominal account.
11. Closing stock is valued at market price only.
12. Assets taken over by partner is credited to his capital account.

B. Fill in the blanks **(Any 10)** 10

1. Fictitious assets are distributed among the partners in their ________ ratio. (Profit Sharing/ Capital Sharing)
2. Assets and liabilities are transferred to realization account at _________. (Book Value/ Market Value)
3. Unproductive wages are debited to _________. (Trading Account/ Profit and Loss Account)
4. Expenses payable are shown on _________ side in the balance sheet. (Assets/ Liabilities)
5. Current account showing debit balance is shown in the balance sheet on ______ side. (Liabilities/ Assets)
6. Excess capital method is known as ________ method. (Highest Relative method/ Maximum Loss method)
7. Profit on realization is _______ to partners' capital account. (Credited/ Debited)
8. A partnership firm has ______ liability. (Limited/ Unlimited)
9. Government dues are _______ liabilities. (Preferential/ Unsecured)

10. Amount agreed to be paid by the new firm to old firm is called_______.
    (Purchase Consideration/ agreed liability)
11. Bad debts is a ________.
    (Loss/ Profit)
12. Employee's dues are ________ liabilities.
    (Preferential/ Secured)

Q.2. Rajaram, Tukaram and Sakharam were in partnership, sharing profits and losses in the ratio of 3:2:1 respectively. On 31st March 2018, their balance sheet was as under: 15

Liabilities		Rs.	Assets		Rs.
Capital Account:			Cash at Bank		25,000
Rajaram	1,22,500		Sundry Assets		2,25,000
Tukaram	52,500		Drawings:		
Sakharam	25,000	2,00,000	Rajaram	25,000	
General Reserve		30,000	Tukaram	25,000	
Loan from BOI (Secured)		45,000	Sakharam	12,500	62,500
Bills Payable		25,000			
Sundry creditors		12,500			
		3,12,500			**3,12,500**

Additional information:

1. Rs. 10,000 has to be provided for realization expenses.
2. The following net realization were made:

15.04.2018	Rs.50,000
30.04.2018	Rs. 10,000
10.05.2018	Rs.67,500
19.05.2018	Rs.65,000

3. The actual realization expenses were Rs.12,500.

Prepare a statement showing distribution of cash by applying Excess Capital Method.

OR

Q.2. Hum, Tum and Sub were in partnership sharing profits and losses in the ratio of 3:2:1. They dissolve the firm on 31st March 2018. 15

Liabilities		Rs	Assets	Rs
Capital Account:			Cash	25,000
Hum	50,000		Fixed Assets	2,00,000
Tum	62,500		Stocks	67,500
Sub	25,000	1,37,500		
Reserves		30,000		
Creditors		1,00,000		
Loan from Hum		25,000		
		2,92,500		**2,92,500**

The following are the realization and expenses:

	Fixed Assets	Stock	Expenses
April 2018	30,000	15,000	2,500
May 2018	55,000	2,500	3,750
June 2018	15,000	25,000	3,000
July 2018	83,750	20,000	6,000

Prepare a statement showing Piecemeal distribution of cash by using Proportionate Capital Method.

Q.3. M/s PM and M/s AV decided to amalgamate on the following terms and conditions on 1st April 2018 when their Balance sheets were as under: 15

Liabilities	M/s PM	M/s AV	Assets	M/s PM	M/s AV
Capital Account:			Land and Building	1,50,000	-
Prashant	2,59,200	-	Plant	94,800	1,45,800
Manesh	1,90,800	-	Investments	75,000	-
Amit	-	3,36,900	Inventories	1,02,300	1,48,500
Vijay	-	1,26,600	Debtors	1,20,000	1,50,000
Creditors	82,500	46,500	Cash at Bank	27,900	65,700
Bank Loan	37,500	-			
	5,70,000	5,10,000		5,70,000	5,10,000

Following are the terms and conditions of amalgamation:

1. In case of M/s PM
   a) Goodwill was taken at Rs.1,80,000.
   b) Prashant took over the Bank Loan.
   c) Investments were taken over by the new firm at an agreed value of Rs.90,000.
   d) Land and building was taken over at Rs.2,70,000.
   e) Inventories to be valued at Rs.97,800.
   f) 5% provision to be created on Debtors.
2. In case of M/s AV
   a) Goodwill was taken at Rs. 1,50,000.
   b) Inventories to be valued at Rs.1,26,000.
   c) 4% provision to be created on Debtors.

Other assets and liabilities of both the firms were taken at book values.

3. It was further decided that the total capital of the new firm shall be Rs. 13,77,000, in the equal ratio.

You are required to :

1. Calculate the Purchase Consideration.
2. Prepare Balance Sheet after Amalgamation of the Firms.

OR

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Q.3. Julie and Lilly are partners who share profits and losses in the ratio of 2:3 in the business. In the similar type of business Sona and Mona are partners who share profits and losses in the ratio of 3:2. It was agreed on 1st April 2018, the firms are to be amalgamated into M/s JLSM & Co. as on 31st March 2018, the Balance Sheets of their firms were as under: 15

Liabilities	M/s JL	M/s SM	Assets	M/s JL	M/s SM
Capital Account:			Land	1,95,000	2,52,000
Julie	2,40,000	-	Furniture	1,14,000	91,500
Lily	3,60,000	-	Vehicle	75,000	81,750
Sona	-	2,10,000	Stocks	1,49,700	1,98,000
Mona	-	2,10,000	Investments	42,000	-
Creditors	1,50,000	2,50,500	Debtors	1,57,500	1,56,750
Bills Payable	-	1,09,500	Banks	16,800	-
	7,50,000	7,80,000		7,50,000	7,80,000

The new firm take over the old firm's assets as under:

Particulars	M/s JL	M/s SM
Stocks	1,35,000	1,95,000
Vehicles	60,000	60,000
Furniture	1,05,000	84,000
Land	3,75,000	4,95,000
Goodwill	1,20,000	90,000

Julie to take over Investments for Rs. 36,000. Other Assets and liabilities at book values.

You are required to :

a) Calculate the Purchase Consideration.
b) Prepare necessary ledger Accounts in the books of M/s JL.

Q.4. Me and Too were in the partnership sharing profits and losses in the ratio of 2/3 and 1/3. Their Balance Sheet as on 31st March 2018 was as under: 15

Liabilities		Rs.	Assets	Rs.
Creditors		1,80,000	Bank	42,000
Secured Loan (Secured against Property)		60,000	Debtors	1,56,000
Capital Account:			Stock	96,000
Me	1,20,000		Machinery	30,000
Too	60,000	1,80,000	Property	96,000
		4,20,000		4,20,000

The partners decided to convert their business into Private Limited Company. The company took over all the assets and liabilities except property. The purchase consideration was Rs.3,60,000, payable as under:

Rs. 72,000 In cash
Rs. 1,44,000 in Debentures and
Rs. 1,44,000 in Equity shares of Rs. 10 each.
Secured loan has been paid and partners agreed to share the debentures and shares in the proportion to their final capital.
You are required to prepare Realisation A/c, Private Limited Company A/c, Equity Shares In Pvt. Ltd A/c, Debentures in Pvt. Ltd: A/c, Cash A/c and Partners Capital A/c in the books of firm.

OR

Q.4. Mohini and Aditya were in partnership sharing profits and losses in the ratio of 3:2. The following is the Balance Sheet of the firm as on 31st March 2018. 15

Liabilities	Rs.	Assets	Rs.
Partner's Capital A/c:		Land and Building	3,00,000
Mohini	7,20,000	Plant and Machinery	6,30,000
Aditya	6,54,000	Furniture	3,00,000
Bills Payable	1,05,000	Stocks	1,95,000
Creditors	75,000	Debtors	75,000
Loan from Aditya	1,20,000	Cash	84,000
		Goodwill	90,000
	16,74,000		**16,74,000**

On 1st April 2018, a new company Chai Ltd., was formed to take over the business of the firm on the following conditions:

1. The company will take over loan from Aditya to the extent of Rs.96,000.
2. Assets are taken over at: Goodwill Rs. 1,50,000; Land and Building Rs.5,04,000; Plant and machinery Rs.7,80,000; Furniture at 10% depreciated value; Rs.15,000 of the debtors to be treated as bad and on the balance 5% provision is to be created as doubtful.; cash balance to be taken over in full, after settlement of balance Aditya's loan.
3. The purchase consideration is to be satisfied by issuing 60,000 equity shares of Rs.10 each at a premium of Rs.2 per share. Rs.4,50,000 by issuing 9% Preference shares of Rs.100 each at par and the balance in the form of 7% Debentures of Rs. 100 each at par.

You are require to:

a) Calculate Purchase Consideration.
b) Prepare the Balance Sheet after conversion in the books of Chai ltd.

Q.5. From the following trial balance of Dharmendra and Hema, you are require to prepare Trading and Profit and Loss Account for the year ended 31st March 2018 and Balance Sheet as on that date after adjustments given below: 15

Trial Balance as on 31st March 2018

Particulars	Rs.	Particulars	Rs.
Stock (01.04.2017)	1,05,000	Sales	9,90,000
Salaries and wages	27,600	Discount	14,400
Cash	30,000	Creditors	60,000
Purchases	6,75,600	Bank overdraft	30,000
Sundry expenses	25,800	Interest on Investments	21,600
Productive wages	42,000	Capital Account:	
Bills Receivable	24,000	Dharmendra	1,80,000
Law Charges	9,000	Hema	1,20,000
Bad debts	3,000		
Works expenses	18,000		
Commission	9,000		
Investments	60,000		
Debtors	1,20,000		
Trade Mark	24,000		
Tools and Equipment	18,000		
Furniture	36,000		
Goodwill	39,000		
Building	1,50,000		
	14,16,000		**14,16,000**

Adjustments:

1. The closing stock Rs.1,20,000
2. Depreciate Building at 10% p.a. and Furniture at 10% p.a.
3. Unpaid salaries and wages Rs.2,400 and printing bill Rs.3,600.
4. Uninsured goods worth Rs. 30,000 were loss by fire.
5. Partners share profits and losses in their capital ratio.

OR

Q.5. Central and western were in partnership sharing profits and losses in the ratio of 3:2. From 1st April 2017, they admitted Harbour into partnership giving him 1/5 share in profits. He brought Rs.1,20,000 of which Rs.15,000 was considered as share of goodwill and the balance as his share of capital. You are given: 15

Trail balance as on 31st March 2018

Particulars	Rs.	Particulars	Rs.
Drawings:		Rent payable	11,100
Central	48,000	Outstanding wages	32,400
Western	42,000	Sales	31,68,000
Harbour	30,000	Purchase return	31,800
Purchases	19,95,000	Reserve for Doubtful Debts	14,400
Sales return	48,000	Creditors	3,61,200

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Debtors	4,83,000	Bills payable	90,750
Opening stock	3,26,700	Dividend	9,900
Wages	2,41,800	Capital:	
Salaries	1,05,000	Central	1,80,000
Buildings	90,000	Western	1,00,500
Patents	84,000	Cash paid by Harbour	1,20,000
Postage and telegram	38,700	(as on 01.04.2017)	
Power and Fuel	22,500		
General Expenses	39,750		
Rent, rates and Taxes	42,000		
Bad Debts	6,300		
Investments	1,95,000		
Prepaid Insurance	6,000		
Cash and Bank	70,800		
Bills Receivable	2,05,500		
	41,20,050		**41,20,050**

Adjustments:

1. Closing stock was valued at Rs.1,95,000
2. Goods costing Rs. 12,000 have been stolen but not entered in the books.
3. Write off 20% of Patents.
4. Create provision for doubtful debts @5% of the debtors.
5. Depreciate building @10% p.a.

Prepare Trading and Profit and Loss Account and Balance Sheet as on 31st March 2018.

Q.6. A) Explain the meaning of Purchase Consideration and its different types. 10

B) Explain the benefits of conversion of firm into company. 10

OR

Q.6. Write Short note **(Any 4)** 20

a) Excess Capital Statement.
b) Admission of Partner.
c) Conversion of firm into company.
d) Net Assets method of Purchase Consideration.
e) Amalgamation of firms.
f) Preferential creditors.

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