Class / Semester / Subject Code: S.Y.B.Com. / III / UBCOMFSIII.1-Accountancy and Financial Management IIII

Date:14.10.2019 Time: (3 Hours) Total Marks: 100

N.B. (1) All questions are compulsory.
(2) Figures to the right indicate full marks.
(3) Use of simple calculator is allowed.

Q.1. A) Fill in the blanks by choosing appropriate option from the following. (Any 10) [10]

1) Amalgamation is dealt with ________________. (AS14, AS16, AS18, AS20)

2) Fixed capital account is credited by ___________________. (salary of partner, interest on capital, share of profit, none of these)

3) External liabilities are liabilities due to ___________________. (partners, creditors, managers, none of these)

4) Realisation Account is prepared in case of _____________. (admission, retirement, death, dissolution)

5) Profit and Loss Account debit balance should be ______________. (deducted from capitals, added to capitals, transferred to realization account, take no action)

6) After payment of outside liabilities ___________ should be paid. (Government dues, partner's loan, partners' capital, expenses)

7) Relationship between the persons who have agreed to share profits of the business is known as ______________. (partnership, association of persons, joint venture, body of individual)

8) In case cash is not sufficient to pay all partners loans, payment is made in _______. (capital ratio, profit sharing ratio, ratio of unpaid loans, none of these)

9) In case a partner is given guarantee of loss, such guarantee is to be borne by those ____________. (who guaranteed, all other partners, partnership, partner with highest profit-sharing ratio)

10) If provided in the agreement, interest on capital will be paid to partners out of _______________. (future profits, accumulated profits, current profits, goodwill)

11) Employees dues are _________________ liability. (preferential, contingent, external, none of these)

12) Contingent liabilities are the liabilities which are _______________. (contingent on happening of certain event in future, fixed liabilities, current liabilities, none of these)

B) State whether the following statements are True or False. (Any 10) [10]

1) Unexpired insurance is an asset.

2) Government due are paid on preference basis.

3) Profit and Loss Account shows revenue expenses and incomes.

4) Excess of purchase consideration over net asset is goodwill.

5) Income earned but not received is a liability.

6) Indian Partnership Act is in force since 1949.

7) Under Fixed capital Method, capital balance fluctuates.

8) General reserve is debited to partner's capital account.

9) As per partnership Act, partners should get interest on capital.

10) It is compulsory for a partner to contribute capital in business.

11) Interest on capital of a partner is debited to Profit and Loss Account.

12) On amalgamation, assets are transferred to Realisation Account at revised values.

Q.2. Kantilal was carrying on business as a wholesale businessman. He closes his accounts by 31st March every year. Ratan was his manager on a monthly salary of Rs. 2000 till 30th September, 2018 and on and from 1st October, 2018 it was agreed that he will be admitted as a partner with 1/3 share in the profits and losses without any salary. The Trial Balance as on 31st March, 2019 was as follows: **[20]**

Particulars	**Dr. (Rs.)**	**Cr. (Rs.)**
Kantilal's Capital		200000
Kantilal's Drawings	8000	
Furniture	100000	
Motor Car	60000	
Stock (1.4.2018)	45000	
Debtors	80000	
Bank Balance	20000	
Cash	13000	
Purchases (250000 till 30.09.2018)	450000	
Sales		600000
Creditors		85400
Salaries	60000	
Selling Expenses	36000	
Audit Fees	4200	
Rent	6400	
Rent Advance	2800	
Total	**885400**	**885400**

Additional Information:

a) Furniture is to be depreciated at 10% and Motor car at 15%.

b) Rent which was Rs. 500 p.m. till 30th November, 2018 was increased to Rs. 600 p.m. from 1st December, 2018.

c) Sales during the first six months of the year were Rs. 320000. Stock on 30th September, 2018 was Rs. 50000 and on 31st March, 2019 was Rs. 60000.

Prepare Trading and Profit & Loss Account in columnar form showing the share of partners and the Balance Sheet as on 31st March, 2019.

OR

Q.2. Following balances are extracted from the books of Sharma and company, a partnership firm having partners, Kavita, Savita and Vanita sharing profits and losses in the ratio of 2/4 : 1/4 : 1/4 as on 31st March, 2019. Trial Balance as on 31st March, 2019. **[20]**

Particulars		Dr. (Rs.)	Cr. (Rs.)
Capital and Drawings Accounts:	Kavita	15000	150000
	Savita	10000	90000
	Vanita	10000	74000
Trading Profit			80000
Staff Salaries		36000	
Rent		16000	
General Expenses		12000	
Discount Received			10000
Land and Buildings		65000	
Plant and Machinery		100000	
Cash and Bank		140000	
Total		**404000**	**404000**

The Partnership Deed provides that:

1. Interest @ 8% p.a. on opening capitals is to be allowed.
2. No interest should be charged on drawings.
3. The deceased partner shall be entitled to his share of Goodwill of the firm which is calculated at two and half years purchase of average profits of the past three years. The profits of the past three years were Rs.40000, Rs.50000 and Rs.60000 respectively.
4. Kavita died on 1st January, 2019. It was agreed that Kavita's Executors should be paid such as amount, so as to leave balance of Rs.100000, which should be paid @ 10% p.a. interest after one year. Payment was made to Kavita's Executor but no entry was made in the books of accounts.

You are required to prepare Profit and Loss Account for the year ended 31st March, 2019 and Balance Sheet as on that date after considering the conditions of the Deed.

Q.3. A, B and C are partners sharing profits and losses in the proportion of 1/2 : 1/3 : 1/6 respectively. Their partnership was dissolved and the Balance Sheet was as under: **[20]**

Balance Sheet as on 31st March, 2019

Liabilities		Rs.	Assets	Rs.
Capital Accounts:	A	400000	Cash	80000
	B	200000	Debtors	840000
	C	40000	Stock	320000
Partners Loan A/cs	A	120000		
	B	80000		
Creditors		400000		
		1240000		**1240000**

It was agreed that cash should be immediately utilised and thereafter the net realisation should be distributed in their due order at the end of each month by following Excess Capital Method.

The net realisations were as under:			Rs.
15th	April	2019	220000
20th	May	2019	210000
6th	June	2019	320000
18th	July	2019	212000
31th	August	2019	90000

You are required to prepare (using excess capital method):

1) Statement of Excess Capital
2) Statement showing piecemeal distribution of cash

OR

Q.3. The Partnership of Umesh, Ramesh and Rakesh was dissolved on 31st March, 2019 on which date their Balance Sheet stood as under: **[20]**

Liabilities		**Rs.**	**Assets**	**Rs.**
Capital Accounts:	Umesh	240000	Goodwill	160000
	Ramesh	260000	Buildings	105000
	Rakesh	180000	Stocks	304000
General Reserve		120000	Debtors	291000
Creditors		80000	Cash	20000
		880000		**880000**

The partners were sharing Profits and Losses in the ratio of 3 : 2 : 1 respectively. They decided to distribute the cash as and when it was received. Umesh agreed to work as Receiver on a remuneration of Rs. 10000 and to bear all the expenses of realisation. When it was completed, he found that he had spent Rs.2100 towards the expenses. Following details of realisation were available:

April – 2019 Rs. 90000
May – 2019 Rs.242000
June – 2019 Rs.228000

There was some stock of the book value of Rs.18000 lying unsold and it was taken over by Rakesh at an agreed value of Rs.10000.

You are required to prepare (using excess capital method):

1) Statement of Excess Capital
2) Statement showing piecemeal distribution of cash

Q.4. M/S PQ & Co. and M/S RS & Co., carrying on similar businesses, where P & Q sharing in the ratio of 3 : 1 and that of R & S - 3 : 2 respectively, decided to amalgamate on 31st March, 2019 and form a new firm M/S PQRS & Co. **[20]**

Liabilities		**PQ &Co.**	**RS & Co.**	**Assets**	**PQ &Co.**	**RS & Co.**
Capital	P	240000	---	Buildings	80000	120000
	Q	160000	---	Furniture	100000	80000
	R	---	200000	Investment	40000	---
	S	---	160000	Stock	60000	28000
Creditors		60000	60000	Debtors	212000	180000
Bills Payable		40000	---	Cash /Bank	8000	12000
		500000	**420000**		**500000**	**420000**

Terms of amalgamation:

1) New firm shall take over all the assets and liabilities of both the firms.
2) R.D.D. shall be made @ 5% on debtors.
3) Goodwill is to be valued as under - M/S PQ & Co. – Rs. 10600 and M/S RS & Co. – Rs. 11000.

Calculate purchase consideration. Prepare necessary ledger accounts in the books of the amalgamating firms and a Balance Sheet of new firm as on that date.

OR

Q.4. Anil and Sunil carry on business in partnership sharing profits and losses in the ratio of 1:1. On 31st March 2019, they agreed to sell their business to Goodluck Pvt. Ltd. Their balance sheet as on that date was follows: **[20]**

Liabilities	**Amt. (Rs)**	**Assets**	**Amt. (Rs)**
Anil's Capital	625000	Land and Building	600000
Sunil's Capital	500000	Plant and Machinery	525000
Reserves	75000	Stock	287500
Secured Loan	200000	Sundry Debtors	187500
Sundry Creditors	225000	Cash in hand	25000
Total	**1625000**	**Total**	**1625000**

The company took the following assets at an agreed value.

Land and Building	Rs.762500
Plant and Machinery	Rs.397500
Stock	Rs.275000
Sundry Debtors	Rs.175000
Goodwill	Rs.125000

The company agreed to pay the creditors Rs.220000. The company paid Rs.1015000 in shares is to be distributed equally and the balance in cash. Expenses on realisation amounted to Rs.4000.

Calculate purchase consideration. Prepare Realisation Account, Partners' Capital Account, Cash/Bank Account and New Company's Account in the books of partnership firm. And also prepare the Balance Sheet of the new company.

Q.5. A) What is Partnership Deed? What are the contents of Partnership Deed? **[10]**

B) What is the accounting procedure for accounting of amalgamation of firms in the books of amalgamating firms? **[10]**

OR

Q.5. Write short notes (Any 4) **[20]**

a) Types of partners

b) Piecemeal Distribution

c) Profit and Loss Appropriation Account

d) Cash distributed among the partners

e) Methods of maintaining Capital Accounts of partners

f) Rules applicable in the absence of a Partnership Deed

*** *** ***