

**SET V**  
**SYBCOM SEM III**  
**ACCOUNTANCY & FINANCIAL MANAGEMENT III**

**DURATION : 3 HOURS****MARKS : 100**

**NOTE : - ALL QUESTIONS ARE COMPULSORY CARRYING 20 MARKS EACH.**  
**USE OF SIMPLE CALCULATOR IS ALLOWED.**

**Q.1 a) State whether the following statement is True or False (any ten) (10 Marks)**

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 realisation 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.

**Q.1 b) Match the following column (any ten): (10 Marks)**

| Column A  | Column B                               |
|---|--|
| 1. Intangible Assets                                | (a) Preferential Creditors             |
| 2. Loan against hypothecation of assets             | (b) Debited to Goodwill                |
| 3. Partners may not be directors                    | (c) Gaining Ratio                      |
| 4. Net Assets                                       | (d) Debit all Partners Capital A/c     |
| 5. Death of Partner                                 | (e) Joint Life Policy                  |
| 6. Assets taken over                                | (f) Transfer to legal representative   |
| 7. Wages of workers                                 | (g) Secured Creditors                  |
| 8. Loss in Realisation on Amalgamation              | (h) Software                           |
| 9. Excess of Purchase Consideration than Net Assets | (i) Sale of Firm to company            |
| 10. Continuing Partner                              | (j) Assets Less External Liabilities   |
| 11. Unpaid Capital Balance of Dead partner          | (k) Will be settled by old firm        |
| 12. Liabilities not taken over                      | (l) Included in purchase consideration |
|   | (m) Unsecured creditors                |

**Q.2: Vikas and Vinit are partners sharing profit and losses in the ratio of 2:1 respectively. The Trial Balance of their firm as on 31<sup>st</sup> March, 2022 was as follows: (20 Marks)**

**Trial Balance as on 31st March, 2022**

| Debit Balance     | Rs.    | Credit Balance    | Rs.    |
|-------------------|--------|-------------------|--------|
| Purchases         | 48,000 | Capital Accounts: |        |
| Wages             | 23,000 | - Vikas           | 25,000 |
| Opening Stock     | 25,000 | - Vinit           | 20,000 |
| Land and building | 30,000 | Creditors         | 49,000 |
| Debtors           | 45,000 | Unpaid wages      | 1,000  |

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|                  |                        |            |                        |
|------------------|------------------------|------------|------------------------|
| Machinery        | 25,000                 | Sales      | 1,31,100               |
| Royalties        | 1,800                  | Commission | 2,200                  |
| Carriage Inward  | 1,300                  |            |                        |
| Office Expenses  | 2,550                  |            |                        |
| Carriage Outward | 1,700                  |            |                        |
| Bad Debts        | 750                    |            |                        |
| Power and Fuel   | 8,000                  |            |                        |
| Furniture        | 3,000                  |            |                        |
| Drawings:        |                        |            |                        |
| - Vikas          | 3,000                  |            |                        |
| - Vinit          | 2,000                  |            |                        |
| Cash in Hand     | 500                    |            |                        |
| Cash at Bank     | 4,300                  |            |                        |
| Advertisement    | 3,000                  |            |                        |
| Insurance        | 400                    |            |                        |
|                  | <b><u>2,28,300</u></b> |            | <b><u>2,28,300</u></b> |

Adjustment:

- Closing stock on 31<sup>st</sup> March, 2014 was valued at Rs.18,500.
- Goods worth Rs.3,000 taken by Vikas for his personal use were not entered in the Books of account.
- Goods worth Rs.5,000 were destroyed by fire and insurance company admitted the claim for Rs.3,500.
- Write off Rs.1,000 for Bad Debts and create R.D.D. at 5% on debtors.
- Insurance is paid for the year ended 30<sup>th</sup> June 2014.
- Charge depreciation on Land and Building at 2.5%, Machinery at 10% and furniture at 15%.

Prepare Trading Account, Profit and Loss Account for the year ended 31<sup>st</sup> March, 2014 and Balance Sheet as on that date making the above adjustments.

OR

**Q.2: M/s SAM and M/s RAM decided to amalgamation on the following terms and conditions on 1<sup>st</sup> April, 2022. When their Balance sheet were as follows: (20 Marks)**

| Liabilities         | M/s SAM (Rs.)          | M/s RAM (Rs.)          | Assets            | M/s SAM (Rs.)          | M/s RAM (Rs.)          |
|---------------------|------------------------|------------------------|-------------------|------------------------|------------------------|
| <b>Capital A/c:</b> |                        |                        | Land and Building | 62,500                 | -----                  |
| - Sunil             | 66,000                 | -----                  | Furniture         | 28,750                 | 67,500                 |
| - Manan             | 84,000                 | -----                  | Investment        | -----                  | 56,250                 |
| - Ramesh            | -----                  | 1,80,750               | Inventories       | 34,000                 | 81,500                 |
| - Arjun             | -----                  | 1,05,500               | Trade Receivable  | 80,000                 | 1,55,000               |
| Creditors           | 53,750                 | 1,28,750               | Cash at Bank      | 28,500                 | 54,750                 |
| Bank Loan           | 30,000                 | -----                  |                   |                        |                        |
|                     | <b><u>2,33,750</u></b> | <b><u>4,15,000</u></b> |                   | <b><u>2,33,750</u></b> | <b><u>4,15,000</u></b> |

**Terms of Amalgamation:****a) In case of M/s SAM:**

- Provision for doubtful debts to be created at 10% on Sundry Debtors.
- Inventories to be revalued at Rs.31,500.

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- Building is to be taken over at Rs.1,50,000.
- M/s SAM took over Bank Loan.
- Goodwill was valued at Rs.50,000.

## b) In case of M/s RAM:

- Provision for doubtful debts to be created at 10% on Sundry Debtors.
- Inventories were valued at Rs.80,000.
- Investment were to be revalued at Rs.75,000.
- Goodwill was valued at Rs.75,000.

You are required to show necessary ledger accounts in the books of M/s SAM and M/s RAM.

**Q.3: Following is the Balance Sheet as on 31/03/2022 of X, Y and Z who shared profits and losses in the ratio of 4:3:2 respectively. (20 Marks)**

| Liabilities     | Rs.             | Assets    | Rs.             |
|-----------------|-----------------|-----------|-----------------|
| <b>Capital:</b> |                 | Debtors   | 1,46,000        |
| - X             | 1,28,000        | Stock     | 1,40,000        |
| - Y             | 90,000          | Machinery | 1,30,000        |
| - Z             | 84,000          | Cash      | 20,000          |
| Creditors       | 56,000          |           |                 |
| Mrs. Y's Loan   | 28,000          |           |                 |
| General Reserve | 36,000          |           |                 |
| Bills Payable   | 14,000          |           |                 |
|                 | <b>4,36,000</b> |           | <b>4,36,000</b> |

- The firm was dissolved on the above date. It was decided to keep aside Rs.6,000 for estimated realisation expenses and to distribute the cash as and when the asset realised.
- The cash was received in Instalments as follows:

| Months     | Rs.      |
|------------|----------|
| April 2022 | 1,04,000 |
| May 2022   | 1,38,000 |
| June 2022  | 1,26,000 |

- The actual realisation expenses were Rs.6,900.

Prepare:

- Statement showing Surplus Capital and
- Statement showing Piecemeal Distribution of Cash.

OR

**Q.3: Amey, Arya and Asha were partners sharing profits and losses in the ratio of 3:2:1 respectively. Their Balance sheet as on 31<sup>st</sup> March 2022 was as follows: (20 Marks)**

## Balance Sheet as on 31-03-2022

| Liabilities     | Rs.      | Assets              | Rs.      |
|-----------------|----------|---------------------|----------|
| <b>Capital:</b> |          | Land and Building   | 1,20,000 |
| - Amey          | 1,50,000 | Plant and Machinery | 90,000   |
| - Arya          | 90,000   | Furniture           | 30,000   |
| - Asha          | 60,000   | Stock               | 1,32,000 |
| General Reserve | 1,08,000 | Debtors             | 78,000   |

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|                  |                 |      |                 |
|------------------|-----------------|------|-----------------|
| Sundry Creditors | 60,000          | Bank | 48,000          |
| Bills Payable    | 30,000          |      |                 |
|                  | <b>4,98,000</b> |      | <b>4,98,000</b> |

The partners agreed to sell their business to Sameer Ltd. The company took the following assets at values given below:

- Land and Building Rs.1,44,000
- Plant and Machinery Rs.78,000
- Debtors Rs.1,20,000
- Stock Rs.60,000
- Furniture Rs.36,000
- Goodwill Rs.96,000

The company also agreed to pay Bills payable at book value. Sameer Ltd. Paid Rs.1,44,000 in cash and the balance in Equity Shares of Rs.10 each. Shares are to be distributed in the profit sharing ratio. The creditors were paid off at 5% discount. Realisation expenses amounted to Rs.13,500 paid by the firm.

**Prepare Realisation A/c, Partners Capital A/c, Bank A/c, Sameer Ltd. A/c, Equity shares in Sameer Ltd. A/c and also calculate Purchase Consideration.**

**Q.4: Shivam and Jayesh were in partnership firm sharing profit and losses in the ratio of 4:1. As from 1/10/2021 they admitted Bali into partnership giving him 1/5<sup>th</sup> of the profits. Bali brought in Rs.62,500 in cash of which Rs.12,500 were considered as being in payment of his share of Goodwill and reminder as his capital. The following trial balance was extracted from the books as on 31/03/2022:**

**Trail Balance as on 31<sup>st</sup> March, 2022**

**(20 Marks)**

| Debit              | Rs.              | Credit    | Rs.              |
|--------------------|------------------|-----------|------------------|
| Drawings:          |                  | Capital:  |                  |
| - Shivam           | 25,000           | - Shivam  | 2,50,000         |
| - Jayesh           | 12,500           | - Jayesh  | 1,25,000         |
| - Bali             | 6,250            | - Bali    | 62,500           |
| Building           | 1,75,000         | Creditors | 3,50,000         |
| Motor Car          | 25,000           | Sales     | 32,50,000        |
| Debtors            | 3,00,000         |           |                  |
| Cash               | 25,000           |           |                  |
| Bank               | 2,83,750         |           |                  |
| Stock on 1/04/2021 | 75,000           |           |                  |
| Purchases          | 29,50,000        |           |                  |
| Sales Expenses     | 15,000           |           |                  |
| Advertisement      | 10,000           |           |                  |
| Office Expenses    | 45,000           |           |                  |
| Staff Salaries     | 30,000           |           |                  |
| Wages              | 45,000           |           |                  |
| Carriage Inward    | 15,000           |           |                  |
|                    | <b>40,37,500</b> |           | <b>40,37,500</b> |

**Additional Information:**

1. Depreciate Building and Motor car by 10%.
2. Goods to the value of Rs.10,000 have been distributed as free samples.

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3. Interest on Capital @ 10% p.a.
4. Sales from 1/04/2021 to 30/09/2021 amounted to Rs.13,00,000
5. Stock as on 31/03/2022 was valued at Rs.85,000.

**Prepare Final Accounts of the firm**

**OR**

**Q.4: T, R and S are partners, sharing profits and losses in the ration of 3:2:1 respectively. The firm dissolved on 31<sup>st</sup> March, 2022. When their Balance Sheet was as below: (20 Marks)**

| Liabilities     | Rs.             | Assets        | Rs.             |
|-----------------|-----------------|---------------|-----------------|
| <b>Capital:</b> |                 | Cash and Bank | 35,000          |
| • T             | 1,71,500        | Fixed Assets  | 3,15,000        |
| • R             | 73,500          | Investment    | 35,000          |
| • S             | 35,000          | Stock         | 35,000          |
| Reserves        | 42,000          | Debtors       | 17,500          |
| Secured Loan    | 63,000          |               |                 |
| Bills Payable   | 35,000          |               |                 |
| Creditors       | 17,500          |               |                 |
|                 | <b>4,37,500</b> |               | <b>4,37,500</b> |

Additional Information:

1. The realisation expenses were estimated Rs.14,000 but it was actually Rs.13,000.
2. The assets realised as follows:

| Realisation                 | Amount   |
|-----------------------------|----------|
| 1 <sup>st</sup> Realisation | 87,500   |
| 2 <sup>nd</sup> Realisation | 31,500   |
| 3 <sup>rd</sup> Realisation | 1,12,000 |
| 4 <sup>th</sup> Realisation | 1,08,500 |

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

**Q.5 a) What is Amalgamation of Partnership Firm?**

**(10 Marks)**

**Q.5 b) Explain the steps to calculate partners share under Excess Capital Method**

**(10 Marks)**

**OR**

**Q.5: Write a Short notes: (Any Four)**

**(20 Marks)**

- a) Amalgamation of Firms.
- b) Excess Capital Method.
- c) Conversion/ Sale of partnership firm into Ltd. Company.
- d) Steps for Amalgamation of Partnership Firm.
- e) Piecemeal Distribution of Cash.
- f) Methods of Purchase consideration

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