

SET 1

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 statements are True or False: (any 10) (10Marks)

1. Interest on Drawings is an income of the firm.
2. In conversion of partnership into Limited Company, the partnership business is purchased by a limited company.
3. Dues payable to employees is a preferential liability of the firm.
4. On Amalgamation old firms are dissolved.
5. Excess Capital Method is not known as Maximum Loss Method.
6. A Ltd. Company is suitable for small scale business.
7. Provision for discount on Creditors shows credit balance.
8. Closing Stock is valued at cost price or market price whichever is less.
9. Excess of Income over expenditures is net profit.
10. General Reserves is distributed among the partners in profit sharing ratio.
11. AS 14 deals with amalgamation.
12. Purchase consideration is settled in cash and shares.

Q. 1.(B) Multiple Choice Questions (Any 10) (10Marks)

1. Reserve fund distribute among partners in the ratio _____.
a) Capital ratio b) Profit & Loss sharing ratio c) Gain ratio d) Sacrifice ratio.
2. Interest on capital is credited to _____.
a) Trading A/c b) P&L A/c c) P&L Appropriation A/c d) Capital A/c
3. Gross loss is transfer to _____.
a) Trading A/c b) P&L A/c c) Capital A/c d) Current A/c
4. Expenses paid in advance is shown in the Balance Sheet on _____.
a) Liability side b) Credit Side c) Assets Side d) Debit Side.
5. Realisation A/c is prepared in case of _____.
a) Admission b) Retirement c) Death d) Dissolution.
6. Realisation Expenses dues are _____.
a) Preferential liabilities b) Contingent liabilities c) External liabilities d) Secured liabilities
7. Bank loan is a _____.
a) Contingent liabilities b) Current liabilities c) Non Current liabilities d) Fixed liabilities
8. Aafter payment of outsider liabilities _____.
a) Govt. dues should be paid b) Partner's loan should be paid c) Partner's capital should be paid d) Expenses should be paid.
9. Excess of Net Assets over Purchase Consideration is _____.
a) Capital Reserve b) Goodwill c) Capital d) Drawings
10. The firm of organization suitable for large scale business is _____.
a) Sole Trader b) Partnership Firm c) Co-operative d) Limited Company

SET 1

SYBCOM SEM III

ACCOUNTANCY & FINANCIAL MANAGEMENT III

11. Profit or Loss on disposal of assets not taken over by a Ltd. Company is transferred to

- a) Realisation A/c b) Trading A/c c) Partners Capital A/c d) Partners Current A/c

12. Assets taken over by a partner is _____

- a) Credited to Partner's Capital A/c b) Credited to Partner's current A/c c) Debited to Realisation A/c d) Credited to Realisation A/c

Q.2. The following is the Trial Balance of A, B and C as on 31st March 2023. (20Marks)

Debit Balance	Amt.	Credit Balance	Amt.
Cash at Bank	25,000	Creditors	12,300
Debtors	53,000	Sales (upto 30 th Sept. Rs. 3,60,000)	5,40,000
Printing & Stationery	17,700	Capitals	
Salary	36,000	A	72,000
Carriage outward	15,600	B	36,000
Stock	75,000	C	12,000
Purchases	3,30,000		
Fixed Assets	95,000		
Drawings			
A	15,000		
B	6,000		
C	4,000		
	6,72,300		6,72,300

Adjustment:

1. A, and B were partners sharing profits and losses equally.
2. C was admitted to the partnership on 1st October 2022 for 1/3rd share.
3. On 31st March, 2023 Stock was valued at 70,000
4. Printing & Stationery paid in advance Rs. 1,700.
5. Carriage outward was outstanding Rs. 2400.
6. Depreciation on Fixed Assets by 20% p.a.

You are required to prepare Trading, Profit and Loss Account for the year ended on 31st March 2023 and Balance Sheet as on that date.

OR

Q.2 A, B and C are partners sharing profits & losses in the ratio of 1:1:2. They decided to dissolve the partnership firm. Balance Sheet as on 31st March 2023. (20 Marks)

Liabilities	Amount	Assets	Amount
Capital		Goodwill	1,20,000
A	2,40,000	Buildings	2,40,000

SET 1
SYBCOM SEM III
ACCOUNTANCY & FINANCIAL MANAGEMENT III

B	1,60,000	Plant	2,68,000
C	3,00,000	Stock	1,23,000
General Reserve	80,000	Debtors	1,80,000
Loan from B	40,000	Bills Receivables	37,000
Creditors	1,20,000	Bank	12,000
Bills Payable	40,000		
	9,80,000		9,80,000

The realization and expenses of realization were as follows:

Realisation	Amount of realisation	Expenses
1 st	1,10,000	2,000
2 nd	3,40,000	10,000
3 rd	3,50,000	5,000
4 th	1,62,000	3,000

You are required to prepare statement to show the piecemeal distribution of cash available under Excess Capital Method.

Q.3. Meena and Leena were into the partnership business sharing profit in the ratio of 1:1. On 1st April 2022 they admitted Teena into partnership giving her 1/3 of the profits. Teena brought Rs.40,000 in credit of which Rs. 15,000 were considered as payment for goodwill and balance as her capital. The following is the Trial Balance as on 31st March 2023. (20Marks)

Debit Balances	Amt.	Credit Balance	Amt.
Purchases	62,865	Sales	1,07,120
Discount allowed	860	Discount received	1,075
Sundry Debtors	20,100	R.D.D.	600
Stock (01/04/2021)	21,410	Sundry Creditors	16,270
Carriage Inward	1,625	Capital A/c	
Misc. Expenses	3,920	Meena	32,500
Motor Vehicle	25,000	Leena	17,500
Land & Building	40,000	Cash paid by Teena	40,000
Cash at Bank	2,520	(on 1 st April 2022)	
Telephone Expenses	1,620	Bank Overdraft	3500
Printing & Stationery	1,345		
Rent & Insurance	1,600		
Bad debts	200		
Investment	30,000		
Drawings			
Meena	2,500		
Leena	2,000		
Teena	1,000		
	2,18,565		2,18,565

Additional Information:

SET 1

SYBCOM SEM III

ACCOUNTANCY & FINANCIAL MANAGEMENT III

1. Closing stock was Rs.30,000
2. Bad debts Rs1,000.
3. Depreciation to be charged on Land & Building 5%, Motor Vehicles 20%.
4. R.D.D to be maintained at 10% on Debtors.
5. Goods to the value of Rs. 1,500 have been lost by theft.

You are required to prepare Trading A/c, Profit & Loss a/c and Balance Sheet.

OR

Q.3. Ajay and Vijay are partners who share profits and losses in the ratio of 3:2 in the business. In the similar type of business Sanjay and Sujay are partners who share profits and losses in the ratio of 1:1. It was agreed on 1st April 2023 the firm are to be amalgamated into M/s AVS and Co., as on 31st March 2023, the Balance Sheet of their firms were as under: (20Marks)

Liabilities	Ajay & Vijay	Sanjay & Sujay	Assets	Ajay & Vijay	Sanjay & Sujay
Capital A/c			Land	39,000	50,400
Ajay	48,000		Furniture	22,800	18,300
Vijay	72,000		Vehicles	15,000	16,350
Sanjay		42,000	Stock	29,940	39,600
Sujay		42,000	Investments	8,400	
Creditors	30,000	50,100	Debtors	31,500	31,350
Bills Payable		21,900	Banks	3,360	
	<u>1,50,000</u>	<u>1,56,000</u>		<u>1,50,000</u>	<u>1,56,000</u>

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

	Ajay and Vijay	Sanjay & Sujay
Stocks	27,000	39,000
Vehicles	12,000	12,000
Furniture	21,000	16,800
Land	75,000	99,000
Goodwill	24,000	18,000

Ajay take over Investments for Rs. 7,200. Other Assets and Liabilities at book values.

You are required to Calculate the Purchase Consideration, and Prepare necessary ledger accounts in the books Ajay & Vijay, & Sanjay and Sujay.

Q.4. Seeta, Geeta and Neeta were partners sharing profits and losses in the ratio of 3:2:1. Their Balance Sheets as on 31st March 2023 was as follows: (20Marks)

Liabilities	Amt.	Assets	Amt.
Capitals		Land & Building	40,000

SET 1

SYBCOM SEM III

ACCOUNTANCY & FINANCIAL MANAGEMENT III

Seeta	50,000	Plant & Machinery	30,000
Geeta	30,000	Furniture	10,000
Neeta	20,000	Stock	44,000
General reserves	36,000	Debtors	26,000
Creditors	20,000	Bank	16,000
Bills Payable	10,000		
	<u>1,66,000</u>		<u>1,66,000</u>

The partners agreed to sell their business to Reeta Ltd. The company took following assets at values given below: Land & Building Rs. 48,000, Plant & Machinery Rs. 26,000, Debtors Rs. 40,000, Stock Rs. 20,000, Furniture Rs. 12,000, Goodwill Rs. 32,000. The company also agreed to pay bills payable at book value. Reeta Ltd. paid Rs. 48,000 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 amounting to Rs. 4,500 paid by the firm. Prepare Realisation A/c, Partners capital A/c and calculate purchase consideration.

OR

Q.4. Sachin, Virat & Rohit are partners sharing profit & losses in the ratio of 3:2:1 respectively. The firm dissolved on 31st March 2023. When their Balance sheet was as below: (20Marks)

Balance Sheet as on 31st March, 2023

Liabilities	Amt.	Assets	Amt.
Capitals		Cash & Bank	35,000
Sachin	1,71,500	Fixed Assets	3,15,000
Virat	73,500	Investment	35,000
Rohit	35,000	Stock	35,000
Reserves	42,000	Debtors	17,500
Secured Loan	62,000		
Bills Payable	35,000		
Creditors	17,500		
	<u>4,37,500</u>		<u>4,37,500</u>

Additional Information:

The realisation expenses were estimated Rs. 14,000 but it was actually Rs. 13,000.

The assets realised as follows:

Realisation	1 st Realisation	2 nd Realisation	3 rd Realisation	4 th Realisation
Amount	87,500	35,000	1,12,000	1,08,500

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

Q.5. A. What is Piecemeal Distributions of Cash? Discuss the procedure of piecemeal distribution of cash?

(10 Marks)

SET 1

SYBCOM SEM III

ACCOUNTANCY & FINANCIAL MANAGEMENT III

Q.5. B. Explain the methods of calculating Purchase Consideration.

(10 Marks)

Or

Q.5. Write short notes (any 4)

(20 Marks)

1. Partnership Deed
2. Realisation Methods for conversion of the firm into Ltd. Co.
3. Any 5 adjustments of final accounts with effects.
4. Treatment of Goodwill at the time of admission of partner
5. Internal Liabilities
6. Specimen of Partners capital Account
