29/9/14 N010ADB Library SYAF Fin. A/c

Time : 2 & ½ Hours Marks : 75

Instructions:
1. All questions are compulsory, subject to internal choice.
2. Use of a simple calculator is allowed.
3. Working note should form part of your answer.

Q.1. Multiple Choice (Any eight) **(8)**

A). 1. Amalgamation is dealth with by

a). AS 14 b). AS 16
c). AS 18 d). None of the above

2. Raveena & Kareena started business on 1st January, 2006 with capital of Rs 4,00,000 and Rs 3,00,000 respectively. There is no withdrawal or addition of capital during the year. Calculate Interest on capital @ 10% p.a. Accounts are closed on 31st December.

a). Raveena Rs. 40,000 Kareena Rs. 30,000 b). Raveena Rs. 1,800 Kareena Rs. 40,000
c). Raveena Rs. 35,000 Kareena Rs. 35,000 d). None of the above

3. General Reserve should be

a). Distributed in profit sharing ratio b). Distributed in capital ratio
c). Not distributed among the partners d). None of the above

4. The amount finally left unpaid on partner's capital account should be in

a). Capital Ratio b). Equally
c). Profit Sharing Ratio d). Ratio of Drawings

5. Takeover of liability by a partner is

a). Added to capital of a partner b). Deducted from capital of a partner
c). Neglected d). None of the above

6. Amalgamation is

a). Merger of business b). Dissolution of firms
c). Piecemeal Distribution of Cash d). None of the above

7. Purchase consideration is the amount

a). Payable by new firm to old firm b). Payable by old firm to partners
c). Payable by one firm to another firm d). None of the above

8. Profit or Loss on realization is distributed among the partners in

a). Profit sharing Ratio b). Capital Ratio
c). Claim Ratio d). None of the above

9. A cost centre is the unit of the organization where

a). Cost is incurred b). Profit is generated
c). Income is generated d). All of the above

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10. A investment centre has control over

a). Cost & Revenue   b). Profit

c). Investment   d). All of above

Q.1 Match the Following (Any seven) **(7)**

B)

Group A	Group B
1. Trading A/c	✓ Limited Capital
2. Prepaid Expenses	✓ Accumulated Profit
3. Intangible Assets	✓ Secured Loan
4. Reserve Fund	✓ Preferential Liabilities
5. Mortgage Loan	✓ Deals with Amalgamation
6. Government Dues	✓ Amount agreed to be paid by purchasing firm to vendor firm
7. AS-14	✓ Record receipt of new stock
8. Purchase Consideration	✓ Goodwill
9. Loss on realization	✓ Average Price
10. Receipt note Voucher	✓ Closing Stock
	✓ Asset side
	✓ Debited to Partners capital

Q.2 Madhav, Anup and Parag are partners sharing profits and losses in the proportion of 3:2:1 respectively. Their partnership was dissolved on 30th June, 2012 on which date their Balance Sheet was as under: **(15)**

Liabilities		Rs.	Assets	Rs.
Capitals:			Cash	8,000
Madhav	40,000		Debtors	84,000
Anup	20,000		Stock	32,000
Parag	4,000	64,000		
Loans:				
Madhav	12,000			
Anup	8,000	20,000		
Sundry Creditors		40,000		
Total		**1,24,000**	**Total**	**1,24,000**

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

The net realization were as under :

15th July, 2012	22,000
20th August, 2012	21,000
6th September,2012	32,000
17th October, 2012	21,200
30th November, 2012	9,000

Prepare necessary statement of distribution. All your workings should form part of your answer.

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Q.2 Rajesh and Ashok are partners sharing profits and losses in the ratio of 3:1. You are required to prepare Trading and Profit & Loss a/c for the year ended 31st December, 2012 and Balance Sheet as at that date after making the necessary adjustments. **(15)**

Following is the trail balance extracted from the books:

Particulars	Rs.	Particulars	Rs.
Building	1,40,000	Rajesh Capital	1,60,000
Machinery	1,20,000	Ashok Capital	2,04,000
Furniture	32,000	Provision for Discount	
Debtors	57,600	on Debtors	3,600
Returns	12,000	Loan from Manoj	1,00,000
Sundry Expenses	5,200	Sales	2,40,000
Printing Expenses	3,000	Creditors	21,000
Insurance	3,200	Provision for Bad Debts	4,000
Bad Debts	2,800	Returns	3,400
Salaries	38,600		
Purchases	1,96,000		
Bank of India	51,600		
Opening Stock	40,000		
Carriage Inward	6,000		
Rajesh Drawings	14,000		
Ashok Drawings	10,000		
Manoj Drawings	4,000		
	7,36,000		**7,36,000**

Adjustments :

1. The stock on 31st March 2012 was valued at Rs 88,000.
2. Of the Sundry Debtors Rs 4,600 were Bad Debts and should be written off.
3. Make provision for discount on debtors and creditors @ 5%.
4. Depreciation machinery by 20% and furniture by 10%.
5. During the year on 1st October, 2011, it was agreed to admit Manoj as partner with 20% share in profits and goodwill. On such admission the loan was to the extent of 60,000 as capital and Rs 40,000 as goodwill of the firm. Manoj loan carried interest @ 12% p.a. The necessary entries have not yet been passed.
6. The profits have accrued during the year in proportion of sales, which were Rs 15,000 per month for first 6 months and Rs 25,000 there-after.

Q.3 Following is the trail balance of M/s X, Y and Z as on 31st December, 2011: **(15)**

Particulars	Rs.	Particulars	Rs.
Drawings :		Capital Accounts :	
X	12,000	X	36,000
Y	12,000	Y	36,000
Z	12,000	Z	36,000
Purchases	1,56,000	Sales	2,76,000
Returns	2,400	Returns	1,800
Stock (1.1.2011)	24,000	R.D.D.	9,000
Staff Salary	27,000	SBI Loan	20,250
Sundry Expenses	12,000	Purchase Ledger	
General office Expenses	4,500	Balances	76,500
Bad Debts	2,100	Bills Payable	2,700
Carriage on Purchases	4,500	Loans from Others	6,000

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Carriage on Sales	6,750		
Sale Ledger Balance	1,00,500		
Bills Receivalbe	3,000		
Bank / Cash	10,500		
Investments	15,000		
Premises	60,000		
Machinery	36,000		
	5,00,250		**5,00,250**

On 1st July, 2011 X retired. Following adjustments were agreed upon :

1. Goodwill to the extent of Rs. 90,000 was to be brought into the books.
2. Furniture worth Rs 20,000 was purchased on 31st December, 2011 but the purchases invoice was not recorded in the books.
3. Balance on X's account after making all the adjustments was to be transferred to his Loan Account @ 18% p.a.
4. Closing Stock is valued at Rs. 42,900.
5. R.D.D is to be kept at Rs. 4,500.
6. Depreciate Machinery by 10%, Premises by 5% and Furniture by 5% p.a.
7. Provide interest on capital @ 10%.
8. Each Partner is to be allowed salary of Rs 3,600 p.a.
9. Advance of Rs. 900, recoverable against salary was given to an employee but it is wrongly debited to Salary Account.

Prepare Trading and Profit & Loss a/c for the year ended 31st December, 2011 and Balance Sheet as at that date.

OR

Q.3 S and V, sharing profits and losses equally, decide to convert their businesss into a limited company on 31st December, 2013 when their balance sheet stood as follows: **(15)**

Liabilities		Rs	Assets	Rs
Creditors		48,000	Debtors	60,000
Loans		40,000	Bills Receivalbe	10,000
Bank Overdraft		16,000	Stock in trade	36,000
Reserve		6,000	Patents	8,000
Capital Accounts:			Plant & Machinery	16,000
S	40,000		Land & Buildings	60,000
V	40,000	80,000		
Total		**1,90,000**	**Total**	**1,90,000**

i. The Goodwill of the firm was to be valued at two year's purchase f the average profits of the previous three years.
ii. The loan creditor agreed to accept 7.5% redeemable preference shares in settlement of his claim.
iii. Land & Building and Plant & Machinery were to be valued at Rs 1,00,000 & Rs 24,000 respectively.
iv. The vendors were to be allotted equity shares of the value of Rs 2,10,000.
v. The past working results of the firm showed that they had made profits of Rs 30,000, Rs 36,000 and Rs 42,000 in last 3 years after setting aside Rs 2,000 to reserve fund each year.

You are required to show Realisation account and Capital accounts in the books of the firm assuming that all transactions are duly completed.

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Q.4 P, Q and R were partners sharing profits and losses as 3:2:2. The following is the Balance Sheet of P,Q and R as on 31-3-2014: **(15)**

Liabilities		Rs	Assets	Rs
Capital Accounts:			Land & Buildings	96,000
P	97,000		Machinery	28,000
Q	58,000		Stock	12,000
R	25,000	1,80,000	Bills Receivalbe	24,000
Creditors		16,000	Debtors	36,000
		1,96,000		**1,96,000**

The partners decided to convert the business into a private limited company on above date on the following terms:

i. The company agreed to issue 16,200 equity shares of Rs 10/- each & to pay the balance in cash for acquiring the business.

ii. The company took over all assets except stock, which was taken by P for Rs 10,000/- and assumed the liabilities. It also agreed to pay Rs 30,000/- for goodwill.

iii. The partners decided to distribute the shares appropriately among themselves.

Prepare the following :

a). Realisation Account b). Partner's Capital Accounts. C). Cash Account.

OR

Q.4 Two independent firms carrying on similar business under the name and style of M/s Slow and Steady and Fast and Hasty decided to amalgamate on 1st January, 2013; when their respective Balance Sheets were as follows: **(15)**

	Slow & Steady	Fast & Hasty		Slow & Steady	Fast & Hasty
Slows Capital	56,000	-	Furniture	5,600	7,000
Steady Capital	28,000	-	Building	56,000	-
Fasts Capital	-	33,600	Investments	-	21,000
Hasty Capital	-	22,400	Stock in Trade	28,560	25,620
Creditors	28,000	35,000	Debtors	21,000	28,000
Mortgage Loan	7,000	-	Cash at Bank	7,840	9,380
	1,19,000	91,000		1,19,000	91,000

Terms of amalgamation were as under:

1. In case of Slow and Steady
   a) Slow And Steady should pay off its mortgage loans.
   b) Goodwill was valued at Rs.11, 200.
   c) Building were taken to be worth Rs. 70,000
   d) Stock to be depreciated by Rs. 5,600
   e) Provision for the doubtful debts to be created at 5% on sundry debtors.
2. In case of Fast and Hasty:
   a) Goodwill was valued at Rs.14,000
   b) Investment not to be taken over by the firm.
   c) Stock was valued at Rs.23,420.
   d) Of the Debtors 5% may be provided as doubtful debts reserve.

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Your are required to prepare

1. Statement of Purchase Consideration of both the firm.
2. Realisation A/c in the books of M/s Slow & Steady.
3. Capital A/c in the books of M/s Slow & Steady.
4. New Firms A/c in the books of M/s Slow & Steady.

Q.5 (a) What is Stock Group. **(08)**

(b) What is a Godown. **(07)**

OR

Q.5 Short Notes (Any three out of five) 5 Marks each **(15)**

(a) What are the consequences of Amalgamation?

(b) What do you mean by Goodwill, Balance sheet and Gross Profit?

(c) Determination of Purchase Consideration

(d) What is cost centre?

(e) What is a profit centre?