SY AIF Fin. Acctg. - III

PQ10ADT

Time : 2 & ½ Hours **Marks :** 75

Instructions:

1. All questions are compulsory carrying 15 Marks each, 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. Following is the essential elements of a partnership firm except

a). Atleast two persons
b). There is an agreement between all partners
c). Equal share of profit and losses
d). Partnership agreement is for some business

2. A Partner acts as ________ for a firm.

a). Agent
b). Third Party
c). Employee
d). None of the above

3. In the absence of any agreement, partners are liable to receive interest on their loans @

a). 12% p.a.
b). 10% p.a.
c). 8% p.a.
d). 6% p.a.

4. What balance does a Partner's Current Account has?

a). Debit balance
b). Credit balance
c). Either 'a' or 'b'
d). None of the above

5. When there are four partners, excess capital is to be computed

a). once
b). twice
c). thrice
d). four times

6. The first step in Tally before any transaction is entered or saved is creating a

a). File
b). Company
c). Project
d). Application

7. After selecting a company in Tally, you will be in the

a). Accounts of Tally
b). Gateway of Tally
c). Entry of Tally
d). Groups of Tally

8. On sale of firm to a company, the purchase consideration is calculated by

a). Lumpsum method
b). Payment method
c). Net Assets method
d). None of the above

9. On amalgamation, Realisation Account is opened

a). in the books of the purchasing firm
b). in the books of the vendor firm
c). in the books of both the purchasing and the vendor firm
d). None of the above

10. In the case of amalgamation profit or loss on the sale of firm is ascertained through

a). Realisation Account
b). Profit & Loss Adjustment Account
c). Profit & Loss Account
d). All of the above

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Q.1 B) Match the Following : (Any seven) (7)

Group A	Group B
1. Income tax payable by a firm as on the date of dissolution.	1. Allocation of Transaction
2. Prepaid Expenses	2. Two or more department
3. Intangible Assets	3. Bad Debt
4. Cost Centre	4. Current Asset
5. Cost Categories	5. Secured creditor
6. Debts Irrecoverable	6. Debit Realisation Account
7. Income due but not received	7. Credit Realisation Account
8. Bank loan obtained by hypothecation of machinery	8. Goodwill
9. Fixed Assets of the vendor firm on amalgamation	9. Average Price
10. Loss on realisation arising on amalgamation.	10. Closing Stock
	11. Asset side of Balance Sheet
	12. Preferential creditor

Q.2 L, U and M were in partnership, sharing profit and looses in the ratio of 1/2, 1/3, 1/6 respectively. Their firm was dissolved as on 31st December 2013 on which date the Balance Sheet of the firm was as under: (15)

Balance Sheet as on 31st December 2013

Liabilities	Amount	Assets	Amount
Capital Accounts:		Cash in hand	4,000
-L	17,000	Debtors	42,000
-U	8,000	Stock	16,000
-M	1,000		
General Reserve	6,000		
Loans			
-L	6,000		
-U	4,000		
Sundry Creditors	20,000		
Total	**62,000**	**Total**	**62,000**

It was agreed that the realization should be distributed in their due order at the end of each fortnight, The realisation and expenses were as under:

Particulars	Debtors Rs.	Stock Rs.	Expenses Rs.
15th January 2014	7,500	4,500	1,000
31st January 2014	10,500	500	500
15th February 2014	8,500	8,500	1,000
28th February 2014	10,500	500	400
15th March 2014	1,050	3,050	600

Stocks were completely disposed off and the remaining debtors were to be taken over by M at an agreed amount of Rs 600.

Show the Statement of distribution of cash, following Relative Capital Methods.

OR

Q.2 Amit Traders and Sumit Bros, decided to amalgamate on the following terms and conditions on 1st April, 2016 when their Balance Sheets were as follows: (15)

Particulars	Amit Traders	Sumit Bros	Particulars	Amit Traders	Sumit Bros
Amit's Capital	26,400	-	Buildings	25,000	-
Anil's Capital	33,600	-	Furniture	11,500	27,000

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Terms of amalgamation:

1. In case of Amit Traders
   (a) Goodwill was valued at Rs. 20,000
   (b) Amit took over Bank Loan.
   (c) Building was taken to be worth Rs. 60,000.
   (d) Stock to be valued at Rs 12,600
   (e) Provision for doubtful debts to be created at 5% on debtors.
2. In case of Sumit Bros.
   (a) Goodwill was valued at Rs. 30,000.
   (b) Investments were taken over by the new firm at Rs. 30,000.
   (c) Stock was valued at Rs 32,000.
   (d) Provision for doubtful debts to be created at 5% on debtors.
3. It was further decided that the total capital if the new firm shall be Rs. 2,00,000 and the capital of each partner shall be in profit sharing proportion i.e. 1:1:3:3 the difference to be transferred to the current Accounts.

You are required to show necessary ledger accounts in the books of Amit Traders and Sumit Bros. and prepare Balance Sheet of New firm after Amalgamation.

Q.3 A,B and C were partners carrying on partnership business and sharing profits and losses in the ration of 1:2:3. On March 31, 2013, their Balance sheet was as under: **(15)**

Balance Sheet as on 31st March, 2013

Liabilities	Amount	Assets	Amount
Capitals:		Building	20,000
A	10,000	Machinery	30,000
B	20,000	Motor Car	5,000
C	30,000	Stock	15,000
B's Loan	20,000	Debtors	20,000
Creditors	15,000	Cash	9,000
Bills Payable	5,000	Investments	1,000
Total	1,00,000	**Total**	1,00,000

On the above date a Private Ltd, company was incorporated to take over the above business on the following terms and conditions:

(1) All assets (except cash and investments) and all liabilities (except B's Loan) to be taken over by the company for which all asset are valued at par except building which is considered worth Rs 27,000 and stock as worth Rs 14,000. Further, goodwill is valued at Rs 30,000.

(2) B's loan to be partly liquidated by his taking over the firm's cash and investment at par. For the balance he is given 8% debenture received from the company in part discharge of purchase consideration.

(3) The balance of the purchase consideration is received in the form of equity share of the company which are to appropriately distributed amongst the partners.

Give journal entries and ledger accounts to close the books of the firm.

OR

Q.3 Following is the Trail Balance of DEF firm as on 31st December,2016: **(15)**

Particulars	Rs.	Particulars	Rs.
Cash	29,700	Creditors	40,500
Debtors	93,000	Sales	5,40,000
Rents & Rates	17,700	**Capital:**	
Salary	36,000	D	72,000
Sundry Expenses	15,600	E	36,000
Stock	75,000	F	12,000
Purchases	3,30,000		
Fixed Assets	31,500		

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Adjustments :

1. D and E were partners sharing profit and losses equally.
2. Mr. F was admitted to the partnership on 1st July, 2016.
3. On 31st December, 2016 stock was valued at Rs. 70,500.
4. Rent and Rates paid in advances Rs 700.
5. Sundry Expenses were outstanding Rs 400
6. Depreciate Fixed Assets by 20% p.a.
7. Goodwill of the firm was valued at Rs 6,000 on 1st July, 2016 and not to appear in the Balance Sheet.
8. Interest on capital to be charged at the rate of 10% p.a.

You are required to prepare Trading, Profit and Loss Account for the year ended on 31st December 2016 and Balance Sheet as on that date.

Q.4 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 workings should form part of your answer.

OR

Q.4 Following is the Trail Balance of M/s ABC as on 31st December,2016: **(15)**

Particulars	Rs.	Particulars	Rs.
Purchases	1,56,000	**Capital Account:**	
Return Inward	2,400	A	30,000
Stock	24,000	B	30,000
Drawings:		C	30,000
A	12,000	Sales	2,94,000
B	12,000	Return Outwards	2,000
C	12,000	R.D.D	8,800
Salary	27,000	Bank Loan	20,000
Office Expenses	16,500	Creditors	76,500
Bad Debts	2,100	Bills Payable	8,700
Carriage Inward	4,500		
Carriage Outward	6,750		
Debtors	1,00,000		
Bills Receivables	3,250		
Bank Balance	8,000		

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On 1st July 2016, 'A' retired and the following adjustment were agreed upom:

1. Goodwill of Rs 90,000 was brought (raised) into the books of accounts.
2. Furniture worth Rs 20,000 was purchased on 31-03-2016 but the invoice was not recorded in the books.
3. Balance in A's account after making all adjustments was to be transferred to his loan account carrying interest @ 16%.
4. Closing stock was valued at Rs 42,000.
5. Depreciate Machinery by 10%, Premises by 5% and Furniture by 5% p.a.
6. Provide interest on capital at 10%.

You are required to prepare Trading, Profit and Loss Account for the year ended on 31st December 2016 and Balance Sheet as on that date.

Q.5 (a) Explain Fixed Capital Method. **(08)**

(b) Interest on Partner's Capital. **(07)**

OR

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

(a) Explain outside liabilities as per piecemeal distribution of cash.

(b) Explain Conversion or Sale of firm into Limited Company.

(c) Determination of Purchase Consideration

(d) What is cost centre?

(e) Explain the process of creation of a company in Tally?

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