S.Y.B.COM.
Reg & ATKT.
Sem-3
Oct-23.
AFM-III

Duration: 3 hrs. C3AC1023 Marks: 100

Note: All questions are compulsory.

Figures to the right indicate maximum marks.

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

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
	(j) Assets Less External Liabilities
10. Continuing Partner	**(k)** Will be settled by old firm
11. Unpaid Capital Balance of Dead partner	**(1)** Included in purchase consideration
12. Liabilities not taken over	**(m)** Unsecured creditors

Q.1. B State whether the following statements are true or false (Any 10) **(10)**

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.2. A Jaya and Bhaduri were in partnership sharing profit in the ratio of 3: 2. From 1st Jan, 2013, they admitted Amit into partnership giving him 1/6th share in profit. He brought ₹10,000 cash, of which 3,000 was considered as being in payment for his share of goodwill and the balance as his capital. You are given : **(20)**

Trial Balance as on 31st December, 2013

Particulars	₹	Particulars	₹
Drawings:		Rent Payable	928
- Jaya	4,000	Outstanding Wages	2,719
- Bhaduri	3,500	Sales	2,63,150
- Amit	2,500	Returns Outward	3,120
Purchases	1,66,405	Reserve for Doubtful Debts	1,200
Returns Inward	4,250	Creditors	30,106
Debtors	40,200	Bill Payable	8,950

Opening Stock	27,225	Dividend	825
Wages	20,137	**Capital :**	
Salaries	8,753	Jaya	14,500
Building	6,750	Bhaduri	8,300
Addition to Building	500	Cash paid by Amit	10,000
Patents	7,300	(On 1-4-2013)	
Postage/Telegram	3,226		

Power/Fuel	1,850		
General Expenses	3,314		
Rent, Rates, Taxes	3,517		
Bad Debts	525		
Loan to 'P' at 6% p.a. (Given on 1-9-13)	5,000		
Investments	11,500		
Pre-paid Insurance	524		
Cash/Bank	5,752		
Bills Receivable	17,070		
	3,43,798		3,43,798

Adjustments:

(1) Closing stock was valued at ₹15,760.

(2) Goods costing ₹1,000 have been stolen but not entered in the books.

(3) Write off 1/5th of patents.

(4) Bills Receivable include dishonoured bill of ₹1,050. .

(5) Maintain reserve for doubtful debts @5%

(6) Depreciate building @ 10% p.a.

(7) Necessary adjustment in connection with admission is to be made through current accounts of the partners.

(8) Goodwill should not appear in the books.

Prepare final accounts.

OR

Q.2. B Dinesh, Amar and Manoj were partners sharing profits and losses in the ratio of 3:2:1 respectively. You are required to prepare Trading and Profit and Loss Account for the year ended 31st March, 2014 and Balance Sheet as on that date after making the necessary adjustments. Following is the Trial Balance extracted from the books as on 31st March, 2014 **(20**

Particulars	₹	Particulars	₹
Buildings	9,00,000	**Capital:**	
Machinery	6,00,000	Dinesh	3,20,000
Furniture	45,000	Amar	2,70,000
Debtors	1,62,000	Manoj	2,10,000
Sundry Expenses	42,000	Reserve for Bad Debts	9,000
Rent	1,44,000	Loan from Amar	1,50,000
Salaries	2,93,000	Creditors	2,16,250
Advertisements	62,500	Gross Profit	1,42,5,000
Carriage Outwards	22,500	Bills Payable	26,350
Insurance	9000	Interest on Investments	12,000
Salesmen Commission	1,50,000	Other Income	14,400
Stock	1,25,500	Bank Loan (31-3-2014)	3,00,000
12% Investment (1-4-2013)	2,00,000		
Cash and Bank	25,750		
Bills Receivable	61,750		
Drawings:			
Dinesh	32,500		
Amar	43,500		
Manoj	28,000		
Bad Debts	6,000		
	29,53,000		29,53,000

On 31st December, 2013, Dinesh retired. Following adjustments were agreed upon.

(1) Goodwill of the firm was valued at ₹ 2,40,000.

(2) Balance of Dinesh Capital Account after all adjustments was to be transferred to his Loan Account carrying interest @ 18% p.a.

(3) Depreciate fixed assets @ 12% p.a.

(4) Write off further bad debts ₹12,000.

(5) Provide interest on capital @ 9% p.a. and on loan @ 6%.

(6) During the year Gross Profit Ratio is constant.

(7) Sales upto December, 2013 were ₹ 25,00,000 and thereafter was ₹ 6,25,000.

Q.3. A Uma, Maya and Kama are sharing profit in the ratio of 3:2:1. **(20)**

Liabilities	₹	Assets	₹
Reserve	3,12000	Stock	7,90,400
Creditors	2,08,000	Debtors	7,04,600
Uma's Capital	6,24,000	Cash in Hand	52,000
Maya's Capital	6,76,000	Goodwill	4,16,000
Kama's Capital	4,68,000	Building	2,73,000
		Machinery	52,000
	22,88,000		22,88,000

It is decided to distribute the cash as and when it was received. Uma agreed to work as a receiver on a remuneration of ₹ 26,000 and bear all expenses of realisation. When it was completed, it was realised that she had spent ₹ 5,460 for expenses. Details of realisation of assets - 1st realisation ₹ 2,34,000, 2nd realisation ₹ 6,29,200 and 3rd realisation ₹ 5,92,800. There was some stock of the book value ₹ 46,800 lying unsold and it was taken over by Kama at an agreed value of ₹ 26,000.

Prepare a statement showing distribution of cash under Excess Capital Method.

OR

Q.3. B The following is the Trial Balance of M/s A, B and M as on 31-12-2013 **(20)**

Particulars	₹	Particulars	₹
Drawings:		Capital Accounts:	
-A	4,000	A	12,000
- B	4,000	B	12,000
- M	4,000	M	12,000
Purchases	52,000	Sales	92,000
Goods Returned	800	Returns	600
Stock (1-1-2013)	8,000	Bad Debts Provision	3,000
Salary	9,000	Bank Loan	6,750
Office Expenses	4,000	Creditors	25,500
Trade Expenses	1,500	Bills Payable	900
Bad Debts	700	Other Loan	2,000
Carriage inward	1,500		
Carriage outward	2,250		
Debtors	33,500		
Bills Receivable	1,000		
Bank Balance Cash	2,800		
on Hand	700		
Investment	5,000		
Buildings	20,000		
Plant & Machinery	12,000		
	1,66,750		1,66,750

On 1st July 2013 A died. The following adjustments were agreed upon for the purpose of change in constitution and you are required to give effect to them.

(1) Goodwill was to be raised at ₹30,000 and brought into the books.

(2) Machinery worth ₹24,000 was purchased on 31st March 2013, but the purchase invoice was not recorded in the books.

(3) Balance standing to the credit of A after giving effect of above was to be treated as loan of Mrs. A on which interest @ 15% p.a. is allowed.

Further adjustments at the year-end :

(1) Closing stock is valued at ₹14,300.

(2) Bad debts provision is to be kept at ₹1,500.

(3) Depreciate plant by 10% and building by 5% p.a.

(4) 15% interest on partner's capital is to be provided.

(5) Each partner is to be paid a salary of ₹1,200 p.a.

(6) Loan of ₹300 was given to a worker but is wrongly debited to Salary Account.

(7) Outstanding trade expenses ₹100.

Q.4. A Following is the Balance Sheet of two firms as at 31st March, 2014: **(20)**

Liabilities	Prem & Co.	Raj & Co.	Assets	Prem & Co.	Raj & Co.
Capital:			Premises	-	5,000
Prem	11,500	-	Computers	10,000	-
Anil	11,500	-	Furniture	5,000	7,000
Raj	-	18,000	Inventory	9,000	8,000
Shyam	-	12,000	Debtors	6,000	14,000
General Reserve	-	3,000	Bank	2,000	4,000
Creditors	5,000	4,000	Cash	1,000	2,000
Bills Payable	5,000	3,000			
	33,000	40,000		33,000	40,000

It was mutually agreed to amalgamate the business from 1st April, 2014.

Terms of amalgamation were as follows:

(a) Premises was valued at ₹10,000 and computers at ₹12,000.

(b) Furniture was not taken over by new firm.

(c) A reserve of 5% is to be created on debtors.

(d) Goodwill was valued as: M/s. Prem & Co. at ₹ 10,000 and that of M/s. Raj & Co. at ₹15,000.

(e) The new firm also assumed other Assets and Liabilities of old firm at book value. Show necessary accounts in the books of old firms and the Balance Sheet of new firm M/s. Prem Raj & Co. after

OR

Q.4. B A, B and C were partners sharing Profits and Losses in the ratio of 3:2: 1. Their Balance Sheet as on 31-3-2010 was as follows: **(20)**

Balance Sheet as on 31-3-2010

Liabilities	₹	Assets	₹
Capital A/cs:		Land and Building	42,000
A	50,000	Plant and Machinery	30,000
B	20,000	Sundry Debtors	44,000
C	30,000	Stock	26,000
General Reserve	24,000	Furniture	10,000
Creditors	20,000	Cash	6,000
Bills Payable	12,000		
Outstanding Expenses	2,000		
	1,58,000		1,58,000

The partners agreed to sell their business to a limited company.

The company to take over the assets at the valuation shown below:

Land and Building ₹ 45,000

Plant and Machinery	₹ 25,000
Sundry Debtors	₹ 40,000
Stock	₹ 20,000
Furniture	₹ 12,000
Goodwill	₹ 20,000

The company also agreed to pay the Bills Payable which were agreed at ₹ 10,000. The Limited Company paid ₹ 46,000 in cash and the balance in Equity shares @ 1 each.

The Creditors were paid by the firm at a discount of 2.5% and Outstanding expenses were paid in full. The Realisation expenses amounted to ₹ 3,500.

Prepare Realisation A/c, Partner's Capital A/c, Cash A/c, Limited Company A/c, Shares in Limited Company A/c and show calculation of Purchase Consideration

Q.5. A a. Distinguish between Fixed Capital and Fluctuating capitals. (10)

b. What is Purchase Consideration? How is it calculated? (10)

OR

Q.5. B **Write short notes on (Any four).** (20)

a. Fixed capital method.

b. Repayment of partners' capital under excess capital method.

c. Realisation Method for Amalgamation of Firms.

d. Explain sale of firm to a company.

e. Explain interest on drawing.

f. Proportionate capital Method.

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