

GOKHALE EDUCATION SOCIETY'S

DR. T. K. TOPE ARTS AND COMMERCE NIGHT COLLEGE, PAREL MUMBAI – 400012

REGULAR & ATKT EXAMINATION – OCTOBER 2022

Subject/Course	Paper no.	Exam	Sem	Class	Date	Time	Marks
ACCOUNTANCY & FINANCIAL MANAGEMENT	3	SEM END REGULAR	3	SYBCOM	Friday, 07 October 2022	6.30 pm to 9.30 pm	100

Note:

1. All questions are compulsory carrying 20 marks each with internal option
2. Working notes forms a part of your answer.
3. Use of only simple calculator is allowed.
4. Figures to right indicate marks.

Q.1.A] Rewrite the following statements after choosing correct option (Any Ten) (10)

1. Amalgamation is ____
a. merger of business
b. dissolution of firms
c. nones
d. both a & b
2. On amalgamation Realisation A/c is opened in the books of
a. Purchasing firm
b. Vendor firm
c. Both Purchasing & Vendor firms
d. None of the above
3. Profit or loss on Realisation is distributed among the partners in
a. Profit Sharing Ratio
b. Capital Ratio
c. Claim Ratio
d. Benefit Ratio
4. Assets are transferred to Realisation A/c is
a. book value
b. Market value
c. cost
d. none of the above
5. General reserve is distributed among the partners in the ratio of ____
a. profit sharing
b. capitals
c. final claims
d. none of the above
6. On conversion of a firm into a limited company
a. new company is formed
b. old firm is dissolved
c. a new partner is admitted
d. both a & b
7. After finding the unit value of three partners A, B and C we select the unit value
a. which is lowest
b. which is highest
c. average
d. none of the above
8. Excess capital method is different from
a. surplus capital method
b. highest relative capital method
c. maximum loss method
d. none of the above
9. A partner acts as _ for a firm.
a. agent
b. employee
c. third party
d. none
10. Goods lost by fire is credited to
a. Trading A/c
b. Profit and Loss A/c
c. Capital A/c
d. None

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

- Q.2.** M/s East and M/s West decided to amalgamate on the following terms and conditions on 1st April, 2022. When their Balance Sheet were as follows: **(20)**

Liabilities	M/s East Rs.	M/s West Rs.	Assets	M/s East Rs.	M/s West Rs.
Capital A/c			Land and Building	62,500	-
- East	66,000	-	Furniture	28,750	67,500
- South	84,000	-	Investments		56,250
- West	-	1,80,750	Inventories	34,000	81,500
- North	-	1,05,500	Trade Receivables	80,000	1,55,000
Creditors	53,750	1,28,750	Cash at Bank	28,500	54,750
Bank Loan	30,000	-			
	2,33,750	4,15,000		2,33,750	4,15,000

(a) In case of M/s East

- (b) In case of M/s West

- You are required to show necessary ledger accounts in the books of M/s East and M/s West.**

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Q.2. Following is the Balance Sheet of Two firms as at 31st March, 2019. (20)

Liabilities	TKT & Co. Rs.	BYK & Co. Rs.	Assets	TKT & Co. Rs.	BYK & Co. Rs.
<u>Capital</u>			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			
	<u>33,000</u>	<u>40,000</u>		<u>33,000</u>	<u>40,000</u>

It was mutually agreed to amalgamate the business from 1st April, 2022.

Terms of amalgamation were as follows:

1. Premises was valued at Rs.10,000 and Computers at Rs.12,000.
2. Furniture was not taken over by new firm.
3. A reserve of 5% is to be created on debtors.
4. Goodwill was valued as : TKT & Co. at Rs.10000 and that of BYK & Co. at Rs.15,000.
5. The new firm also assumed other Assets and Liabilities of old Firms at book value.
6. Raj and Shyam share in 3:2 ratio.

You are required to prepare

- a. Calculate Purchase Consideration.
- b. Realisation Account, Partners Capital Account and New Firm Account in the books of TKT & Co.

Q.3. L, A and P were partners sharing profits and losses in the ratio of 3:2:1 respectively. (20)

Balance sheet as at 31st March, 2022

Liabilities	Rs.	Assets	Rs.
Partner's Capitals		Land and Building	1,20,000
L	1,50,000	Plant and Machinery	90,000
A	90,000	Furniture	30,000
P	60,000	Stock	1,32,000
General Reserve	1,08,000	Debtors	78,000
Sundry Creditors	60,000	Bank	48,000
Bills Payable	30,000		
	<u>4,98,000</u>		<u>4,98,000</u>

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

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

The company also agreed to pay bills payable at book value. Vasu Ltd. paid Rs.1,44,000 in cash and the balance in Equity shares of Rs.10 each. Shares are to be distributed in profit sharing ratio.

The creditors were paid off at 5% discount. Relisation expenses amounting to Rs.13,500 paid by the firm.

Prepare Realisation A/c , Partners Capital A/c and also calculate Purchase consideration.
OR

Q.3. ABC Co. Ltd. was formed with an authorized capital of Rs.1,50,000 consisting of 10,000 Equity Shares @Rs.10 each and 5,000, 7½ Preference Shares of Rs.10 each to acquire on 01/07/2014 the business of M/s Lad and wad who were sharing profits in the ratio of 3:2. Their Balance Sheet as on 30/06/2014 was as follows:

Balance sheet

Liabilities	Rs.	Assets	Rs.
Trade creditors	16,580	Land and Building	40,000
Overdraft	8,950	Plant and Machinery	24,000
Capital		Stock	15,960
Lad	40,974	Debtors	23,860
Wad	37,316		
	<u>1,03,820</u>		<u>1,03,820</u>

The company took over all the assets and assumed all the liabilities and the consideration was fixed at Rs.1,10,000. In computing this figure, Land and Building were valued at Rs.60,000, Plant and Machinery at Rs.20,000; stock at Rs.15,000 and Debtors at book value subject to allowance of 5% to cover the doubtful debts.

The purchase price was settled by the issue of 3,300 Equity shares at Rs.10 each, to the firm, 2500 Preference shares of Rs.10 each, and the balance paid in cash.

Prepare

- (a) **Realization A/c**
- (b) **Partners' Capital A/c**
- (c) **ABC Co. Ltd. A/c and**
- (d) **Cash A/c**

Q.4. A, B and C are partners sharing profits and losses in the ratio 4:2:1. They decided to dissolve the partnership as on March 31, 2022 when their Balance Sheet was as follows:

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Creditors	11,400	Cash in Hand	140
General Reserve	18,900	Investment	30,000
Bank Overdraft	32,500	Stock	1,28,300
Capital: A	80,000	Debtors	45,400
B	1,60,000	Machinery	32,600
C	1,30,000	Furniture	4,900
		Building	1,91,460
	<u>4,32,800</u>		<u>4,32,800</u>

All creditors have to be paid off Rs. 2,400 have to be provided for realization expenses. There after all cash received should be distributed among the partners.

The amounts were realized as follows:

- 1st Installment: Rs. 30,720
- 2nd Installment: Rs. 36,800
- 3rd Installment: Rs. 2,12,840
- 4th Installment: Rs. 92,600

The actual realizations expenses were Rs. 1,200.

Prepare a statement showing distribution of cash as per Excess Capital Method.

OR

Q.4. From the following Trial balance of Ajit and Sujit you are required to **prepare a Trading and profit & Loss A/c for the year ended 31st December 2018 and a Balance Sheet** as on that date:

Trial Balance As on 31st December 2018

Particulars	Debit Rs.	Credit Rs.	Particulars	Debit Rs.	Credit Rs.
Capital A/c			Carriage Outwards	1,400	
- Ajit		60,000	Wages	24,000	
- Sujit		40,000	Insurance	1,600	
Drawing A/cs			Discount Received		200
- Ajit	2,000		Postage	800	
- Sujit	1,000		Debtors and Creditors	70,400	64,200
Stock on 1-1-2017	44,000		Furniture	24,000	
Bills Receivable	1,800		Cash in hand	9,800	
Purchase and Sales	1,90,000	3,02,000	Machinery	80,000	
Return	6,000	2,000	Rent & Taxes	1,200	
Salaries	10,000		Printing & Stationery	400	
	<u>4,68,400</u>	<u>4,68,400</u>		<u>4,68,400</u>	<u>4,68,400</u>

Adjustments:

- 1) The closing Stock on 31st December 2018 was valued at Rs. 56,000.
- 2) The outstanding expenses were: a) Wages Rs. 2,000 and b) Salaries Rs. 930.
- 3) Goods of Rs. 2,000 were distribution as free samples.
- 4) Interest on partners capitals was to be provided at 7% p.a.
- 5) Prepaid Insurance was Rs. 100.
- 6) Depreciation was to be provide on furniture at 10% and on machinery at 5%.
- 7) A reserve for bad and doubtful debts was to be created at 5% of sundry debtors.

Q.5 Answer the following

- a) What is the accounting procedure for accounting of vendor firms (10)
b) Explain the detail 'piecemeal distribution of cash' (10)

OR

Q.5 Write Short Notes on (any Four) (20)

- a) Net asset method of purchase consideration
- b) Proportionate capital method
- c) Distinguish between – amalgamation of firm and conversion of firm
- d) Fluctuating Capital
- e) Interest on partners loan
- f) Sale of firm to company

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