Program: S.Y.B.COM. Semester: III Program Code: UGCOM01

Course: ACCOUNTANCY AND FINANCIAL MANAGEMENT III Course Code: NUCM302

Duration: 2 Hour Examination Pattern: NEP-Autonomous/ External. Max. Marks: 60

Instructions:

1. Attempt Any Four Questions.
2. Figures to the right indicate full marks.
3. Draw neat diagrams wherever necessary.
4. CO (Course Outcome), KL (Knowledge Level).

Examination:

REGULAR

Q. 1		Attempt the following.					CO's	KL's
	(a)	Fill in the blanks with an appropriate answer from the alternatives given.				[08]		
		I	Following are the essential elements of a partnership firm except_____					
			a.	At least two persons	b.	There is an agreement between all partners		
			c.	Equal share of profits and losses	d.	Partnership agreement is for some business		
		II	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.		
		III	On dissolution, a secured creditor could only partly recover his dues out of the amounts realised from the concerned assets. The remaining amount is treated_____					
			a.	as preferential creditors	b.	as secured creditors		
			c.	as unsecured creditors	d.	as non-recoverable		
		IV	Income tax payable by a firm as on the date of dissolution is treated_____				CO1,	
			a.	as preferential creditors	b.	as secured creditors	CO2,	L1
			c.	as unsecured debtors	d.	as non-recoverable	CO3,	
		V	On amalgamation of a firm, Account is opened._____				CO4	
			a.	Deficiency	b.	Realisation		
			c.	P & L Adjustment	d.	P & L Suspense		
		VI	On amalgamation, fictitious assets of the vendor firm are transferred to_____					
			a.	Partners Capital Accounts	b.	Purchasing Firm's Account		
			c.	Realisation Account	d.	P & L Adjustment Account		
		VII	On sale of firm to a company, the purchase consideration is calculated by_____					
			a.	Lumpsum method	b.	Payment method		
			c.	Net Assets method	d.	Any of the above		

		VIII	Shares or debentures received from company on sale of firm are distributed among the partners						
			a.	in specific ratio agreed by all partners	b.	equitably			
			c.	in ratio of capitals	d.	any of the above			
	(b)	**State whether the following statements are true or false.**					[07]		
		I	Interest on drawing is an income to the partnership firm.						
		II	Every adjustment is to be recorded at two places.						
		III	In Excess Capital Method the minimum capital is equal to the lowest Unit Capital.					CO1,	
		IV	All assets and liabilities not taken over by the new firm are transferred to the capital accounts of the partner in amalgamation of firms.					CO2,	L2
		V	On amalgamation of firm, Profit and Loss Adjustment Account is opened.					CO3,	
		VI	Conversion of firm into company does not involve dissolution of firm.					CO4	
		VII	On sale of firm to a company, cash and bank accounts are transferred to the Realisation A/c, even if not taken over by the company.						

Q. 2 [15] CO's KL's

Red, White and Blue are in partnership. The Following is their Balance Sheet as at 31-12-2014 on which date, they dissolved partnership. They share Profits in the ration 5: 3: 2.

Liabilities	₹	Assets	₹
Capital Accounts :		Premises	40,000
Red	50,000	Plant	30,000
White	15,000	Stock	30,000
Blue	45,000	Debtors	60,000
Creditors	40,000		
Red's Loan	10,000		
	1,60,000		1,60,000

CO2 L3

It was agreed to repay the amounts due to the partners as and when the assets were realised, viz,

	₹
01-02-2015	30,000
01-04-2015	73,000
01-06-2015	47,000

Prepare a statement showing how the distribution to the partners should be made under Excess Capital Method.

Q. 3 [15] CO's KL's

The partnership deed of A,B and C trading in partnership as A, B & Co. provides for the followings :

(1) Interest at 5 per cent on Capital Accounts.
(2) B and C to be entitled to a salary of ₹ 500 and ₹ 350 per month respectively.
(3) Balance of profits to be shared equally.
(4) On retirement of a partner, deferred revenue expenses are to be written off in proportion of partners' capitals.

A retires from the partnership as on 31st December 2013 and you are asked to prepare a Balance Sheet as at 31 st December 2013. showing the amount payable to A on retirement from the following

Trial Balance:

Particulars	₹	₹	Particulars	Debit ₹	Credit ₹
Capital Accounts :			Cash in Hand	500	
A		50,000			
B		10,000	Liabilities		17000
C		5,000	Trading Account		52000
Current Accounts:			Salaries of Staff	8000	
B	4,000				
C	3,000		Rent and other Office		
Land and Building	37,500		Expenses	7000	
Furniture	6,000		Depreciation	500	
Stock	35,000		Bad Debts	1000	
Debtors	15,000		Deferred Revenue		
Cash at Bank	10,000		Expenditure	6500	
				1,34,000	1,34,000

CO1 L3

Q. 4 ABC Co. Ltd. was formed with an authorised capital of ₹ 1,50,000 consisting of 10,000 Equity shares @₹ 10 each and 5,000, 7½% Preference Shares of 10 each to acquire on 1-7-14 the business of M/s 'Lad and Wad', who were sharing profits in the ratio 3:2. Their Balance Sheet as on 30-06/14 was follows:

[15 CO's KL's

Balance sheet

Liabilities	₹	Assets	₹
Trade Creditors	16,580	Land and Building	40,000
Overdraft	8,950	Plant and Machinery	24,000
Capitals :		Stock	15,960
Lad	40,974	Debtors	23,860
Wad	37,316		
	1,03,820		**1,03,820**

CO4 L3

The company took over all the assets and assumed all the liabilities and the consideration was fixed at₹ 1,10,000. In computing this figure, Land and Building were valued at ₹ 60,000, Plant and Machinery at ₹ 20,000; Stock at ₹ 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 10 each, to the firm, 2,500 Preference shares of 10 each, and the balance paid in cash.

Prepare :

a. Realisation A/c
b. Partners' Capital A/c
c. ABC Co. Ltd. A/c and
d. Cash A/c

Q. 5 [15] CO's KL's

Desai Bros. and Shah Traders decided to amalgamate and form a new firm called Desha & Co. on the following terms and conditions on 1st January, 2014 when their Balance Sheets were as follows :

Particulars	Desai Bros. ₹	Shah Traders ₹	Particulars	Desai Bros. ₹	Shah Traders ₹
Arun's Capital	60,000	-	Building	20,000	41,000
Barun's Capital	30,000	-	Furniture	6,000	-
Tarun's Capital	-	40,000	Investments	30,000	12,000
Varun's Capital	-	65,000	Stocks	34,000	46,600
Creditors	20,000	46,000	Debtors	20,000	75000
Bank Loan	10,000	34,000	Cash at Bank	10,000	10,400
	1,20,000	1,85,000		1,20,000	1,85,000

Terms of Amalgamation:

1. In Case of Desai Bros. :
   (a) Goodwill was valued at ₹ 20,000
   (b) Desai Bros. Partners to take over its Bank Loan equally
   (c) Building was taken to be worth ₹ 60,000
   (d) Stock to be valued at ₹ 30,000
   (e) Provision for doubtful debts to be created at 5% on debtors
2. In Case of Shah Traders :
   (a) Goodwill was valued at ₹ 10,000
   (b) Building was taken to be worth ₹ 80,000
   (c) Investments were not taken over by the new firm, which were taken over by Varun at₹ 10,000
   (d) Stock to be valued at ₹ 42,600
   (e) Provision for doubtful debts to be created at 5% on debtors.

You are required to show necessary ledger accounts in the books of Desai Bros. and Shah Traders and prepare Balance Sheet of New firm after amalgamation.

CO3 L3

Q. 6 **Attempt any Three of the following.** [15] CO's KL's

	(a)	Realisation account	CO3	L2
	(b)	Purchase consideration	CO4	
	(c)	Benefits of conversion of firm into company	CO4	
	(d)	Admission of partner	CO1	
	(e))	Order of Payment of external Liabilities	CO2	

- - X - - X - -