

SYBCOM-III-ATKT-FEB/MAR-2023-AFM-III

Time : 03 hrs

Max. Marks. 100

- Note: 1) **ALL** questions are **COMPULSORY**.
2) Figures to the right indicate full marks.
3) Working Notes should form the part of your answer.
4) Use of simple calculator is allowed

- Q.1 A) **Fill in the blanks choosing the correct Alternatives from the given options: (ANY TEN)** [10]
- 1) In the absence of Provisions in Partnership deed, Interest at _____ per annum is allowed on partner's loan.
A) 5% B) 6%
C) 7% D) 8%
 - 2) Purchase Consideration = Agreed value of Assets less Agreed value of _____.
A) Internal liabilities B) External liabilities
C) Total liabilities D) Contingent liabilities
 - 3) A, B and C are partners sharing profit & loss A/c in the ratio of 3: 2: 1. Their Capitals are Rs 30,000, Rs 30,000 and Rs 20,000 respectively. Find the Super Excess Capital of C.
A) Rs 5,000 B) Rs 7,500
C) Rs 10,000 D) Rs 12,500
 - 4) In Conversion, Purchase consideration may be settled in _____.
A) Cash only B) Shares of Ltd. Company only
C) Debentures of Ltd. Company only D) Cash / Shares / Debentures of Ltd. Company
 - 5) Under Fixed Capital Method, partner's salary is credited to _____.
A) Partner's capital A/c B) Partner's current A/c
C) Partner's Drawing A/c D) Profit & Loss A/c
 - 6) Amalgamation is dealt with by _____.
A) AS 14 B) AS 16
C) AS 18 D) AS 3
 - 7) In Piecemeal distribution of cash first order of payment is given to _____.
A) Partner's loan B) Realisation Expenses
C) Creditors D) Partner's capital
 - 8) In conversion of partnership firm into company, legal actions of the company is governed by _____.
A) Article of association B) Memorandum of association
C) Companies Act, 2013 D) Partnership deed
 - 9) A and B share profits in the ratio of 3:2. If they admit C for $\frac{2}{3}$ share in the business, the new profit-sharing ratio will be _____.
A) 3:3:2 B) 3:3:1
C) 3:2:10 D) 3:2:4
 - 10) In case of Retirement/ Death of a partner, New Ratio minus Old Ratio = _____ Ratio.
A) Sacrifice B) Gain
C) Capital Contribution D) Equal

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- 11) In Piecemeal Distribution of cash, after payment of outside liabilities _____.
- A) Government dues should be paid B) Partner's loan should be paid
C) Partner's capital should be paid D) Expenses should be paid
- 12) Balance sheet of a Limited company is prepared under the Schedule _____ of companies Act 2013.
- A) I B) II
C) III D) IV

B) State Whether the following statements are True or False. (ANY TEN)

[10]

- 1) Excess Capital method is also known as Quotient Method.
- 2) On Amalgamation of firms, discharge of liability is credited to Realisation A/c.
- 3) On Amalgamation fictitious assets are transferred to Realisation Account.
- 4) In the death of partner, the deceased partner's balance is transferred to deceased partner's legal representatives loan Account.
- 5) General reserve is credited to partner's capital Account.
- 6) In Conversion of partnership, if purchase consideration is more than net assets taken over, then the difference transferred to capital Reserve A/c.
- 7) Government dues are not paid on preference basis.
- 8) Capital Redemption Reserve is a Non-Free Reserve.
- 9) In Conversion of partnership into Limited company, the partnership business is purchased by limited company.
- 10) Under Fluctuating capital method current account of Partners must be opened.
- 11) On Amalgamation, liabilities are not taken over by the new firm is Debited to partner's capital accounts.
- 12) In Statement of Piecemeal distribution of cash Negative balance at the end represents Profit on Realisation.

- Q.2 A) V Bros & I Bros decided to amalgamate into new firm called VI Bros on the following terms and conditions on 1st April 2022.; their Balance sheet were as follows:

[20]

Liabilities	V Bros (Rs)	I Bros (Rs)	Assets	V Bros (Rs)	I Bros (Rs)
V K's Capital	26,400	-----	Building	25,000	-----
F K's Capital	33,600	-----	Furniture	11,500	27,000
I K's Capital	-----	72,300	Investments	-----	22,500
A K's Capital	-----	42,200	Stocks	13,600	32,600
Creditors	21,500	51,500	Debtors	32,000	62,000
Bank Loan	12,000	-----	Cash at Bank	11,400	21,900
Total	93,500	1,66,000	Total	93,500	1,66,000

Terms of Amalgamation: -

- 1) In case of V Bros:
 - a) Goodwill was valued at Rs 20,000.
 - b) V K's took over bank Loan.
 - c) Building was taken to be worth of 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 I 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) The profit-sharing ratio of old firms in equal proportion.

You are required to show necessary ledger accounts in the books of V Bros & I Bros.

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OR

- B) Pandit, Pathak and Parmar are partners sharing profits & losses in the ratio 4 :2: 1. They decided to dissolve the partnership as on 31st March 2022, when their Balance sheet was as under. [20]

Balance sheet as on 31st March 2022.

Liabilities	Rs	Assets	Rs
Partner's capital		Land & Building	1,00,000
Pandit	2,00,000	Machinery	3,00,000
Pathak	1,20,000	Debtors	90,000
Parmar	40,000	Stock	69,000
General Reserve	35,000	Cash and Bank	1,000
10% Loan (Unsecured)	40,000		
Bills Payable	65,000		
Creditors	60,000		
Total	5,60,000	Total	5,60,000

Rs 1,600 to be provided for Realisation Expenses.

Thereafter all cash received should be distributed among the partners. The amount was Realized as Follows:

1 st Realisation	Rs 1,20,600
2 nd Realisation	Rs 1,00,000
3 rd Realisation	Rs 1,58,000
4 th Realisation	Rs 55,400

The actual Realisation expenses were Rs 1,000.

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

- Q.3 A) Yuvi and Mahi were the partners in a firm sharing profits and losses in the ratio of 2: 3 respectively. [20]
The Balance sheet of their firm as on 31/03/2022 was as under.

Liabilities	Rs	Assets	Rs
Capitals:			
Yuvi	2,00,000	Building	2,40,000
Mahi	2,00,000	Machinery	40,000
Profit & Loss A/c	20,000	Furniture	50,000
Bank Loan	1,00,000	Investment	30,000
Creditors	1,20,000	Debtors	1,40,000
		Stock	70,000
		Cash & Bank Balance	70,000
Total	6,40,000	Total	6,40,000

on 01/04/2022 the firm was converted in to "Yuvi & Mahi Co Ltd". Conditions of Conversion & other information are as under:

- 1) The company to take all the assets (except Cash & Bank balance) & Liabilities of the Firm.
- 2) The Goodwill of the firm is to be valued at Rs 80,000.
- 3) The Building & Machinery are to be valued at Rs 3,00,000 & Rs 50,000 respectively. The Investment is to be valued at Rs 40,000.
- 4) Debtors are to be taken subjects to 10 % bad debts reserve.
- 5) The remaining assets are to be taken as per book values.
- 6) For settlement of purchase consideration the company has to give 20,000 Equity shares of Rs 10 each, 15,000 6% Preference shares of Rs 10 each, 500, 10% Debentures of Rs 100 each equally to each partner and remaining amount in cash.

From above all information Close the Books of Old Firms.

OR

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B) The following is the Trial Balance of the firm as on 31/03/2022:

[20]

Debit Side	Rs	Credit side	Rs
Cash	29,500	Creditors	40,500
Debtors	93,000	Sales	5,40,000
Rent & Rates	17,700	Capitals:	
Salary	36,000	A	72,000
Sundry Expenses	15,800	B	36,000
Stock	75,000	C (Including Goodwill)	12,000
Purchases	3,30,000		
Sundry Assets	31,500		
Drawings:			
A	45,000		
B	22,500		
C	4,500		
Total	7,00,500	Total	7,00,500

Adjustments:

- 1) A & B were partners sharing profits & losses equally.
- 2) C was admitted to the partnership on 01/10/2021.
- 3) on 31/03/2022 stock was valued at Rs 70,500.
- 4) Rent & Rates paid in advance Rs 700.
- 5) Sundry Expenses were Outstanding Rs 400.
- 6) Depreciation Sundry Assets by 20% p.a.
- 7) Goodwill of the firm was valued at Rs 6,000 on 01/10/2021 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, P & L A/c, Partners Capital A/c & Balance Sheet as On 31/03/2022.

Q.4 A) Dongre, Morari & Oza were in partnership, sharing profits & losses in the ratio of 1/2, 1/3, 1/6 respectively. The firm was dissolved as on 31/03/2022 on which date the Balance Sheet of the firm was under.

[20]

Liabilities	Rs	Assets	Rs
Capital		Fixed Assets	42,000
Dongre	17,000	Current Assets	16,000
Morari	8,000	Cash	4,000
Oza	1,000		
General Reserve	6,000		
Morari Loan	6,000		
Oza Loan	4,000		
Creditors	20,000		
Total	62,000	Total	62,000

It was agreed that the net realization should be distributed in their due order at the end of each fortnight.

Particulars	Fixed Assets (Rs)	Current Assets (Rs)	Expenses (Rs)
15 th April 2022	7,500	4,500	1,000
30 th April 2022	10,500	500	500
15 th May 2022	8,500	8,500	1,000
28 th May 2022	10,500	500	400
15 th June 2022	2,050	3,050	600

Remaining Current Assets were to be taken over by Oza at an agreed value of Rs 600. Show the statement of distribution of cash, following Highest Relative Capitals Method.

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- B) Raju, Rancho & Farhan were partners sharing profit & losses in the ratio of 2 :2 :1. Farhan decided to retire from the firm on 1st October 2021. The following is their trial balance as On 31/03/2022. [20]

Particulars	Dr (Rs)	Cr (Rs)
Drawing & Capital A/c:		
Raju	8,000	80,000
Rancho	6,000	60,000
Farahan	4,000	40,000
Purchases	3,10,000	
Wages	20,000	
Bank Overdraft		25,000
Creditors		1,20,000
Sales		5,00,000
Bank Loan		50,000
Opening Stock	40,000	
Equipment	1,50,000	
Rent & Insurance	10,200	
Salaries	40,000	
Advertisement	8,000	
Commission to Salesmen	4,000	
General Expenses	4,000	
Debtors	1,20,000	
Cash	35,800	
Furniture	60,000	
Bills Receivable	20,000	
Computers	40,000	
Bills Payable		5,000
Total	8,80,000	8,80,000

Adjustments:

- 1) Sales for the period from 01/04/2021 to 30/09/2021 was Rs 1,50,000
- 2) The value of closing stock as on 31/03/2022 was Rs 50,000.
- 3) Interest on Capital is to be provided @10% p.a.
- 4) Depreciation to be provided on Equipment @ 10% p.a. Furniture @ 5% p.a. & Computers @ 15% p.a.
- 5) Goods worth Rs 5,000 were destroyed by fire & Insurance company admitted the claim In full.
- 6) Amount payable to retiring partner is to be transferred to his loan A/c. Prepare Final Accounts of the firm.

- Q.5 A) Explain the meaning of Purchase Consideration & its different types. [10]
 B) Explain in detail "Piecemeal Distribution of Cash". [10]

OR

- Q.5 **Write short Notes: (ANY FOUR)** [20]
- A) Partnership Deed
 - B) Conversion of firm into Company
 - C) Preferential Creditors
 - D) Sacrifice Ration and Gain Ratio
 - E) Fixed Capital Method & Fluctuating Capital Method
 - F) Advantages of Amalgamation of Partnership Firms

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