

On that date they agreed to sell their business to Ramesh Ltd. The company is to take over assets at the valuation shown below.

Assets	₹
Plant & Machinery	16,000
Stock	39,000
Sundry Debtors	46,700
Bills Receivable	5,000

Goodwill is to be valued at three years purchase of the average profit of the last four year. The profit figures are as follows.

Year	Profit
2009-10	4,000
2010-11	5,000
2011-12	2,000 (Loss)
2012-13	1,000

The Company also agreed to pay the creditors at ₹ 39,000 in full settlement. The Expenses of realisation amounted to ₹ 300 Bills payable & Ms Ram's Loan are paid by the firm's in full. The Company issued 3,600 Equity shares of ₹10 each & paid ₹ 37,700 in cash as purchase consideration. The shares are to be distributed in profit sharing ratio to the partners.

Prepare necessary ledger A/c in the books of M/s Ram & Shyam & a Balance Sheet of Ramesh Ltd. as on 1st April 2013.

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S. B. B. Alias APPASAHEB JEDHE ARTS, COMMERCE & SCIENCE COLLEGE, PUNE 02.

TERM END EXAM. 2013-2014

F. Y. B. Com.

SUB - FINANCIAL ACCOUNTING

Time - 2 hrs.

Marks - 60

Q.1 A) Fill in the blanks with appropriate option 5

- Accounting is concerned with only _____ transaction.
a) Cash b) Credit c) Financial
- Profit on Realisation transferred to capital A/c in _____ Ratio.
a) Capital Ratio b) Profit Sharing Ratio c) Sales Ratio
- Maximum loss method is also called as _____.
a) National Loss b) Excess Capital Method c) Safest Method
- Amalgamation means combination of _____ firm.
a) One b) Two or more c) None
- Increase in Liabilities is _____.
a) Debited to P & L Adjustment A/c b) Credited to P & L Adjustment A/c
c) Debited to part Capital

B) Write short Note (Any 3) 15

- Explain General Accounting Reports.
- Purchase Consideration
- Surplus capital method
- Features of Computerised Accounting system
- Explain the objectives of Amalgamation

Q.2 P and Q were partners sharing profits in the ratio of Their Balance Sheet as on 31st March 2013 16

Balance Sheet as on 31st March 2013

Liabilities	Amt.	Asset	Amt.
Sundry Creditors	75,000	Cash Receivable	6,000
General Reserve	8,000	Bills Receivable	6,000
Capital A/c		Debtors 32,000	
P 60,000		Less : R.D.D. 1,000	31,000
Q 32,000	92,000	Stock	40,000
		Furniture	3,000
		Land & Buildings	50,000
	1,75,000		1,75,000

Following is the Balance Sheet of R & S sharing profits in the Ratio of 3:2

Balance Sheet as on 31st March 2013

Liabilities	Amt.	Asset	Amt.
Sundry Creditors	30,000	Bank Balance	17,600
Bills Payable	6,000	Sundry Debtors	20,000
Capital A/c		Less : R.D.D.	1,600
R	40,000	Stock	18,000
S	50,000	Machinery	36,000
	90,000	Buildings	36,000
	1,26,000		1,26,000

Both the firms agreed to amalgamate on the following terms on 1st April 2013

- 1) Goodwill of the two firm was valued at Rs.40,000 & 60,000 Respectively.
- 2) Stock of R & S was not taken over by the new firm.
- 3) Furniture was not taken over by the new firm, A agreed to take it over at ₹ 2700. Stock of P & Q was valued at ₹ 38,400
- 4) Land & Building of P & Q were sold just before amalgamation for ₹ 60,000 & the proceeds of the same were to be retained for the business of the new firm.
- 5) Building of R & S was valued at ₹ 50,000. Bills payable were paid by that firm at a discount of ₹ 200.
- 6) Reserve for Discount was to be maintained at 2% on sundry Debtors of the both the firms.

Prepare Profit & Loss Adjustment A/c & Partners Capital A/c, New firm A/c in the books of old firms & Balance Sheet of New firm.

Q.3 Mahesh, Umesh & Nilesh are in Partnership sharing Profit & Losses in the ratio of 3:2:1. They decided to dissolve the firm with effect from 1st Jan. 2013 when the firm's Balance sheet stood as follows :

Balance Sheet

Liabilities	₹	Assets	₹
Capital		Land & Building	95,000
Mahesh	69,000	Plant & Machinery	45,000
Umesh	40,000	Furniture	20,000
Suresh	25,000	Stock	30,000
Sundry Creditors	90,000	Debtors	50,000
Bank overdraft	30,000	Cash in hand	14,000
	2,54,000		2,54,000

The assets are realised gradually as follows :

1st Installment - ₹ 65,000

2nd Installment - ₹ 52,000

3rd Installment - ₹ 70,000

Realisation Expenses were ₹ 10,000

Prepare : 1) The statement showing surplus capital

2) The statement showing distribution of cash

OR

Following is the Balance Sheet P, Q, R as on 31.12.2012 who share profits & losses in the ratio of 2:2:1

Balance Sheet as on 31st Dec. 2012

Liabilities	₹	Assets	₹
Capital		Buildings	18,000
P	13,000	Machinery	15,000
Q	10,000	Stock	3,000
R	3,000	Debtors	8,000
B's Loan	5,000	Cash	2,000
Reserve Fund	5,000		
Creditors	10,000		
	46,000		46,000

The firm was dissolved & the assets realised gradually as follows.

Installment	Asset Realised	Expenses
1st	10,500	500
2nd	15,750	750
3rd	9,300	300

Prepare a statement of piecemeal distribution of Cash among partners as per maximum Loss method

Q.4 Ram & Shyam were in partnership sharing profit & losses in the Ratio of 2:1 respectively. Their Balance Sheet on 31-3-2013 was as follows

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Liabilities	₹	Asset	₹
Creditors	40,000	Plant & Machinery	20,000
Bills Payable	10,000	Bill Receivable	5,000
Mr. Ram's Loan	20,000	Stock	43,700
Capital A/c		Sundry Debtors	60,000
Ram	30,000	Less: R.D.D.	30,000
Shyam	20,000	Cash in hand	300
Reserve Fund	6,000		
	1,26,000		1,26,000