

27/02/2020

Marks : 100

New Pattern

Time : 180 minutes

Note :

Attempt the Questions as follow :

SUB :- Financial Management

AIC

Q. 1 (A) & Q. 1 (B)	10 Marks each	ATTEMPT BOTH - Q. 1 (A) & (B)	TOTAL MARKS 20
Q. 2 (A)	Marks 20	ATTEMPT ANY ONE	MARKS 20
Q. 2 (B)	Marks 20		
Q. 3 (A)	Marks 20	ATTEMPT ANY ONE	MARKS 20
Q. 3 (B)	Marks 20		
Q. 4 (A)	Marks 20	ATTEMPT ANY ONE	MARKS 20
Q. 4 (B)	Marks 20		
Q. 5 (A) & Q. 5 (B)	10 Marks each	ATTEMPT EITHER BOTH - Q. 5 (A) & (B) OR	TOTAL MARKS 20
Q. 5	MARKS 20	ONLY Q. 5	

- ☺ All workings must be part of your answer else your answer may be considered incomplete.  
 ☺ Write legibly, maintain neatness and clarity and follow all instructions given in the Question paper, else the answer may not be assessed or marks may be deducted.

Q. 1 (A) : Match the columns (any 10) : (Rewrite complete sentences of both columns)

## Group A

- ☺ Goodwill raised on admission of a partner
- ☺ Net Worth
- ☺ Agreement between partners
- ☺ Outstanding Incomes
- ☺ Dues to Government
- ☺ Minor Partner
- ☺ Capital Reserve
- ☺ Sales Returns
- ☺ Balance in Trading Account
- ☺ Net Profit
- ☺ Asset side of the Balance sheet
- ☺ To be prepared in Amalgamation of Firms

## Group B

- ☺ Total Assets minus outside Liabilities
- ☺ Incomes yet to be received
- ☺ Can be admitted only to share benefits
- ☺ Excess of Net Assets over Purchase Consideration
- ☺ Less from Sales
- ☺ Partnership Deed
- ☺ Goodwill account debited
- ☺ To be paid preferentially
- ☺ Gross Profit or Gross Loss
- ☺ Credited to partner's capital account
- ☺ Realisation Account
- ☺ Real Accounts

Q. 1 (B) : Fill in the Blanks (any 10) (Rewrite the whole sentence)

- ☺ Reserve for likely Bad debts will be \_\_\_\_\_ from Debtors in Final Account.
- ☺ Profit or Loss on Realisation will be distributed among partners, in their \_\_\_\_\_.
- ☺ In the absence of an agreement, Partners are \_\_\_\_\_ entitled to interest on Capital.
- ☺ On Conversion of a Partnership firm into a Company, Equity shares received from the Company should be distributed in \_\_\_\_\_ Ratio among partners.
- ☺ Profit & Loss Account is prepared to find \_\_\_\_\_ of the business.
- ☺ In Amalgamation, if an asset of the firm is gifted, \_\_\_\_\_ entry will be passed in the books of the old firm.
- ☺ While preparing Balance sheet, Bank Overdraft will appear on the \_\_\_\_\_ side of the Balance sheet.
- ☺ \_\_\_\_\_ will share only profits of the firm.
- ☺ In Piecemeal Distribution, Preferential Liability includes \_\_\_\_\_.
- ☺ \_\_\_\_\_ Account should be Debited for cash brought by the new partner for Goodwill.
- ☺ Depreciation on fixed assets is charged on the \_\_\_\_\_ value of the assets.
- ☺ Debit Balance in Profit & Loss Account is known as \_\_\_\_\_.
- ☺ In Final Accounts, Carriage Inward will be debited to \_\_\_\_\_.

(Options : No, Not, Liability, Profit Sharing Ratio, Old Profit Sharing Ratio, Cash, Written Down, O/S Salaries, Trading A/c, Net Loss, Deducted, Minor partner, Profits  
 each option can be used only once; if used more than once, each answer will be considered as incorrect)



**Q. 2 (A) :**

Trial Balance of Ram and Dev, who share profits and losses in the ratio of 3:4, as on March 31, 2019 is as follows :

Debit Balances	Amount	Credit Balances	Amount
Depreciation		Capital : Ram	48,000
- Land & Building	1,200	Dev	40,000
- Plant & Machinery	5,000	Bad Debts Recovered	12,000
- Furniture	250	Sales	1,74,000
R.D.D.	360	Returns	4,000
Bank	6,700	Creditors	35,000
Debtors	18,400	R.D.D.	3,810
Bad Debts	1,000	Outstanding expenses -	
Purchases	80,000	Wages	3,000
Freight	8,600	Rent	2,600
Free Samples	1,800		
Rent & Rates	2,100		
Printing & Stationery	1,500		
Office Salaries	18,500		
Returns	5,000		
Stock as on April 1, 2018	21,500		
Closing Stock	25,000		
Prepaid Taxes	2,500		
Drawings : Dev	8,000		
Land & Building	60,000		
Plant & Machinery	50,000		
Furniture	5,000		
	3,22,410		3,22,410

Prepare Final Accounts of the firm.

**Q. 2 (B) :**

Following is the Balance sheets of Daya & Maya, who share profits & losses in the ratio of 3:2, as on March 31, 2019 :

Liabilities	Amt.	Assets	Amt.
Sundry Creditors	98,000	Furniture	20,000
Bills Payable	22,000	Building	40,000
Capital Accounts :		Investments	10,000
Daya	30,000	Cash & Bank Balance	90,000
Maya	30,000	Sundry Debtors	30,000
Maya's Loan	20,000	Stock	10,000
	2,00,000		2,00,000

On the above date, DM Ltd. took over business of the firm, subject to following revaluations -

- ☺ All assets, except Cash & Bank balance, will be taken over at 20% Premium.
- ☺ All outside Liabilities will be taken over at book values.

Purchase consideration will be discharged by issue of 8,000 Equity Shares of Rs. 10 each and balance in Cash.

Show calculation of Purchase Consideration, Journal entries in the books of the new Company and Balance sheet of the New Company.

**Q. 3 (A) :**

Amar, Akbar & Anthony were partners, sharing profits & Losses in the Ratio of 2:3:4. Following is their Balance sheet as on March 31, 2019; on which date their firm was dissolved -

Balance sheet as on March 31, 2019					
Capital :	Amar	40,000		Plant & Machinery	86,000
	Akbar	90,000		Furniture	80,000
	Anthony	40,000	1,70,000	Bank	50,000
Bank Loan (Secured on Plant & Machinery)		50,000		Sundry Debtors	35,000
Compensation payable to workers		10,000		Stock	25,000
Sundry Creditors		70,000		Bills Receivable	24,000
		3,00,000			3,00,000



Realisations -

Month	Amount	Assets Realised
April	40,000	Plant & Machinery
May	1,00,000	Furniture, Sundry Debtors, Stock, Bills Receivables
June	60,000	Furniture, Sundry Debtors, Stock, Bills Receivables
July	50,000	Furniture, Sundry Debtors, Stock, Bills Receivables
August	40,000	Furniture, Sundry Debtors, Stock, Bills Receivables

Show the Distribution of Cash, using Excess Capital Method.

**Q. 3 (B) :**

PQ and RS amalgamated their firms and formed a new firm M/S PQRS, with effect from 1st April 2019, on which date, their Balance sheets were as under :

Liabilities	PQ	RS	Assets	PQ	RS
P's Capital	1,50,000		- Building	3,00,000	-
Q's Capital	1,50,000		- Furniture	1,00,000	-
R's Capital	-	4,00,000	Investments	1,00,000	2,00,000
S's Capital	-	2,00,000	Plant	-	1,00,000
General Reserves	1,00,000	2,00,000	Stock	2,00,000	2,00,000
Creditors	6,00,000	2,00,000	Debtors	2,00,000	4,00,000
			Cash and Bank Balance	1,00,000	1,00,000
	10,00,000	10,00,000		10,00,000	10,00,000

Both the firms amalgamated subject to the following terms :

- ☺ All Assets, except Cash & bank balance, of both firms will be taken over at a premium of 10%.
- ☺ All outside Liabilities of both firms will be taken over at book values.
- ☺ Goodwill of both firms shall be valued at 10% of the Net Assets before valuation of Goodwill.

Show calculation of Purchase Consideration and prepare necessary accounts to close books of PQ & RS.

**Q. 4 (A) :**

John, Johnny & Janardan were partners, sharing profits & Losses in the Ratio of 4:3:3. Following is their Balance sheet as on March 31, 2019; on which date their firm was dissolved -

Balance sheet as on March 31, 2019					
Capital : P	60,000		Plant & Machinery		70,000
Q	90,000		Furniture		80,000
R	30,000	1,80,000	Bank		50,000
Bank Loan (Secured on Furniture)		40,000	Sundry Debtors		60,000
Income Tax Payable		10,000	Stock		25,000
Unsecured Loans		30,000	Prepaid Rent		15,000
Sundry Creditors		60,000	Bills Receivable		20,000
		3,20,000			3,20,000

Realisations -

Month	Amount	Assets Realised
April	80,000	Plant & machinery, Sundry Debtors, Stock, Bills Receivables
May	80,000	Furniture
June	70,000	Furniture, Sundry Debtors, Stock, Bills Receivables
July	60,000	Furniture, Sundry Debtors, Stock, Bills Receivables

Show the Distribution of Cash, using Excess Capital Method.

**Q. 4 (B) :**

Trial Balance of Ronak and Shonak, who share profits and losses in the ratio of 3:2, as on March 31, 2019 is as follows :

Debit Balances	Amount	Credit Balances	Amount
Plant & Machinery	50,000	R.D.D.	12,000
Furniture	5,000	Sales	1,45,000
Investments	60,000	Bad Debts Recovered	4,000
Drawings : Ronak	8,000	Creditors	35,000
Closing Stock	25,000	Returns	4,000
Prepaid Taxes	2,500		
Free Samples	1,800	Capital : Ronak	48,000
Printing & Stationery	1,500	Shonak	40,000
Purchases	80,000		
Rent & Rates	2,100	Advance from Customers	14,000
Depreciation -			
Plant & Machinery	5,000		
Furniture	250		
R.D.D.	3,000		
Debtors	18,400		
Advance to Suppliers	4,650		
Bad Debts	1,000		
Freight	8,600		
Office Salaries	18,500		
Bank	6,700		
	3,02,000		3,02,000

Prepare Final Accounts of the firm.

**Q. 5 (A) :**

What should be the order of payment in a Piecemeal Distribution system, if an asset not specifically pledged is sold.

**Q. 5 (B) :**

What are the adjustments to be done, on admission of a new partner into partnership.

**Q. 5 :**

Write Short Notes (Any Four)

- ☺ Objects of Amalgamation
- ☺ Purchase Consideration
- ☺ Calculation of Interest on 'Drawings by a partner'
- ☺ Realisation account on Amalgamation of firms
- ☺ Distribution of Purchase consideration among partners on conversion of firm into a company.
- ☺ Sacrificing Ratio

☺☺ . . . . all the best . . . . ☺☺