

Accountancy & FM III
S Y B Com SEM III
QP CODE 00063999
27 March 2019

Answers:

Q. 1A True: 1 to 8, 12 False: 9 to 11

Q. 1B 1-f, 2-i, 3-l, 4-j, 5-b, 6-e, 7-c, 8-a, 9-k, 10-d, 11-g, 12-h

Q2. Statement of Excess Capital

(5 Marks)

	Sony	Mony	Tony
Capitals	1,00,000	80,000	46,000
Add: P&L A/c in 2:2:1	8,000	8,000	4,000
Revised Capitals	1,08,000	88,000	50,000
PSR	2	2	1
Capital Per Unit	54,000	44,000	50,000
Base Capital	44,000	44,000	44,000
Proportionate Capital	88,000	88,000	44,000
Excess Capital	20,000	Nil	6,000
PSR	2		1
Capital Per Unit	10,000		6,000
Base Capital	6,000		6,000
Proportionate Capital	12,000		6,000
Ultimate Excess	8,000		Nil

Order of payments:

1. Pay Sony 8,000
2. Pay Sony 12,000 and Tony 6,000
3. Pay all Partners in PSR

Statement of distribution of Cash

(10 Marks)

	Cash available	Creditors	Sony's Loan	Sony	Mony	Tony
Balances		8,000	30,000	1,08,000	88,000	50,000
Cash in hand	22,000					
-Paid to Creditors	8,000	8,000				
	14,000	--				
-Sony's Loan paid	14,000		14,000			
	--	--	16,000			
Reain in June' 18	10,000					
-Sony's Loan paid	10,000	--	10,000			
	--	--	6,000			
Reain in July' 18						
Debtors	30,000					
Stock	20,000					
Total	50,000					
-Sony's Loan paid	6,000	--	6,000			
	44,000	--	--			
-Pay Sony	8,000	--	--	8,000	--	--
	36,000	--	--	1,00,000	88,000	50,000
-Pay Sony & Tony	18,000	--	--	12,000	--	6,000
	18,000	---	--	88,000	88,000	44,000
-Paid all in PSR	18,000	--	--	7,200	7,200	3,600
	--	--	--	80,800	80,800	40,400

Realn in August'18						
Debtors	40,000					
Stock	50,000					
Total	90,000					
-Paid all in PSR	90,000	--	--	36,000	36,000	18,000
	--	--	--	44,800	44,800	22,400
Realn in Sept.'18						
Debtors	34,000					
Stock	40,000					
Stock by Tony	6,000					
Total	80,000					
-Paid all in PSR	80,000	--	--	32,000	32,000	16,000
Profit / (Loss) on Realisation	--	--	--	(12,800)	(12,800)	(6,400)

Q2. Statement of Excess Capital

(5 Marks)

	Arjun	Bansal	Chetan
Capitals	1,28,000	90,000	84,000
Add: Gen Reserve in 4:3:2	16,000	12,000	8,000
Revised Capitals	1,44,000	1,02,000	92,000
PSR	4	3	2
Capital Per Unit	36,000	34,000	46,000
Base Capital	34,000	34,000	34,000
Proportionate Capital	1,36,000	1,02,000	68,000
Excess Capital	8,000	Nil	24,000
PSR	4		2
Capital Per Unit	2,000		12,000
Base Capital	2,000		2,000
Proportionate Capital	8,000		4,000
Ultimate Excess	Nil		20,000

Order of payments:

1. Pay Chetan 20,000
2. Pay Arjun 8,000 and Chetan 4,000
3. Pay all Partners in PSR

Statement of distribution of Cash

(10 Marks)

	Cash available	Creditors	Mrs Bansal's Loan	Bills Payable	Arjun	Bansal	Chetan
Balances		56,000	28,000	14,000	1,44,000	1,02,000	92,000
Cash in hand	20,000						
-Est Real Exps	6,000						
	14,000						
-Paid in 4:2:1	14,000	8,000	4,000	2,000			
	--	48,000	24,000	12,000			
Realn in April'18	1,04,000						
-Paid	84,000	48,000	24,000	12,000			
	20,000	--	--	--			
-Paid to Chetan	20,000	--	--	--	--	--	20,000
	--	--	--	--	1,44,000	1,02,000	72,000
Realn in							

May' 18	1,38,000							
-Paid	12,000				8,000	--	4,000	
	1,26,000	--	--	--	1,36,000	1,02,000	68,000	
-Pd all in PSR	1,26,000	--	--	--	56,000	42,000	28,000	
Realn in	--	--	--	--	80,000	60,000	40,000	
June' 18	1,26,000	--	--	--				
-Additional RealnExps	900	---	--	--				
	1,25,100	--	--	--				
-Pd all in PSR	1,25,100	--	--	--	55,600	41,700	27,800	
Profit / (Loss) on Realisation	--	--	--	--	(24,400)	(18,300)	(12,200)	

Q.3 Solution: 2 Marks

Purchase Consideration:

Goodwill	40000
Building	150000
Machinery	25000
Furniture	25000
Investment	20000
Debtors	70000
Stock	<u>35000</u>
Total Assets	365000
Less: Liabilities	
RDD	7000
Bank Loan	50000
Creditors	<u>60000</u>
Net Assets (PC)	248000

(To be settled Rs. 200000 by Equity Shares and Rs. 48000 in Cash)

Realization A/c 05 Marks

<u>To Sundry Assets</u>		<u>To Sundry Liabilities</u>	
Building	120000	Bank Loan	50,000
Machinery	20000	Creditors	60,000
Furniture	25000	To New Co. (P. C.)	248000
Investment	15000		
Debtors	70000		
Stock	35000		
<u>To Realization Profit</u>	73000		
Fido 29200			
Dido 43800			
	358000		358000

Cash-Bank A/c 02 Marks

To Balance	35000	By Fido Capital A/c	33200
To New Co.	48000	By Dido Capital A/c	49800
	83000		83000

New Co. A/c 01 Mark

To Realization (P. C.)	248000	By Equity Shares in New Co	200000
		By Cash	48000
	248000		248000

Equity Shares in New Co. A/c

To New Co. A/c	200000	By Fido Capital A/c	100000
		By Dido Capital A/c	100000
	200000		200000

Partners' Capital A/c 05 Marks

To E. Shares in New Co A/c	100000	100000	By Balance	100000	100000
By Cash	33200	49800	By Profit and Loss Account	4000	6000
			By Realization Profit	29200	43800
	133200	149800		133200	149800

Q.3 Solution: 02 Marks

Purchase Consideration:

Goodwill	40000
Land & Building	160000
Machinery	80000
Debtors	15000
Bills receivable	5200
Stock	<u>12000</u>
Total Assets	312200
Less: Liabilities	
Creditors	45000
Bills payable	<u>7000</u>
Net Assets (PC)	260200

(To be settled Rs. 200000 by Equity Shares and Rs. 60200 in Cash)

Realization A/c 05 Marks

To <u>Sundry Assets</u>		To <u>Sundry Liabilities</u>	
Land & Building	128000	Creditors	45000
Machinery	60000	Bills Payable	7000
Investments	12000	To New Co. (P.C.)	260200
Bills Receivable	5200	To Cash (Investments)	10000
Debtors	15000		
Stock	9000		
To <u>Realization Profit</u>	93000		
Sadhana 46500			
Sunidhi 27900			
Shreya 18600			
	322200		322200

Cash-Bank A/c 02 Marks

To Balance	12800	By Sadhana Cap A/c	21500
To New Co.	60200	By Sunidhi Cap A/c	20900
To Realization (Investment)	10000	By Shreya Cap A/c	40600
	83000		83000

New Co. A/C 01 Mark

To Realization	260200	By Equity Shares in New Co	200000
		By Cash	60200
	260200		260200

Equity Shares in New Co. A/c

To New Co. A/c	200000	By Sadhana Cap A/c	100000
		By Sunidhi Cap A/c	60000
		By Shreya Cap A/c	40000
	200000		200000

Partners' Capital A/c 05 Marks

	Sadhana	Sunidhi	Shreya		Sadhana	Sunidhi	Shreya
To E. S. in New Co A/c	100000	60000	40000	By Balance	70000	50000	60000
By Cash	21500	20900	40600	By Reserve Fund	5000	3000	2000
				By Realization Profit	46500	27900	18600
	121500	80900	80600		121500	80900	80600

Q.4 Solution:

Trading Account for the year ended 31/12/2018 02 Marks

To Opening stock	32000	By Sales (368000-3000)	365000
To Purchases (208000-4000)	204000	By Closing stock	56000
To Freight Inward	6000		
To Gross Profit	179000		
	421000		421000

P & L Account for the year ended 31/12/2018 04 Marks

	Pre Retirement	Pre Retirement		Pre Retirement	Pre Retirement
To Salaries	18000	18000	By Gross Profit (1:1)	89500	89500
To Rent	12000	12000	By <u>RDD</u>		
To Discount	2000	2000	Op Bal 12000		
To Carriage on Sales	4500	4500	-Bad Debts 2800		
To Depreciation Building	6000	6000	-New Bad Debts 1200		
To Depreciation Machinery	2400	2400	-New RDD <u>6000</u>		
To Net Profit	47100	47100	2000	1000	1000
			By Discount	1500	1500
	92000	92000		92000	92000

P & L Appropriation Account for the year ended 31/12/2018 02 Marks

	Pre Retirement	Pre Retirement		Pre Retirement	Pre Retirement
To Salaries	6000	4000	By Net Profit (1:1)	47100	47100
To Interest on Capitals	9000	6000			
To Net Profit	32100	37100			
	47100	47100		47100	47100

Balance Sheet as at 31/12/2018 04 Marks

Capital :		Machinery	48000	
Tiger	63250	Less: Dep @ 10% p.a.	<u>4800</u>	43200
Panther	63250	Building	80000	
Loan from Leo	99700	Less: Dep @ 15% p.a.	<u>12000</u>	68000
Loan from Singh	6500	Debtors	134000	
Bank Loan	27000	Less: New Bad Debts	1200	

Creditors	102000	Less: New RDD	<u>6000</u>	126800
Bills Payable	3500	Closing Stock		56000
O/s Rent	2000	Bills Receivable		3000
		Bank		11200
		Cash		3000
		Investment		56000
	<u>367200</u>			<u>367200</u>

Partners' Capital A/c 03 Marks

	Leo	Tiger	Panther		Leo	Tiger	Panther
To Drawings	16000	16000	16000	By Balance	60000	60000	60000
To Goodwill (W. off)	-	60000	60000	By Goodwill (Raised)*	40000	40000	40000
To Balance c/d	-	63250	63250	By Interest on Capital	3000	6000	6000
To Loan from Leo	99700	-	-	By Salaries	2000	4000	4000
				By Net Profit	10700	29250	29250
	<u>115700</u>	<u>139250</u>	<u>139250</u>		<u>115700</u>	<u>139250</u>	<u>139250</u>

*Alternatively Goodwill share of Leo Rs. 40000 may be credited to him by debiting both remaining partners Rs. 20000 each. Ideally, Goodwill raised on admission or retirements should be written off immediately, however if students have shown Goodwill in Balance sheet marks may be considered.

Distribution of Profit

	Leo	Tiger	Panther	Total Profit
Pre-Retirement Profit	10700	10700	10700	=32100
Post Retirement Profit	<u>Nil</u>	<u>18550</u>	<u>18550</u>	= <u>37100</u>
Total Profit	10700	29250	29250	=69200

Distribution of Salaries

	Leo	Tiger	Panther	Total
Pre-Retirement	2000	2000	2000	=6000
Post Retirement	<u>Nil</u>	<u>2000</u>	<u>2000</u>	= <u>4000</u>
Total	2000	4000	4000	=10000

Distribution of Interest on Capitals

	Leo	Tiger	Panther	Total
Pre-Retirement	3000	3000	3000	=9000
Post Retirement	<u>Nil</u>	<u>3000</u>	<u>3000</u>	= <u>6000</u>
Total	3000	6000	6000	=15000

Q.4 Solution

Trading Account for the year ended 31/12/2018 02 Marks

To Opening stock	75000	By Sales	540000
To Purchases	330000	By Closing stock	72000
To Gross Profit	207000		
	<u>612000</u>		<u>612000</u>

P & L Account for the year ended 31/12/2018 05 Marks

	Pre Admission	Post Admission		Pre Admission	Post Admission
To Rent & Rates	17700		By Gross Profit (2:1)	138000	69000
Less: Advance	<u>700</u>				
	17000	12750			4250
To Salaries		27000			9000
To Selling Exps	15600				
Add O/s	<u>400</u>				
	16000	10667			5333
To Depreciation on F. Assets		14250			4750
To Net Profit		73333			45667
	<u>138000</u>	<u>69000</u>		<u>138000</u>	<u>69000</u>

Balance Sheet as at 31/12/2018 05 Marks

Capital :		Fixed Assets	95000	
Red	108889	Less: Dep @ 20% p.a.	<u>19000</u>	76000
Blue	81889	Debtors		53000
Orange	23222	Cash & Bank		25000
Creditors	12300	Closing Stock		72000
O/s Selling Expenses	400	Advance Rent		700
	226700			226700

Partners' Capital A/c 03 Marks

	Red	Blue	Orange		Red	Blue	Orange
To Drawings	15000	6000	4000	By Balance	72000	36000	12000
To Balance c/d	108889	81889	23222	By Net Profit	51889	51889	15222
	123889	87889	27222		123889	87889	27222

Distribution of Profit

	Red	Blue	Orange	Total Profit
Pre Admission Profit	36667	36666	Nil	=73333
Post Admission Profit	<u>15222</u>	<u>15223</u>	<u>15222</u>	=45667
Total Profit	51889	51889	15222	=119000

Time Ratio 9 months : 3 months i.e. 3:1

Sales Ratio 360000 : 180000 i.e. 2:1

Q.5 Solution:

Calculation of Purchase Consideration

05 Marks

Particulars	Meena & Naina	Leena & Reena
Goodwill	60,000	80,000
Machinery	1,90,000	2,56,500
Furniture	80,000	90,000
Fixtures	16,000	12,000
Stock	2,21,000	2,01,000
Debtors	1,90,000	1,70,000
Bank (Balance post O/s Rent Payments)	15,000	6,000
Cash	4,000	7,000
Total	7,76,000	8,22,500
Less Liabilities:		
Creditors	95,000	1,42,500
Bills Payable	45,000	75,000
Total	1,40,000	2,17,500
Purchase Consideration	6,36,000	6,05,000

In the books of Meena & Naina

Realisation Account

Particulars	Rs.	Particulars	Rs.
To Goodwill	40,000	By Creditors	1,00,000
To Machinery	2,00,000	By Bills Payable	45,000
To Furniture	80,000	By New Firms A/c	6,36,000
To Stock	2,00,000		
To Debtors	1,90,000		
To Fixtures	16,000		
To Bank	15,000		
To Cash	4,000		
To Profit: Meena 12,000			
Naina 24,000	36,000		
	7,81,000		7,81,000

Partners Capital Account

Particulars	Meena	Naina	Particulars	Meena	Naina
To New Firm	3,12,000	3,24,000	By Balance c/d	3,00,000	3,00,000
			By Realisation	12,000	24,000
	3,12,000	3,24,000		3,12,000	3,24,000

New Firm A/c

Particulars	Rs.	Particulars	Rs.
To realisation a/c	6,36,000	By Meena's Capital	3,12,000
		By Naina's Capital	3,24,000
	6,36,000		6,36,000

In the books of Leena & Reena

Realisation Account

Particulars	Rs.	Particulars	Rs.
To Machinery	2,70,000	By Creditors	1,50,000
To Furniture	90,000	By Bills Payable	75,000
To Stock	2,40,000	By New Firms A/c	6,05,000
To Debtors	1,70,000		
To Fixtures	12,000		
To Bank	6,000		
To Cash	7,000		
To Profit Leena 17,500			
Reena 17,500	35,000		

	8,30,000		8,30,000

Partners Capital Account

Particulars	Leena	Reena	Particulars	Leena	Reena
			By Bal. c/d	2,50,000	3,20,000
To New Firm	2,67,500	3,37,500	By Realisation	17,500	17,500
	2,67,500	3,37,500		2,67,500	3,37,500

New Firm A/c

Particulars	Rs.	Particulars	Rs.
To realisation a/c	6,05,000	By Leena's Capital	2,67,500
		By Reena's Capital	3,37,500
	6,05,000		6,05,000

Adjusted Capital

02 Marks

Particulars	Meena	Naina	Leena	Reena
Capital	3,12,000	3,24,000	2,67,500	3,37,500
Less: Goodwill Written off in New PSR	35,000	35,000	35,000	35,000
	2,77,000	2,89,000	2,32,500	3,02,500

Balance Sheet As on 31st March 2018

08 Marks

Liabilities	Rs.	Assets	Rs.
<u>Capital Account:</u>		Plant and Machinery	4,46,500
Meena 2,77,000		Furniture	1,70,000
Naina 2,89,000		Fixtures	28,000
Leena 2,32,500		Stock	4,22,000
Reena <u>3,02,500</u>	11,01,000	Debtors	3,60,000
Creditors	2,37,500	Bank	21,000
Bills Payable	1,20,000	Cash	11,000
	14,58,500		14,58,500

Q.5 Solution:

Statement of Purchase Consideration 03 Marks

Particulars	Arya Bros.	Surya Bros.
Asset Taken over at revised value:		
Goodwill	20,000	10,000

Building	60,000	80,000
Furniture	6,000	--
Investment	30,000	12,000
Stock	30,000	46,600
Debtors (Net Value)	19,000	71,250
Cash/Bank	<u>10,000</u>	<u>10,400</u>
TOTAL (A)	<u>1,75,000</u>	<u>2,30,250</u>
Less External Liabilities taken over at revised value		
Creditors	20,000	46,000
Bank loan	<u>10,000</u>	<u>34,000</u>
TOTAL (B)	<u>30,000</u>	<u>80,000</u>
Purchase Consideration (A-B)	<u>1,45,000</u>	<u>1,50,250</u>

In the books of Arya Bros

Realisation Account 03 Marks

Particulars	Rs.	Particulars	Rs.
To Building	20,000	By Creditors	20,000
To Furniture	6,000	By Bank Loan	10,000
To Investment	30,000	By Arsu & Co. Ltd	1,45,000
To Stocks	34,000		
To Debtors	20,000		
To Cash at Bank	10,000		
To A Capital 27,500			
To B Capital <u>27,500</u>	55,000		
	1,75,000		1,75,000

Partners Capital Account 02 Marks

Particulars	A	B	Particulars	A	B
To Arsu Co Ltd.	87,500	57,500	By Bal. c/d	60,000	30,000
			By Realisation	27,500	27,500
	87,500	57,500		87,500	57,500

New Firm A/c 01 Mark

Particulars	Rs.	Particulars	Rs.
To Realisation a/c	1,45,000	To A Capital	87,500
		To B Capital	57,500
	1,45,000		1,45,000

In the books of Surya Bros.

Realisation Account 03 Marks

Particulars	Rs.	Particulars	Rs.
To Building	41,000	By Creditors	46,000
To Investment	12,000	By Bank Loan	34,000
To Stocks	46,600	By Arsu & Co. Ltd	1,50,250
To Debtors	75,000		
To Cash at Bank	10,400		
To C Capital 22,625			
To D Capital <u>22,625</u>	45,250		
	2,30,250		2,30,250

Partners' Capital Account 02 Marks

Particulars	C	D	Particulars	C	D
To Arsu Co Ltd.	62,625	87,625	By Bal. c/d	40,000	65,000
			By Realisation	22,625	22,625
	62,625	87,625		62,625	87,625

New Firm A/c 01 Marks

Particulars	Rs.	Particulars	Rs.
To Realisation a/c	1,50,250	To C Capital	62,625
		To D Capital	87,625
	1,50,250		1,50,250