Reg. No. | | | | | | | | | |

BCMCMC 217

Credit Based III Semester B.Com. Degree Examination, Nov./Dec. 2018
(2016-17 Batch Onwards)
FINANCIAL ACCOUNTING – III

Time : 3 Hours Max. Marks : 120

Note : *Provide Working Notes* ***wherever*** *necessary.*

SECTION – A

Answer **any four** questions. **(4×6=24)**

1. What is Memorandum Revolution A/c ? When it is prepared ?

2. Write a note on Joint Life Policy and Individual Policy.

3. What is purchase consideration state the methods of calculation of purchase consideration on sale of firm to a company.

4. Ajay and Vijay are partners sharing in the ratio of 3 : 2. They admit Sujay by giving $1/6^{th}$ share and they agreed to share the future Profits in the ratio of 2 : 1 calculate sacrifice ratio and new profit sharing ratio.

5. Avinash, Arjun and Aravind are partners sharing in the ratio of 3 : 2 : 1. Aravind Retires and his share is gained by Avinash and Arjun in the ratio of 1 : 2. Find gain ratio and new Profit Sharing ratio.

6. Vinoda, Rashmi and Jaya Sharing in the ratio of 2 : 1 : 1 decided to dissolve the firm on 31-3-2018

B/s on 31-3-2018

Liabilities	₹	**Assets**	₹
Creditors	35,000	Sundry Assets	1,70,000
Reserve	10,000	Cash	3,000
A's loan	15,000		
Capital :			
Vinoda	50,000		
Rashmi	40,000		
Jaya	23,000		
	1,73,000		**1,73,000**

Prepare statement showing Surplus Capital.

SECTION – B

Answer **any four** questions.

(4×12=48)

7. Arun and Anand are partners sharing in the ratio of 3 : 2.

B/S as on 31-3-2018

Liabilities	₹	**Assets**	₹
Creditors	12,000	Land	8,000
General Reserve	12,000	Machinery	10,000
Workmen Compensation fund	4,000	Debtors	11,000
Capital :		Stock	12,000
Arun	12,000	Bank	9,000
Anand	10,000		
	50,000		**50,000**

They decided to admit Ashok for 20% on the following terms :

1) Liability for workmen's compensation fund is to be determined at ₹ 2,000.
2) Ashok brings ₹ 3,000 as goodwill.
3) Ashok was to bring in further cash of ₹ 20,000 towards his capital.
4) General Reserve is to be maintained at its original value.
5) Creditors worth ₹ 2,000 were paid at 5% discount.

Prepare Revaluation A/c and Partners Capital A/c.

8. Ali and Bhat are partners in a firm sharing profits and losses in the ratio of 2 : 1. Their Balance Sheet on 31-3-2013 was as follows :

Balance Sheet as on 31-3-2013

Liabilities		**Amount**	**Assets**		**Amount**
O/s Salaries		12,000	Cash at Bank		10,000
Creditors		38,000	Bills Receivable		15,000
Capital :			Sundry Debtors	40,000	
Ali	40,000		Less : RBD	4,000	36,000
Bhat	38,000	78,000	Stock		18,000
			Investment		14,000
			Furniture		5,000
			Building		30,000
		1,28,000			**1,28,000**

On the above data it was decided to admit champa for one sixth of profit on the following terms :

1) The value of RBD was estimated to be Rs. 6,500.
2) It was found that investment to the extent of Rs. 4,300 were left unrecorded.
3) The value of furniture has to be taken @ Rs. 4,500.
4) A contingent liability of Rs. 1,300 has become a certain liability.
5) The value of building is to be taken at Rs. 45,000.
6) Champa brings Rs. 25,000 towards capital.
7) The new firm decided to show the assets and liabilities except cash and capital at its original value.

Prepare the Memorandum Revolution Account.

9. Ram, Rahim and Robert are partners sharing in the ratio of 3 : 2 : 1. Their capital on 31st March 2012. Ram 20,000, Rahim 15,000, Robert 10,000. On 30th June 2012. Robert died and his executor claim the following as per the Partnership deed.

   1) Joint and several individual policies against which premium are charged to Profit and Loss A/c are valued at 40% of the sum insured. The Policy of Partners Ram 10,000, Rahim 7500 and Robert 17,000.
   2) Allow interest on capital at 6% p.a.
   3) Roberts share of profit till date of death calculated on the basis of average profits of the 3 preceding years.
   4) Goodwill of the firm calculated as 2 years purchase of the average profits of the last 5 years. The annual profits or the loss of the preceding years 2012-9,000, 2011-18,000, 2010-6,000 (Loss) 2009-9,000, 2008-12,000.

   Prepare an Account for the presentation to the executor of Robert assuming that the Roberts drawings till the date of death is ₹ 5,000.

10. Amar, Akbar and Antony carrying on Business as Partners sharing in the ratio of 5 : 3 : 2. They took a joint life policy for ₹ 60,000 paying annual premium of ₹3,000 on 1-1-08. The surrender value of the policy. 2008 – Nil, 2009 – 600, 2010 – 1,800, 2011 – 3,600, 2012 – 6,000.

    On 20-9-2012 Amar died and the policy amount is immediately realised.

    Prepare Joint Life Policy A/c and Joint Life Policy Reserve A/c. Assuming that the books are closed on 31st December every year.

11. The Balance sheet of Tara, Meera and Dora on 31-3-2018 who were sharing in the ratio of 18 : 7 : 10 was as follows :

B/S on 31-3-2018

Liabilities	₹	Assets	₹
Creditors	6,300	Cash	2,500
Tara's Loan A/c	4,000	Sundry Assets	17,000
Profit and Loss A/c	7,000	Dora's Cap. A/c	7,800
Capital :			
Tara	6,400		
Meera	3,600		
	27,300		**27,300**

The firm was dissolved on the above date. Assets realised ₹ 14,000. Creditors Paid 6000 in full settlement. Expenses of realisation amounts to ₹ 800. Dora is insolvent. Close the Books of the firm assuming that deficiency due to insolvency is to be borne by solvent Partners in the profit sharing ratio.

12. Ram, Ramesh and Raghav Sharing in the ratio of 2 : 2 : 1.

B/S as on 31-3-2018

Liabilities	₹	Assets	₹
Creditors	15,000	Cash	2,000
Reserve	2,500	Debtors	20,000
Capital :		Stock	24,000
Ram	14,000		
Ramesh	11,000		
Raghav	3,500		
	46,000		**46,000**

The firm was dissolved and the assets were realised as follows :

	₹
1st installment	10,000
2nd installment	15,000
3rd installment	9,000

Show distribution of cash under proportionate capital method.

SECTION – C

Answer **any two** of the following questions. **(2×24=48)**

13. Anil and Sunil partners sharing in the ratio of 3 : 1. Their Balance Sheet on 31-3-2018 as follows.

B/S as on 31-3-2018

Liabilities	₹	**Assets**		₹
Reserve	15,000	Building		50,000
Creditors	87,000	Furniture		2,000
Capital :		Debtors	33,000	
Anil	60,000	– RBD	1,000	32,000
Sunil	20,000	Stock		40,000
		Bank		51,000
		P/L A/c		7,000
	1,82,000			**1,82,000**

Vimal is admitted as Partner on 1-4-2018 and the following arrangement were agreed upon :

1) Vimal is to bring ₹ 20,000 as capital for $1/5^{th}$ share.
2) Goodwill is valued at ₹ 50,000.
3) Vimal has to bring in his share of goodwill in cash.
4) Value of stock and furniture was to be reduced by 10%.
5) Reserve for debts was to be brought upto 10% of debtors.
6) Value of Building to be raised by 15%.
7) Capital of partners in the new firm should be in the new profit sharing ratio on the basis of Vimal's capital.
8) The excess amount of capital is to be paid off.

Prepare necessary Ledger A/c and Balance Sheet of new firm.

14. Smitha and Raksha were partners sharing equally. It is agreed that Smitha should retire from the Business on 31-3-2017 and her daughter Vidya Should join with Raksha and should entitle to $\frac{1}{3}$rd share in the future profits.

B/S as on 31-3-2017

Liabilities	₹	Assets	₹
Creditors	9,800	Bank	11,000
Capital :		Debtors	16,100
Smitha	34,000	Furniture	14,200
Raksha	28,200	Building	20,700
		Goodwill	10,000
	72,000		**72,000**

On 31-3-2017 goodwill valued at ₹ 22,000 and building ₹ 24,000.

It was agreed that enough money should be introduced so as to payoff Smitha and to leave ₹ 10,000 as working capital.

Raksha and Vidya were to provide such amount as would make their capital proportionate to their share of profits. Smitha agreed to make a loan to Vidya by transferring from her Capital A/c half of the amount which Vidya had to provide. Raksha and Vidya paid in cash due from them and the amount due to Smitha was paid.

Prepare necessary Ledger Accounts and Balance sheet of Raksha and Vidya.

15. Rama, Krishna and Govinda sharing in the ratio of 3 : 2 : 1. agreed to dissolve their firm on 31-3-2018

Balance Sheet as on 31-3-2018

Liabilities	₹	Assets	₹
Creditors	18,500	Machinery	40,500
Mrs. Rama's loan	10,000	Investment	20,830
Life Policy Fund A/c	14,000	Stock	7,550
Investment fluctuation fund A/c	6,000	Debtors 9,300	
		_ RBD 600	8,700
Capital :		Bank	5,420
Rama	40,000	Joint Life Policy	14,000
Krishna	20,000	Capital of Govind	11,500
	1,08,500		**1,08,500**

The Life Policy was surrendered for ₹ 12,000 Rama takes over the investment at ₹ 17,500 and agreed to discharge his wife's loan.

Krishna takes over all the stock at ₹ 7,000 and debtors amounting to ₹ 5,000 at ₹ 4,000, remaining debtors realised at 50% of book value machinery realised ₹ 53,800. Expenses of realisation amounted to ₹ 870. Investments not recorded worth ₹ 3,000 was taken over by one of the creditors at the same value.

Prepare necessary Ledger A/c.

16. Monti, Shanti and Kanthi are in Partnership sharing in the ratio of 5 : 3 : 2.

Balance Sheet as on 31-3-2018

Liabilities	₹	**Assets**	₹
Creditors	15,600	Cash	2,700
Capital :		Bank	5,500
Monti	94,000	Fixed Assets	1,88,400
Shanti	61,000		
Kanthi	26,000		
	1,96,600		**1,96,600**

Partners sold their Business on above date to New Star Ltd on the following terms :

1) The Co. to satisfy purchase consideration by issue of ₹ 25,000, 6% debentures, 9600, Equity shares of ₹ 8 each at a premium of ₹ 2 per share and ₹ 72,000, 8% Pref. Shares of ₹ 100 each.
2) Partners withdraw the cash before transfer to the co and divide the same equally among them.
3) Out of the purchase consideration the debentures and the preference shares are agreed to be divided as follows :

   Debentures : Monti – 16,000 Shanti : 9000.

Preference shares are to be distributed among all in the proportion to original capital after adjusting the debenture value as above, close the books of the firm.