

**Duration: 3 Hours**

**B11410OAFM**

**Marks: 100**

**Note: 1. All Questions are Compulsory**

**2. Figures to the right indicate full marks.**

**3. Draw neat diagrams wherever necessary.**

**Q.1. A. Select the appropriate word; (Any Ten)**

**(10M)**

1. Realization of Assets on dissolution is  
a) Sudden                      b) Gradual                      c) Unexpected                      d) Fall
2. Preferential liabilities are  
a) Payable to creditors                      b) Payable to government                      c) Payable to partners                      d) Payable to none
3. on conversion of a firm into a limited company  
a). Purchase consideration is decided                      b) Assets and liabilities are reduced  
c) Purchase consideration is calculated                      d) Assets & liabilities are increased
4. On takeover of unrecorded liability by a partner the account debited is  
a) Realization account                      b) Capital account                      c) Profit and loss account                      d) Revaluation account
5. Employees dues are  
a) Preferential liabilities                      b) Contingent liabilities                      c) External liability                      d) Secured liabilities
6. As per Net Asset method purchase consideration is equal to  
a) Gross sells a book value                      b) Liabilities at book value as                      c) Assets taken over at agreed value less liabilities  
taken over agreed value                      d) Gross sells at market value
7. Whenever a new partner is admitted the Profit Sharing Ratio will change and the changed ratio will be known as -----  
a) New ratio                      b) Old ratio                      c) Sacrificing ratio                      d) Gain Ratio.
8. On amalgamation, P&L account debit balance  
a) Debited to realization account                      b) Credited to partners' capital account                      c) Debited to partners'  
capital account                      d) Credited to realization\ account
9. Wages & salaries are debited to account  
a) Profit & loss                      (b) Trading a/c                      (c) Expense a/c                      (d) Salary a/c
10. A provision made for debts irrecoverable from the debtors is called  
a) Bad debts                      b) Reserve for discount on debtors                      c) Reserve for doubtful debts                      d) Additional new bad debts
11. A statement showing financial position of the business is called as  
a) Balance sheet                      b) Trial balance                      c) Capital                      d) Trading a/c
12. Current account of the partners should be opened when the capital are  
a) Fixed                      b) Fluctuating                      c) Variable                      d) Equal

**Q.1.B. State whether the following statement are True or False**

**(10M)**

1. General reserve should be transferred to old partner's capital accounts in their old profit sharing ratio.
2. In absence of information interest at 6% p.a is allowed on a partner's loan.
3. Loss on realization is debited to partners' capital accounts.
4. In piecemeal distribution cash is paid to the partners in their capital ratio.
5. A Deceased partner is not entitled to goodwill.
6. Excess capital method is also known as quotient method.
7. Partners can be admitted only on the first day of the accounting year.
8. Interest paid on partners capital is debited to a profit and loss appropriation account.
9. Return inward is deducted from purchase
10. Goods Distributed as free samples should be credited to the profit and loss account.
11. Purchase consideration is the amount payable by the vendor firm to the purchasing firm.
12. New firm must take over all the assets of both the firms.

**Q.2.** Following is the balance sheet as on 31.3.2019 of Arjun, Bansal and chetan who shared profits and losses in the ratio of 4:3:2 respectively.

Liabilities	Amount	Assets	Amount
Capital :		Cash	20,000
Arjun	1,28,000	Debtors	1,46,000
Banasal	90,000	Stock	1,30,000
Chetan	84,000	Machinery	1,40,000
Creditors	56,000		
Mrs. Bansal's Loan	28,000		
Bills Payable	14,000		
General reserve	36,000		
	<b>4,36,000</b>		<b>4,36,000</b>

The firm was dissolved on the above date. It was decided to keep aside Rs.6000 for estimated realization expenses and to distribute the cash as and when the assets realized.

The cash was received in installments as follows:

April 2019                      Rs.1,04,000      May 2019                      Rs.1,38,000      June 2019                      Rs.1,26,000

Prepare:

- Statement showing surplus capital and
- Statement showing piecemeal Distribution of cash. (20M)

**OR**

**Q.2.** Tushar, Harsh and Sachin are partners sharing profit and losses in the ratio of 3:2:1 respectively. The firm dissolved on 31<sup>st</sup> March, 2020, when their balance sheet was as below:

Balance sheet as on 31<sup>st</sup> March 2020

Liabilities	Amount	Assets	Amount
Capital :		Cash	35,000
Tushar	1,71,500	Fixed Assets	3,15,000
Harsh	73,500	Investment	35,000
Sachin	35,000	Stock	35,000
Reserves	42,000	Debtors	17,500
Secured Loan	63,000		
Bills Payable	35,000		
Creditors	17,500		
	<b>4,37,500</b>		<b>4,37,500</b>

**Additional information:** The realization expenses as follows:

1 <sup>st</sup> Realization	Rs.87,500
2 <sup>nd</sup> Realization	Rs.31,500
3 <sup>rd</sup> Realization	Rs.1,12,000
4 <sup>th</sup> Realization	Rs.1,08,500

Prepare a statement showing distribution of cash by applying "Excess Capital Method". (20M)

**Q.3.** Following is the balance sheet of two firms as at 31<sup>st</sup> March, 2021.

Liabilities	AB & co.	CD & co.	Liabilities	AB & co.	CD & co.
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Capital;			Premises	-	20,000
A	46,000		Computers	40,000	-
B	46,000		Furniture	20,000	28,000
C	-	72,000	Inventory	36,000	32,000
D	-	48,000	Debtors	24,000	56,000
General Reserve	-	12,000	Bank	8,000	16,000
Creditors	20,000	16,000	Cash	4,000	8,000
Bills Payable	20,000	12,000			
	1,32,000	1,60,000		1,32,000	1,60,000

It was mutually agreed to amalgamate the business from 1<sup>st</sup> April 2021.

The terms of amalgamation were as follows:

1. Premises were valued at Rs.40,000 and computers at Rs.48,000.
2. Furniture was not taken over by the new firm.
3. A reserve of 10% is to be created on debtors.
4. Goodwill was valued as: M/S AB & co. at Rs.40000 and that of CD & co. at Rs.60,000
5. The new firm also assumed other assets and liabilities of the old firm at book value.
6. Profit sharing Ratio for AB & co. Was 1:1 and for CD & co. was 3:2.

You are required to prepare necessary ledger accounts in the books of both the firm.

(20M)

OR

Q.3. M/S East and M/S West decided to amalgamate on the following terms and conditions on 1<sup>st</sup> April 2022.

When their balance sheet were as follows:

Liabilities	M/S East	M/S West	Liabilities	M/S East	M/S West
Capital;			Land and Building	62,500	-
East	66,000	-	Furniture	28,750	67,500
South	84,000	-	Investment	-	56,250
West	-	1,80,750	Inventories	34,000	81,500
North	-	1,05,500	Debtors	80,000	1,55,000
Creditors	53,750	1,28,750	Cash at bank	28,500	54,750
Bank loan	30,000	-			
	2,33,750	4,15,000		2,33,750	4,15,000

**Terms of Amalgamation:**

- a) In case of M/S East
  1. Provision for doubtful debts to be created at 10% on sundry debtors.
  2. Inventories to be revalued at Rs.31500.
  3. Building is to be taken over at Rs.1,50,00
  4. M/S East took over the Bank loan.
  5. Goodwill was valued at Rs.50,000
- b) In case of M/S West
  1. Provision for doubtful debts to be created at 10% on debtors.
  2. Inventories were valued at Rs.80,000
  3. Investment were to be revalued at Rs.75,000
  4. Goodwill was valued at Rs.75,000

You are required to show necessary ledger accounts in the books of M/S East and M/S West.

(20M)

OR

Q.4. The following is the Trial Balance of Red, Blue, and Orange as on 31.12.2020.

Particular	Debit Amount	Particular	Credit Amount
Cash and Bank	25,000	Creditors	12,300
Debtors	53,000	Sales( upto 30 <sup>th</sup> Sept. Rs.3,60,000)	5,40,000
Rent and Rates	17,700	Capitals:	
Salary Selling Expenses	36,000	Red	72,000
Stock	15,600	Blue	36,000
Purchase	75,000	Orange	12,000
Fixed Assets	3,30,000		
Drawings:	95,00		
Red	15,000		
Blue	6,000		
Orange	4,000		
	6,72,000		6,72,000

**Adjustment:**

1. Red and Blue were partners sharing profits and losses equally.
2. Mr. Orange was admitted to the partnership on 1<sup>st</sup> October, 2020 for 1/3 share.
3. Rent and Rates paid in advance Rs.700
4. Selling Expenses were outstanding Rs.400
5. Depreciate fixed assets by 20% p.a
6. On 31<sup>st</sup> December 2020, stock was valued at Rs.72,000

You are required to prepare a Trading, profit and loss account for the year ended on 31.12.2020 and balance sheet as on that date. (20M)

**OR**

Q.4. AB ltd. was formed to acquire the business A and B who share profits in the ratio of 3:2 respectively. The Balance sheet of A and B on 31<sup>st</sup> December, 2020 was as under.

Liabilities	Amount	Assets	Amount
Capital Account:		Land and Building	40,000
A	64,000	Machinery	20,000
B	40,000	Stock	24,000
A's Loan	3,200	Debtors	23,200
Bills Payable	7,200	Bills Receivable	6,400
Sundry Creditors	21,600	Investments	4,800
		Cash at bank	9,600
		Goodwill	8,000
	1,36,000		1,36,000

It was agreed by the company to take over the assets at book value with the exception of land and building, stock and goodwill which are take over at Rs.45,000, Rs.20,000 and 28,800 respectively. The investments were retained by the firm and sold for Rs.4,000. The firm discharged the loan of Mrs. A. The company took over the remaining liabilities. The purchase consideration was discharged by issuing Rs.10000 equity shares of Rs.10 each in AB ltd. and the balance was paid in cash. Prepare the ledger account of the firm assuming the shares are distributed amongst partners in their profit sharing ratio. (20M)

Q.5.A. What do you mean by amalgamation? Explain its objective. (10M)

Q.5.B. What are the adjustments in final accounts of a firm specially related to the partners. (10M)

**OR**

Q.5. Write Short note: (Any 4) (20M)

- a. Purchase consideration
- b. Steps to calculate partners share under excess capital Method
- c. Distinguish between Fixed Capital Method and Fluctuating capital method.
- d. Piecemeal Distribution
- e. Profit and loss appropriation account

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- 5) Secretarial audit promotes corporate image.
- 6) A company secretary has right to receive remuneration
- 7) Listing of securities is done at SEBI.
- 8) Secretarial standards of ICSI are useful to companies for improving corporate governance
- 9) Ultra virus means within the power of MOA.
- 10) Conversion of a company for the second time is called reconversion.
- 11) Technology makes correspondence work fast and economical.
- 12) Overdraft facility is not useful to large companies.

**Q.2) Answer the following (Any two)**

**(15m)**

- 1) Define the features of a company.
- 2) Discuss the types of Companies.
- 3) Qualities of a Company Secretary.

**Q.3) Answer the following (Any two)**

**(15m)**

1. Explain the company secretary as a liaison officer between company and stock exchange .
2. Explain the benefits of secretarial audit .
3. Explain the secretarial standards by ICSI.

**Q.4) Answer the following (Any two)**

**(15m)**

1. Explain the importance of articles of association of a company.
2. What are the documents of company formation? Write a brief note on memorandum of association
3. Discuss in detail about the commencement of business stage.

**Q.5) Answer the following (Any two)**

**(15m)**

1. Explain the secretarial correspondence with Banks.
2. Benefits of using technology in secretarial correspondence.
3. Give a specimen of Bonus Issue of a company

**Q.6) Write Short notes on (Any four)**

**(20m)**

1. Meaning of a holding company
2. Liabilities of company secretary
3. Company secretary and Chairman
4. Contents of Articles of Association
5. Secretarial duties at the capital subscription stage
6. Secretarial correspondence with ROC

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