

RAYAT SHIKSHAN SANSTHA'S

Rajarshi Chhatrapati Shahu College, Kolhapur

Department of Commerce (2021-22)

Question Bank

Subject: Financial Accounting

B.Com I Semester II

Topic: Amalgamation of Partnership Firm

Q.1 The respective Balance sheets of A & B ,C& D at the date of amalgamation i.e.31st march 2010.

Balance Sheet of M/s A & B

Liabilities	Rs.	Assets	Rs.
Creditors	21500	Cash at bank	3000
Capital-A	25000	Debtors	20000
B	15000	Stock	30000
		Investments	8000
		Office furniture	500
	<u>61500</u>		<u>61500</u>

Balance Sheet of C and D

Liabilities	Rs.	Assets	Rs.
Creditors	21000	Cash at bank	1000
Reserve	11500	Debtors	24500
Capital- C	19000	Stock	20000
D	11000	Trade fixtures	1000
		Leasehold premises	12000
		Goodwill	4000
	<u>62500</u>		<u>62500</u>

It was agreed that the Balance Sheet of A and B should be adjusted as follows before amalgamation.

- A] That Rs. 400 be reserved for doubtful debts.
- B] That stock and furniture be depreciated by 10 %.
- C] That investments be taken over at Rs. 10000.
- D] That Rs. 300 be reserved for Discount on Creditors.
- E] That Goodwill be valued at Rs. 4000.

The following adjustments were agreed upon in the Balance Sheet of C and D .

I] That Book Debts, Stock and Trade Fixtures be taken over a book figures.

II] That the leasehold and Goodwill be valued at Rs. 18000 and Rs. 6000 respectively.

The Capitals A , B , C and D in the new firm were fixed at Rs. 30000 and Rs. 20000, Rs. 30000 and Rs. 20000 respectively.

[a] pass journal entries in the books of A and B [b] give ledges accounts in the books of C and D [c] pass journal entries and give a Balance Sheet in the books of the new firm M/s. ABCD.

Q.2. A and B were partners sharing profits & losses in the ratio of 3:1 and C and D were partners sharing profits & losses equally.

Following were their Balance Sheet as on 31-03-2009

Balance Sheets

Liabilities	A & B Rs.	C & D Rs.	Assets	A & B Rs.	C & D Rs.
Creditors	10000	15000	Plant & Machinery	20000	27000
Bills payable	4000	8000	Furniture	12000	9000
Mrs.B's Loan	10000	-	Stock	20000	24000
Mrs. D's Loan	-	7000	Debtors	19000	17000
Outstanding Rent	2000	1500	Fixtures	1600	1200
Capital – A	30000		Cash in hand	3400	3300
B	20000				
C	--	25000			
D	--	25000			
	<u>76000</u>	<u>81500</u>		<u>76000</u>	<u>81500</u>

The two firms amalgamated on the following terms :

1. Mr. B agreed to pay Mrs. B's loan and Mr. D agreed to pay Mrs. D's loan.
2. Outstanding Rent was paid in full by the respective firms.
3. Creditors of both the firm were taken by the new firm at a discount of 5 %.
4. Plant & Machinery is subject to 5 % depreciation of both the firma.
5. Furniture of C & D was sold in the market for Rs. 8000 and furniture of A & B was not taken over by the new firm.
6. Fixtures were not taken over by the new firm.
7. Stock of A & B was valued at Rs. 22100 and Stock of C & D was valued at Rs. 21000.

You are required to prepare Revaluation Accounts, Partner's Capital A/cs in the books of both the firms and Balance Sheet of the new firm.

Q.3. The following were the Balance Sheets as at 31st March 2004 of M/s. A & B and M/s. X and Y.

Balance Sheets of A & B

Liabilities	Rs.	Assets	Rs.
Creditors	10000	Cash at Bank	2800
Mrs.A's Loan	2500	Stock	10200
Capitals – A	20000	Debtors	7500
B	10000		
		Furniture	2000
		Premises	20000
	<u>42500</u>		<u>42500</u>

Balance Sheets of X and Y

Liabilities	Rs.	Assets	Rs.
Creditors	12000	Cash at Bank	3350
Capital – X	12000	Stock	9150
Y	8000		
		Debtors	
		10000	9500
		Less : R.D.D	
		<u>500</u>	
		Furniture	2500
		Investments	7500
	<u>32000</u>		<u>32000</u>

The two firms decided to amalgamate their businesses as from 1st April, 2004 under the name and style of M/s. Lucky Traders. For this purpose it was agreed that Mrs. A's loan should be repaid by that firm and the investments of M/s. X and Y be not taken over by new firm.

Goodwill of M/s. A and B was fixed at Rs. 4000 and that of X and Y at Rs. 5000 . Premises were revalued at Rs. 25000 but the stock of M/s. A and B was found overvalued by Rs. 1625. The stock of M/s. X and Y was under valued by Rs. 1000. Reserve of 5% on debtors was to be created for bad debts of both the firms.

The total capital of the lucky Traders was to be Rs. 40000 and the capitals of A, B , X and Y were to be in their profit sharing ratio, which was to be 3:2:3:2 respectively. Goodwill Account in the new firm was to be written off.

Give necessary Ledger Accounts in the books of M/s. A and B and M/s. X and Y and necessary Journal Entries and Balance Sheet in the books and M/s. Lucky Traders.

Q.4. Following were the Balance Sheets as on 31st march, 2011 of the two firms M/s. A and B M/s. C and D :

Balance Sheets

Liabilities	A & B Rs.	C & D Rs.	Assets	A & B Rs.	C & D Rs.
Creditors	20000	10000	Cash at Bank		
Bills Payable	5000		Investments [cost] [A & B]		
Bank Overdraft	2000	10000	Debtors 10000 Less : Provision <u>1000</u>	9000	8000
A's Loan	6000		Furniture	12000	6000
Capital – A	35000		Premises	30000	
B	22000				
C		36000			
D		20000			
General Reserve	8000	3000	Land		50000
Investments			Machinery	15000	
Fluctuation Fund	2000	1000	Goodwill	9000	
	<u>100000</u>	<u>80000</u>		<u>100000</u>	<u>80000</u>

Q. 5. Prepare an Accounts sales from the following information.

Consignor : M/s Fruit Corner, Laxmi Road, Poona.

Consignee : M/s Health Centre , Fort , Mumbai – 1.

Sales : 3 Boxes of dry fruits @ Rs. 6000 each and 5 boxes @ Rs. 7500 each

[out of 10 boxes received.]

Advance : Rs. 30000 paid by the Consignee.

Consignee's Expenses : Wages Rs. 500 , Rent Rs. 300 . Discount allowed Rs. 690, Commission Rs. 2760.

Balance due is sent by bank Draft along with the Account sales dt. 15th June, 2005.

Q.6. Mr. X from Kolkata consigns to Mr. Y of Patna 100 machines. Original cost price of every machine is Rs.260 but it has been valued at Rs. 320 each in the invoice. X has spent Rs. 800 on packing etc., Mr. Y has accepted a bill drawn by Mr. X for Rs. 16000 Mr. Y informed that 80 machines were sold at Rs. 350 each and that he has incurred the following expenses : Railway Freight Rs. 1200 ; Rent for the Godown Rs. 100 and Insurance Rs. 200.

Consignee is authorized to get ordinary commission at 6% and 1 % Del Credere commission . Pass the necessary journal entries for the above transactions in the books of the consignor and give the consignment account and the consignee's account in his ledger, assuming that the entries are made at the invoice price.

Q.7. Usha Fans Kolkata consigned to Vijay & Sons, Amaravati 100 fans costing Rs. 250 each at 20 % above cost and paid Rs. 100 for Insurance ; Rs. 400 for carriage and Rs. 500 for other expenses. Vijay and Sons accepted a Bill for Rs. 12000 and issued a cheque for Rs. 3000 after receiving the consignment. Usha Fans then discounted the Bill for Rs. 11700 and in due course received an Account sales showing

1] Credit sales – 60 fans at Rs. 350 each

2] cash sales – 30 fans at Rs. 400 each

3] Expenses incurred by vijay and sons –

I] Godown rent Rs. 300

II] Carriage Rs. 500.

III] Commission Rs. 1730.

4] Vijay and sons took 5 fans for their own use at an agreed value of Rs. 320 each.

5] Vijay and sons received Rs. 20300 from the debtors, allowed Rs. 300 as discount and incurred bad debts Rs. 400. They remitted the Balance due by a bank draft sent with the Account sales.

6] Discount on the bill is to be treated as a consignment loss.

Give Journal Entries in the books of M/s Usha Fans, Kolkata and in the books of Vijay and Sons.

Q.8. On 1stApril , 1998 Sorab and Sons of Mumbai consigned goods of Rs. 11000 to Roy and Co. of Bangalore a proforma invoice value of Rs. 15000. Sorab and Sons paid Rs. 400 for freight and insurance , Roy and Co. paid Rs. 1000 for carriage and other expenses. Roy and Co. sent a bank draft of Rs. 2000 to Sorab and Sons as an advance, Roy and CO. sold all goods for Rs. 16000. Roy and Co. entitled to a commission at 5% on sale proceeds. Roy and CO. remitted balance to Sorab and sons after deduction their commission and expenses.

Prepare Consignment Account , Roy and Co.'s A/c in the books of Sorab and sons . On 30-4-1998.

Q.9. Dr. Ajit commenced his practice on 1st April,2006 with Rs 15000. His receipt and payments account for the year ending 31st march 2007 was as under.

Receipt and Payments A/c
For the year ended 31-3-2007

Receipt	Rs .	Payments	Rs
To Cash introduced	15,000	BY Furniture	4,000
To Visits	20,000	By Equipments	5,000
To Receipts from Dispensing	12,000	By Purchase of drugs	3,000
To Sundry Receipts	500	By salary of Assistants	2,400
		By Rent	1,800
		By Travelling expenses	1,200
		By Stationery	100
		By Lighting	200
		By Journals	300
		By Drawing	10,000
		By Balance	19,500
	47,500		47,500

Amounts outstanding for visits and dispensing Were Rs 1,200 and 900 respectively . salary payable to assistants amounted to Rs 600.40% of travelling expenses were for domestic purpose. Stock of drugs on 31-3-2007 was Rs 800. Amount payable for purchase of drugs was Rs 300. Furniture and Equipments to be depreciated at 10% .
Prepare Receipt and Expenditure Account for the Year ending 31st march, 2007.

Q.2. Write short notes.

- 1.Branches of Accounting
- 2.Entity concept
- 3.Receipts & Expenditure A/c