

Sheth T.J. Education Society's

Sheth N.K.T.T. College of Commerce & Sheth J.T.T College of Arts, Thane

Department of Accountancy

S.Y.B.Com- Semester III

Accountancy and Financial Management- Objective Questions

Module -III Amalgamation of partnership firms

State whether following statements are True or False

- 1 Goodwill should be written off in the approximate ratio between partners.
- 2 Accumulated losses are transferred to Suspense account.
- 3 Amalgamation of firms with Realisation Method is dealt in AS-14.
- 4 Purchase Consideration is paid by old firm to the new firm.
- 5 The vendor firm is not dissolved on amalgamation.
- 6 On amalgamation, assets and liabilities are transferred to Realisation account at book values.
- 7 When a liability is taken over by partner, partners' capital account is credited.
- 8 Realisation expenses are debited to Partners loan account.
- 9 Profit on realisation is debited to Realisation account.
- 10 Credit balance on realisation shows profit on realisation.

Match the following

	GROUP -A		GROUP -B
(i)	Realisation Account	(a)	Partners' Capital A/c
(ii)	Purchase Consideration	(b)	Vendor Firm
(iii)	Accumulated profits/losses	(c)	Purchasing Firm
(iv)	Old firm (Transferor)	(d)	New Ratio
(v)	New firm (Transferee)	(e)	Agreed Value
		(f)	Book Value

Module -IV Conversion of Partnership firm into Limited Company

State whether following statements are True or False

- 1 Purchase Consideration should be paid fully by equity shares only.
- 2 On sale by conversion, the limited company takes over the business of the firm for an agreed price.
- 3 Dissolution expenses are debited to Cash account.
- 4 Liabilities taken by partners are debited to partners' capital accounts.
- 5 Debit Balance on Realisation shows profit on realisation.
- 6 Under Net Assets Method agreed value of assets and liabilities are taken into realisation account.
- 7 Purchase Consideration means amount agreed to be paid by old firm to the new company.
- 8 Excess of purchase consideration over net assets is considered as goodwill.
- 9 In case of sale of firm to a company, partners may not become directors of the company.
10. In case of conversion of firm into a company, the partners themselves are promoters of the company.

Match the following

	GROUP -A		GROUP - B
(i)	Debit balance on Realisation A/c	(a)	Payable by new company to vendor firm.
(ii)	Credit balance on Realisation A/c	(b)	Vendor firm get dissolved.
(iii)	Purchase Consideration	(c)	Final claimant ratio of partners' capital account.
(iv)	Conversion of Partnership Firm into Ltd Co.	(d)	Loss on realisation
(v)	Shares/Debentures of New Company	(e)	Equally
		(f)	Profit on realisation.
		(g)	Book Value.