VC- D 08/09/2015 – SYBAF Sem. III – Financial Accounting – 2 ½ Hrs. – 75 Marks - 320

Q1. (A) State whether the following statements are true or false. (Any 8) (8 marks)

1. Partners always shares profits equally.
2. Closing stock is always valued at cost price.
3. Piecemeal distribution means division of physical assets in pieces among the partners.
4. On Amalgamation of firm, profit & loss adjustment account is opened.
5. Transactions are allocated to cost categories.
6. An entry made in a credit note can update the stocks.
7. An entry made in a sales voucher can update the stocks.
8. A primary godown is not a sub-godown of any godown.
9. Manufacturing journal can be used only after creating Bills of Material.
10. You cannot delete godown with sub-location.

Q1. (B) Match the following. (Any 7) (7 marks)

Group A	Group B
1. Irrecoverable amount	A. Allocation of Transaction
2. Intangible Assets	B. cannot be prior to voucher date
3. Date of Voucher	C. Stock items ordered from suppliers
4. Cost Centre	D. Bad Debts
5. Expiry date	E. Date of manufacture, by default.
6. Purchase order	F. Goodwill
7. Receipt Note	G. Stock items ordered by customers.
8. Stock Journal	H. Goods Purchased
9. Sales order	I. Consumption of goods
10. Cost Categories	J. Two or more departments

Q2. Following is the Trial Balance of M/s. PQR Ltd. having partners P, Q & R (profit & losses in 2:1:2) as on 31st December 2014.

Particulars	Rs.	Particulars	Rs.
Plant & Machinery	45000	Creditors	7000
Stock (31/12/2014)	7000	Bills Payable	4000
Repairs (upto 30th Sept. Rs. 600)	1000	Gross Profit	62000
Bills Receivable	4000	Outstanding Expenses	5000
Cash	4000	Capitals:	

Bank	3000	P	15000
Debtors	16000	Q	10000
Bad Debts (upto 30th Sept. Rs. 1800)	2000	R	18000
Salaries & Wages	8000		
Carriage outward	7000		
Prepaid Expenses	1000		
Miscellaneous Expenses	12000		
Drawings:			
P	2000		
Q	4000		
R	5000		
	121000		121000

Adjustments:

1. Interest on capital @ 10% p.a.
2. Partner Q & R should get salary of Rs. 200 p.m.
3. R retired on 30th September 2014, and his share was taken by other partners in old profit sharing ratio.
4. The goodwill on the date of retirement was Rs. 6000 and it was agreed by the new partners that it should not appear in the books of accounts.
5. R will not get salary after his retirement but he is entitled for interest @ 12% p.a. on the outstanding balance after retirement.
6. Depreciation on plant & machinery for the year was Rs. 4000.

You are required to prepare Profit & Loss account and Balance Sheet after considering above information for the year ended 31st December 2014.

(15 marks)

OR

Q2. Following is the trial balance of a firm as on 31st December, 2013.

Particulars	Rs.	Particulars	Rs.
Cash	29700	Creditors	40500
Debtors	93000	Sales	540000
Rent & Rates	17700	Capital:	
Salary	36000	A	72000
Sundry Expenses	15600	B	36000
Stock	75000	C (including goodwill)	12000
Purchases	330000		
Sundry Assets	31500		
Drawings:			
A	45000		

B	22500		
C	4500		
	700500		700500

Adjustments:

1. A & B were partners sharing profits & losses equally.
2. Mr. C was admitted to the partnership on 1st July 2013.
3. On 31st December 2013 stock was valued at Rs. 70500.
4. Rent paid in advanced Rs. 700.
5. Sundry Expenses were outstanding Rs. 400.
6. Depreciate Sundry Assets by 20% p.a.
7. Goodwill of the firm was valued at Rs. 6000 on 1st July 2013 and not to appear in the Balance Sheet.
8. Interest on Capital is charged @ 10% p.a.

You are required to prepare Trading, Profit & Loss Account for the year ended 31st December 2013 & Balance Sheet as on that date. (15 marks)

Q3. Anil, Sunil and Neel carrying on business in partnership decided to dissolve it on and from 30th September 2013. Following is their Balance Sheet as on that date.

Liabilities	Rs.	Assets	Rs.
Capital:		Fixed Assets	40000
Anil	20000	Current Assets	22000
Sunil	5000	Bank	13000
Neel	10000		
Reserve fund	30000		
Creditors	10000		
	75000		75000

As per the arrangements with the bank, the partners were entitled to withdraw Rs. 4000 immediately and Rs. 9000 after 1st December 2013. It was decided that after keeping aside an amount of Rs. 1000 for estimated realisation expenses. The following were realisation:

1. 31st October, 2013 (first) Rs. 15000.
2. 15th November 2013 (second) Rs. 38000.
3. 30th December 2013 (final) Rs. 22000.

Actual realisation expenses amounted to Rs. 700. (15 marks)

Calculate excess capital and prepare statement of distribution.

OR

Q3. J and K were in partnership. Their balance sheet as on 31st December 2013 was as under:

Particulars	Rs.	Particulars	Rs.

J's Capital	100000	Stock	160000
K's capital	100000	Other assets	240000
Loan from bank (secured by stock)	100000		
Creditors	100000		400000
	400000		

The Assets were realised as under:

1. 30th April 2013 Rs. 100000 (other assets)
2. 31st May 2013 Rs. 40000 (stock)
3. 30th June 2013 Rs. 30000 (other assets)
4. 31st July 2013 Rs. 120000 (other assets)

You are required to prepare a statement showing piecemeal distribution of cash. (15 marks)

Q4. Following were the Balance Sheet of M/s. Plains & co. And M/s. Checks & co. as on 31st December 2013.

Liabilities	Plains co. (Rs.)	Checks co. (Rs.)	Assets	Plains co. (Rs.)	Checks co. (Rs.)
Creditors	20000	25000	Cash	5600	6700
Mrs. A's Loan	5000		Stock	20400	18300
Capital:			Debtors	15000	20000
A	40000		Furniture	4000	5000
B	20000		Premises	40000	
C		15000			
D		10000			
	85000	50000		85000	50000

The two firms decided to amalgamate their business as from 1st January, 2014 and form a new firm Plains & Checks co. for this purpose it was agreed that Mrs. A's Loan should be repaid by the firm. Goodwill of plains & co. was fixed at Rs. 8000 and that of Checks & co. at Rs. 10000. Premises were revalued at Rs. 50000. The stock of Plains & co. was found over valued at Rs. 4000; whereas the stock of checks & co. was undervalued by Rs. 2000. A provision of 5% was created for doubtful debts of both the firms. The total capital of the new firm (Plains & Checks co.) was to be Rs. 80000 and capital of each partner was to be in his profit sharing ratio which was to be 3:2:3:2. Adjustments to be made through their current accounts. Prior to that goodwill account in the new firm was to be written off. Following the realisation method, prepare ledger accounts in the books of Plains & co. and Checks & co. to close these partnership firms. (15 marks)

OR

Q4. Orange, Apple and Banana were partners carrying on partnership business and sharing profit and losses in the ratio of 1:2:3. On 31st March 2013 their Balance sheet was as under:

Liabilities	Rs.	Assets	Rs.

Capitals:		Building	20000
Orange	10000	Machinery	30000
Apple	20000	Motor Car	5000
Banana	30000	Stock	15000
Apple's Loan	20000	Debtors	20000
Creditors	15000	Cash	9000
Bills Payable	5000	Investments	1000
	100000		100000

On the above date a Private Ltd. company was incorporated to take over the above business on the following terms and conditions:

1. All assets (except cash and investments) and all liabilities (except Apple's Loan) to be taken over by the company for which all assets are valued at par except building which is considered worth Rs. 27000 and stock as worth Rs. 14000. Further Goodwill is valued at Rs. 30000.
2. Apple's Loan to be partly liquidated by his taking over the firm's cash & investments at par. For the balance he is given 8% debenture received from the company in part discharge of purchase consideration.
3. The balance of the purchase consideration is received in the form of equity share of the company which are to be appropriately distributed amongst the partners.
4. Pass journal entry and prepare ledger accounts to close the books of the firm. (15 marks)

Q5. (a) Write the steps for creating the company. (8 marks)

Q5. (b) Write Tally procedure for creating a cost centre. (7 marks)

OR

Q5. Write Short Notes. (Any 3) (15 marks)

1. Cost Centre.
2. Piecemeal Distribution.
3. Purchase consideration.
4. Stock Group.
5. Fluctuating Capital Method.