VCD: 11r022 SYBAF FINANCIAL ACCOUNTING SEM: III 75 Marks 2 ½ Hours

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

1. Balance in FEF A/c is transferred to Capital Reserve.
2. Closing rate is the exchange rate at the close of the day on which a transaction takes place.
3. Piecemeal distribution means division of physical assets in pieces among the partners.
4. Amount payable to retiring partner is transferred to Balance sheet Assets side.
5. On amalgamation of firms, discharge of liability is credited to realisation A/c.
6. Partners shares profits and losses equally.
7. Objectives of Amalgamation are to avoid competition between two firms.
8. Agreed value refers to the value specify in the adjustments.
9. Carriage outward is debited to Trading Account.
10. Capital Accounts of the partners should always show a credit balance.

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

Group A	Group B
1. Base Capital	A. Scarifies Ratio X Old Ratio
2. Current Assets	B. preferential creditor
3. P&L Appropriation A/c	C. debit all partners capital A/c
4. New Ratio	D. Lowest of Unit Capital
5. income tax payable by firm on date of dissolution	E. Base Capital X PSR
	F. Stock
6. Proportionate Capital	G. Adjustment related to partner
7. general reserve on the date of amalgamation	H. should be translated at exchange rate
8. partners are promoters	
9. closing balance of monetary items	I. sale of firm to company
10. Partners may not be directors	J. conversion of firm into company

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 b 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. Mr. C was admitted to partnership on 1st July 2013.
2. On 31st December 2013 stock was valued at Rs. 70500.
3. Rent paid in advanced Rs. 700.
4. Sundry Expenses were outstanding Rs. 400.
5. Depreciate Sundry Assets by 20% p.a.
6. Goodwill of the firm was valued at Rs. 6000 on 1st July 2013 and not to appear in the Balance Sheet.
7. 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. From the following balance sheet prepare statement of distribution of cash of Shah Traders with Ajay, Vijay and Sujay as partners sharing profits and losses in the ratio of 5:3:2. Their balance sheet on the date of dissolution was as follows

Liabilities	Rs.	Assets	Assets
Partners capital:		Fixed Assets	1,60,000
-Ajay	77,600	Current Assets	1,20,000
-Vijay	40,800	Cash in Hand	19,200
-Sujay	52,000		
General reserve	38,400		
Ajay's Loan	42,400		
Sundry creditors	48,000		
	2,99,200		2,99,200

1. Realisation expenses were estimated at Rs. 8,000.
2. The assets were realised as under:
   1st instalment Rs. 1,22,560
   2nd instalment Rs. 57,440
   3rd instalment Rs. 40,000
3. Actual realisation expenses were Rs. 6,000 only. (15 marks)

OR

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Q3. Anaya ltd. imported goods from Bhakti Ltd of USA worth US $ 150000 on 1st December 2013, when the exchange rate was Rs. 60 per US $. The amount to be paid in instalment is as follows:

Date	Amount of instalment US $	Exchange rate per US $ (Rs.)
31/12/2013	20000	60
15/01/2014	40000	62
10/02/2014	60000	59
30/04/2014	30000	65

Anaya ltd. close the books on 31st March every year. On 31st March 2014 the exchange rate was Rs. 63 per US $. You are required to pass journal entry in the books of Anaya ltd. And also prepare FEF account. **(15 marks)**

Q4. Prachi Ltd. Ratnagiri, exported goods worth US $ 400000 to Star Ltd. of USA on 1/8/2016. 10% of the payment was received immediately. The balance amount was received as follows:

Date	Amount of instalment (Rs.)	Exchange rate per US. (Rs.)
15-9-2016	60000	66.00
15-12-2016	120000	65.50
15-3-2017	100000	64.50
15-4-2017	80000	65.50

The exchange rate was Rs. 65.00 per $ as on 1-8-2016 and Rs. 66.50 on 31-3-2017. Prachi Ltd. closes its books on 31st March every year. Pass journal entry in the books of Prachi Ltd. for above transaction. (15 marks)

OR

Q4. Aarti, Bharti and Surti were partners carrying on partnership business and sharing profit and losses in the ratio of 1:2:3. On 31st March 2018 their Balance sheet was as under:

Liabilities	**Rs.**	**Assets**	**Rs.**
Capitals:		Building	40000
Aarti	20000	Machinery	60000
Bharti	40000	Motor Car	10000
Surti	60000	Stock	30000
Bhartis Loan	40000	Debtors	40000
Creditors	30000	Cash	18000
Bills Payable	10000	Investments	2000
	200000		200000

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 Bharti's Loan) to be taken over by the company for which all assets are valued at par except building which is considered worth Rs. 54000 and stock as worth Rs. 28000. Further Goodwill is valued at Rs. 60000.
2. Bharti'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) Explain admission, retirement and death of a partner. (8 marks)
Q5. (b) What is "Purchase Consideration"? How is it calculated? (7 marks)

OR

Q5. Write Short Notes. (Any 3) (15 marks)
1. Amalgamation of firm.
2. Piecemeal Distribution.
3. Fixed Capital Method.
4. Foreign Exchange Fluctuation Account.
5. AS 11