VCD: 28/10/23 SYBAF FINANCIAL ACCOUNTING SEM: III 75 Marks 21/2 Hours

Q.1 A] State whether the following statements are true or false. (Any 8) (08 Marks)

1. Amount payable to retiring partner is transferred to Balance sheet asset side
2. New ratio – old ratio = Gain ratio.
3. Balance in FEF A/c is transferred to Capital Reserve A/c.
4. After Amalgamation firms, assets & liabilities of old firms act recorded at their realizable values.
5. Conversion of firm into company does not involve dissolution of firm.
6. Income received but not earned is an asset.
7. Incase of Amalgamation of firms, goodwill of both the firms is ignored.
8. Agreed value refers to the value specified in the adjustments.
9. Realization A/c is prepared in case of dissolution of partners.
10. Unit Capital is calculated by Adjustment Capital / PSR.

Q.1 B] Match the following. (Any 7) (07 Marks)

Column I	Column II
1. Average Rate	a. Goodwill
2. Realization Expenses on Amalgamation	b. Payable by New Firm to Old Firm
3. Partners are Promoters	c. Minor Partner
4. Profit on Realization on Amalgamation	d. Mean of the exchange rates in force during the period.
5. A partner who is below 18 years	e. Drawings
6. Intangible Asset	f. Credit all partners' capital accounts.
7. Purchase Consideration	g. Conversion of firm into company
8. Admission of Partner	h. Sacrifice Ratio.
9. Amount withdrawn from Business.	i. Debit Realisation Account
10. Piecemeal Distribution	j. Excess Capital Method.
	k. Credit Realisation Account

Q.2 A and B shared profits and losses equally. The Trial Balance as on 31st December 2013 was as under:

Particulars	Rs.	Rs.
Capital: - A		75,000
B		75,000
Current: - A	7,500	
B	7,500	
Fixed Assets	75,000	
Debtors	25,000	
Bank	25,000	
Stock (opening)	12,500	
Purchases	62,500	
Wages	6,250	
Office & Administrative Expenses	12,500	
Selling & Distribution Expenses	10,000	
Creditors		12,500
Sales		1,12,500
Advances	31,250	
Total	**2,75,000**	**2,75,000**

Additional Information:

(1) C retired on 30th June 2013. His capital was paid off but the amounts due to him for (i) Profit of the year (ii) Share of Goodwill Rs. 10,000 (iii) Interest on his capital Rs. 1,250 were to be paid.

(2) A; B and C were sharing profits and losses 2:2:1

(3) Closing Stock was Rs. 6,250 on 30-6-2013 and Rs. 7,500 on 31-12-2013.

VCD: ____ SYBAF FINANCIAL ACCOUNTING SEM: III 75 Marks 21/2 Hours

(4)

Item	Upto 30-6-2013	After 1-7-2013.
Purchases	37,500	25,000
Wages	3,750	2,500
Sales	75,000	37,500

Other expenses were to be equally distributed between the two periods.

(5) Depreciate Fixed Assets by 10% p.a.

(6) Allow interest at 10% p.a on capital. Show the Final Accounts. **(15 Marks)**

OR

Q.2 Following is the trial balance of a firm as on 31st December, 2013.

Particulars	Rs.	Particulars	Rs.
Cash	29,700	Creditors	40,500
Debtors	93,000	Sales	5,40,000
Rent & Rates	17,700	Capital:	
Salary	36,000	A	72,000
Sundry Expenses	15,600	B	36,000
Stock	75,000	C (including goodwill)	12,000
Purchases	3,30,000		
Sundry Assets	31,500		
Drawings:			
A	45,000		
B	22,500		
C	4,500		
	7,00,500		7,00,500

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)

Q.3 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. Prepare a statement of distribution. **(15 marks)**

OR

Q.3 M/s. P & Q partners decided to amalgamate with M/s R & CO. having R & S as partners on following terms & conditions:

(i) The new firm M/S PR & Co. to consider Goodwill of both the firms at Rs.12,000 each

(ii) The new firm to take over investments at 10% depreciation, Debtors & Furniture at book value,Premises at Rs. 53,000, Land at Rs.66,800, Machinery at Rs.9,000 & such cash which remained after discharge of partners loans by respective old firms before amalgamation.

(iii) The new firm also assumed other liabilities of old firms.

Liabilities	P & Co. (Rs.)	R & CO (Rs.)	Assets	P & Co. (Rs.)	R & CO. (Rs.)
Creditors	20,000	10,000	Cash	15,000	12,000
Bills Payable	5,000		Investments	10,000	8,000
Loans : P	8,000		Debtors	9,000	4,000
R		10,000	Furniture	12,000	6,000
Reserves	10,000	4,000	Premises	30,000	
Capital:			Land		50,000
P	35,000		Machinery	15,000	
Q	22,000		Goodwill	9,000	
R		36,000			
S		20,000			
	1,00,000	**80,000**		**1,00,000**	**80,000**

Prepare ledger accounts in both cases. Realisation A/c, Partners capital. New Firm & Balance sheet of New Firm.

4. On 1st January 2013, Zen Ltd., an Indian Importer, purchased $2,50,000 worth goods from Zack Trading Company Of USA. The payment for the import was made as follows:

On 10th February 2013 $ 1,00,000
On 15th March 2013 $ 75,000 On 20th April 2013 $ 75,000

Zen Limited closes its books on 31st March every year. The exchange rate for $ 1 was follows:

1st January 2013 Rs. 49.00 10th February 2013 Rs. 49.50
15th March 2013 Rs. 47.60 31st March 2013 Rs. 45.00
20th April 2013 Rs. 46.75.

Pass Journal Entries and also prepare FEF Account in the books of Marina Ltd **(15 Marks)**

OR

Q.4 Uma, Maya and Kama were partners sharing Profits and Losses in the ratio of 3:2:1. Their Balance Sheet as on 31-3-2010 was as follows:

Balance Sheet as on 31-3-2010

Liabilities	Rs.	Assets	Rs.
Capital A/cs: Uma	50,000	Land & Building	42,000
Maya	20,000	Plant & Machinery	30,000
Kama	30,000	Sundry Debtors	44,000
General Reserve	24,000	Stock	26,000
Creditors	20,000	Furniture	10,000

Bills Payable	12,000	Cash	6,000
Outstanding Exp.	2,000		
Total	**1,58,000**	**Total**	**1,58,000**

The partners agreed to sell their business to a limited company. The company to take over the assets at the valuation shown below:

Land and Building	Rs. 45,000	Stock	Rs. 20,000
Sundry Debtors	Rs. 40,000	Plant and Machinery	Rs. 25,000
Furniture	Rs. 12,000	Goodwill	Rs. 20,000

The company also agreed to pay the Bills Payable which were agreed at Rs. 10,000. The limited company paid Rs. 46,000 in cash and the balance in Equity shares @ Rs.1 each.

The creditors were paid by the firm at a discount of 2 ½% and outstanding expenses were paid in full. The realisation expenses amounted to Rs. 3,500. Prepare Realisation A/c, Partners Capital A/c, Cash A/c, Limited company A/c, Shares in Limited Company A/c and show calculation of Purchase Consideration. **(15 Marks)**

Q.5 (a) Explain admission, retirement and death of a partner. **(08 Marks)**

(b) What is amalgamation of partnership firm? **(07 Marks)**

OR

Q.5 Write a short note on (Any 3) **(15 Marks)**

1. Foreign Exchange Fluctuation A/c.
2. Stock Group
3. Payment method of PC.
4. Purchase Consideration
5. Accounting of Transaction of Foreign Currency- AS 11.