

S-Y, BAF - SEM III - Medical - Jan 20

F. A.

18.1.20



SYBAF SEM -III

FINANCIAL ACCOUNTING

Marks : 75

Duration: 2 and half hour

Note : All questions are compulsory , subject to Internal choice.

: Figures to the right indicate full marks

: Working note will form a part of answer.

: Use of simple calculator is allowed.

Q-1 (a) Fill in the blanks (any 8)

(8)

- 1) Income received in advance is shown on _____ side of balance sheet.
- 2) The withdrawals by a partner for personal use from the firm is _____ to his account.
- 3) If fixed capital method is adopted, net profit is transferred to _____ account.
- 4) Provident fund contribution payable by a firm as on the date of dissolution is treated as _____ creditors.
- 5) On amalgamation , assets and liabilities of vendor firm are transferred to _____ account.
- 6) The purchase consideration payable by the new firm is _____ to the new firm's account in the books of the old firm, on amalgamation.
- 7) The contingent liability denominated in foreign currency at the balance sheet date is disclosed by using the _____ rate.
- 8) _____ rate is the ratio for exchange of two currencies.
- 9) Foreign currency is a currency other than the _____ currency of an enterprise.
- 10) Cash receivables , and payable are examples of _____ items.

Q-1 (b) State True or False (any 7)

(7)

- 1) Interest on drawings is an income to the partnership firm.
- 2) Every adjustment is to be recorded at two places .
- 3) Prepaid expenses is a liability.
- 4) In piecemeal distribution, the amounts realized from assets are used to pay first the outside loans and then the realization expenses.
- 5) Piecemeal distribution means division of physical assets in pieces among the partners.
- 6) If an asset is given in full settlement of a liability (eg. To a Creditor) on amalgamation , the Creditors a/c is debited)
- 7) In the case of amalgamation of firms goodwill of both the firms is ignored.
- 8) In case of sale of firm to a company, all the present partners may not become directors of the company.



- 9) Average rate is the mean of the exchange rates on the first day and the last day of the accounting year.
- 10) Closing rate is the exchange rate at the close of the day on which a transaction takes place.

Q-2 (a) The following is the Trial balance of firm as on 31st December, 2013. (15)

Debit	Rs	Credit	Rs.
Cash	27,700	Creditors	40,500
Debtors	93,000	Sales	5,40,000
Rent and Rates	17,700	Capital :	
Salary	36,000	D	72,000
Sundry expenses	15,600	E	36,000
Stock	75,000	F	12,000
Purchases	3,30,000		
Sundry assets	31,500		
Drawings :			
D	45,000		
E	22,500		
F	4,500		
	7,00,500		7,00,500

Adjustments :

- 1) D and E were partners sharing profits and losses equally.
- 2) Mr. F was admitted to the partnership on 1st July, 2013.
- 3) On 31st December, 2013 stock was valued at Rs.70,500.
- 4) Rent and Rates paid in advance 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. 6,000 on 1st July, 2013 and not to appear in the Balance sheet.
- 8) Interest on capital to be charged at the rate of 10% p.a

You are required to prepare Trading , Profit and Loss account for the year ended on 31st December ,2013 and Balance sheet as on that date.

OR

Q-2 (b) Pandit, Sahrma and Karma are Partners sharing profits and losses in the ratio 4:2:1 (15)

They decided to dissolve the partnership as on 31st March, 2017 when their Balance sheet was as under



Balance sheet as on 31st March, 2017:

Liabilites	Rs	Assets	Rs.
Partner's capital:			
--Pandit	2,00,000	Land and Building	1,00,000
---Sharma	1,20,000	Machinery	3,00,000
----Karma	40,000	Debtors	90,000
10% Loan (Unsecured)	80,000	Stock	69,000
Bills payable	60,000	Cash and Bank	1,000
Creditors	60,000		
	5,60,000		5,60,000

Rs. 1,600 has to be provided for realization expenses :

Thereafter all cash received should be distributed among the partners. The amount were realized as follows :

1st Realisation : Rs. 1,20,000

2nd Realisation : Rs. 1,00,000

3rd Realisation : Rs.1,58,000

4th Realisation : Rs. 55,400

The actual realization expenses were Rs.1,000. Prepare a statement showing piecemeal distribution of cash as per Excess capital method.

Q-3 (a) Ajay amd Vijay are partners who share profits and losses in the ratio of 2:3 in a business. (15) In the similar type of business Kailash and Manish are partners who share profits and losses equally. It is agreed that both the firm have to be amalgamated into one form on 1st April , 2014. On 31 st March, 2014 , the financial position of both the firms is as under :

Balance sheet as on 31-3-2014

Liabilites	A & V	K & M	Liabilities	A & V	K& M
Capital : Ajay	1,04,000		Goodwill	31,200	20,800
Vijay	91,000		Machinery	1,40,400	1,09,200
Kailash	-----	72,800	Furniture	28,080	21,840
Manish	-----	65,000	Motor car	1,87,200	1,24,800
General reserve	26,000	20,800	Stock	88,660	76,700
Creditors	1,02,700	74,100	Debtors	1,01,920	83,460
Bills payable	50,700	35,100	Bills Receivable	30,940	28,080
Loan from SBI	2,47,000	2,08,000	Cash and Bank	13,000	10,920
	6,21,400	4,75,800		6,21,400	4,75,800

The firms are amalgamated on the following terms :



- 1) Creditors of both the firms are to be taken at a discount at 10 %.
- 2) Machinery is subject to 5% depreciation of both the firms.
- 3) Motor car is to be appreciated by 10% of both the firms.
- 4) Furniture of both the firms is not taken over by the new firm.
- 5) Stock is to be appreciated by 20% of both the firms.
- 6) Goodwill of A & V is to be valued at Rs.62,400 whereas of K and M is Rs.39,000.
- 7) Capital of the new firm is fixed at Rs.9,36,000 to be adjusted according to their new profit sharing ratio, any adjustment to be made in cash.
- 8) The new profit sharing ratio is Ajay 3/10 , Vijay 2/10, Kailash 3/10 and Manish 2/10.
You are required to close the books of both the firms and draw the Balance sheet after amalgamation.

OR

Q-3 (b) From the following Balance Sheet of M/S Ideal store with Sunil, Anil and Neel as partners (15) 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	Rs.
Partner's capital :		Fixed assets	80,000
--Sunil	38,800	Current assets	60,000
---Anil	20,400	Cash in hand	9,600
---Neel	26,000		
General Reserve	19,200		
Sunil's loan	21,200		
Sundry Creditors	24,000		
	1,49,600		1,49,600

- 1) Realisation expenses were estimated at Rs.4,000.
- 2) The assets were realized as under:

First installment	Rs. 61,280
Second installment	Rs.28,720
Third installment	Rs.20,000
- 3) Actual realisation expenses were Rs.3,000 only.
Prepare a statement showing piecemeal distribution of cash by adopting Excess capital method.

Q-4 (a) Pass journal entries for the following transactions in foreign currency and also prepare Foreign Exchange fluctuation account in the books of DBK industries Ltd. (15)

DBK industries Ltd. invoiced goods to West Germany worth US \$1,00,000 on 10 th March, 2013 on which date exchange rate of US \$1 was Rs.41.00.



The payment for the same was received as under :

Date of payment	Received	Exchange rate for 1 US \$
20-3-2013	US \$ 40,000	Rs.42.00
29-3-2013	US \$ 35,000	Rs.41.00
15-4-2013	US \$ 25,000	Rs. 44.00

The company closes its accounting year on 31st march. The exchange rate on 31-03-2013 was 1 US \$ 45.00.

OR

Q-4 (b) AB Ltd. was formed to acquire the business A and B who share profits in the ratio of 3:2 (15) respectively. The balance sheet of A and B on 31st December , 2014 was as under :

Balance sheet as on 31st December ,2014

Liabilities	Rs.	Assets	Rs.
Capital account :		Land and building	40,000
A	64,000	Machinery	20,000
B	40,000	Stock	24,000
A's loan	3,200	Debtors	23,200
Bills payable	7,200	Bills receivable	6,400
Sundry creditors	21,600	Investments	4,800
		Cash at bank	9,600
		Goodwill	8,000
	1,36,000		1,36,000

It was agreed by the company to take over the assets at book value with the exception of land and building , stock and goodwill which are taken over at Rs.45,000 , RS 20,000 and RS. 28,800 respectively. The investment were retained by the firm and sold for Rs.4,000. The firm discharged the loan of Mrs.A. The company took over the remaining liabilities. The purchase consideration was discharged by issuing 10,000 Equity shares of Rs.10 each in AB Ltd. and the balance was paid in cash. Prepare the Ledger accounts of the firm assuming the shares are distributed amongst partners in their profit sharing ratio.

Q-5 (a) AS-11 , Objective , Issues and Scope of Foreign Exchange transaction. (15)

Or

Q-5 (b) Write short notes on : (any 3) (15)

- 1) Secured creditors
- 2) Fixed capital and Fluctuating capital
- 3) Goodwill and Its accounting
- 4) Conversion
- 5) Net asset method