

SYBAF sem III Reg & A.T.K.T. Exam Oct. 2019.

03/10/19.

SYBAF Financial accounting SEM III 2019

Duration : 2 and half hour

Marks : 75



Note : All questions are compulsory.

Figures to right indicate full marks

Use of Simple calculator is allowed

Working note will form a part of answer.

Q-1(a) Fill ups (any 8)

(8)

- 1) Payment made in advance is shown on _____ side of balance sheet.
- 2) The Indian on capital of a partner is debited to _____
- 3) Interest on drawing of a partner is credited to _____ account.
- 4) Bank loan obtained by hypothecation of machinery is treated as _____ creditors.
- 5) On amalgamation, assets and liabilities of vendor firm are transferred to _____ account.
- 6) _____ is the mean of the exchange rates in force during a period.
- 7) Cash, receivables and payable are examples of _____ items.
- 8) Fixed assets, inventories and investments in equity shares are examples of _____ items.
- 9) Assets and liabilities not taken over by the new firm on amalgamation are transferred to capital accounts of the partner in the _____ ratio.
- 10) Return outward is deducted from _____

Q-1 (b) State true or false .(any 7)

(7)

- 1) Interest on drawing is an income to the partnership firm.
- 2) Current account of partners always shows debit balance.
- 3) Closing stock is to be valued at cost price or market price whichever is more.
- 4) Assets must be equal to total liabilities.
- 5) In a piecemeal distribution, the amounts realized from assets are used to pay first the outside loans and then the realization expenses.
- 6) On amalgamation of firm, fictitious assets are transferred to Realisation
- 7) If an asset is given in full settlement of a liability. (e.g.to a creditor) on amalgamation, the Creditor's a/c is debited.
- 8) Gain and losses on Realisation an amalgamation are divided equally among partners.



- 9) In case of sale of firm to a company, all the present partners, may not become directions of the company.
- 10) Shares received as part of purchase consideration by firm on conversion have to be distributed amongst partners in profit sharing ratio.

Q-2 (a) A and B were partners sharing profits and losses in the ratio of 3:2 . With (15) effect from 1-10-2012 , C joins as a third partner. The new profit sharing ratio was 2:2: 1

The following is their trial balance as on 31--3--2013

Particulars	Dr	Cr. S
A 's Drawings and Capital	15,000	3,00,000
B's drawings and capital	10,000	2,00,000
C's drawings and capital	5,000	1,50,000
Opening stock (1-4-2012)	30,000	
Purchases and sales	9,00,000	14,00,000
Wages	1,40,000	
Furniture	2,00,000	
General expenses	60,000	
Selling expenses	14,000	
Debtors and creditors	6,26,000	2,50,000
Cash and bank balance	3,50,000	
Amount brought by C (for his share of goodwill)	----	50,000
	23,50,000	23,50,000

Other information :

- 1) Stock on 31-3-2013 was Rs.1,80,000
- 2) Purchases from 1-4-2012 to 30-9-2012 were Rs. 4,00,000
- 3) Sales from 1-4-2012 to 30-9-2012 were Rs. 6,00,000
- 4) Wages from 1-4-2012 to 30-9-2012 were Rs. 60,000
- 5) Stock on 30-9-2012 was Rs. 80,000
- 6) Furniture worth Rs.1,00,000 was purchased on 1-1-2013 . Write off depreciation on furniture a 20% p.a
- 7) Interest on partner 's capital is to be provided at 12% p.a
- 8) No interest is to be charged on partners drawings.

You are required to prepare :

- i) Trading A/c containing the columns for : 1-4-2012 to 30-9-2012 and 1-10-2012 to 31-3-2013.
- ii) Profit and Loss a/c containing the columns for 1-4-2012 to 30-9-2012 and 1-10-2012 to 31-3-2013.



- iii) Profit and loss appropriation a/c containing the columns for 1-4-2012 to 30-9-2012 and 1-10-2012 to 31-3-2013.
- iv) Balance sheet as on 31-3-2013

OR

Q-2 Madhuri, Tabu and Juhi carrying on business in partnership decided to dissolve it on and from 30th September, 2013. The following was their Balance sheet on the date : (15)

Liabilities	Rs.	Assets	Rs.
Capital accounts :			
Madhuri	20,000	Fixed assets	40,000
Tabu	5,000	Current assets	22,000
Juhi	10,000	Bank	13,000
General reserve	30,000		
Creditors	10,000		
	75,000		75,000

As per the arrangements with the bank, the partners were entitled to withdraw Rs.4,000 immediately and Rs.9,000 after 1st December, 2013. It was decided that after keeping aside an amount of Rs. 1,000 for estimated realization expenses, the available funds should be distributed amongst the partners as and when realized.

The following were the realizations :

	Fixed Assets	Currents Assets
	Rs .	Rs.
31 st October , 2013 (First)	10,000	5,000
15 th November , 2013 (Second)	26,000	12,000
30 th December , 2013 (Final)	10,000	12,000

Actual realization expenses amounted to Rs.700. You are requested to submit a statement showing distribution of cash amongst the partners by proportionate capital method

Q-3 (a) Arun , Varun and Mithun were in partnership sharing profits and losses in the ratio 2:2:1 Respectively. The partnership was dissolved on 1st April, 2013. Their Balance sheet as on 31 st March, 2013 was as below : (15)



Balance sheet as on 31-3-2013

Liabilities	Rs.	Assets	Rs.
Sundry creditors	1,06,250	Cash	9,520
General reserve	21,250	Sundry Creditors	87,125
Capital ; Arun	82,450	Stock	57,035
Varun	93,500	Machinery	1,79,520
Mithun	55,250	Furniture	25,500
	3,58,700		3,58,700

Sundry creditors have to be paid Rs. 98,600 in full settlement. A sum of Rs.9,520 have to be provided for expenses of realization . The assets are realized as under :

Date of Realisation	Assets realized	Rs.
12-4- 2013	Sundry Debtors	62,050
28-4-2013	Stock	45,050
12-5-2013	Machinery	1,40,930
25-5-2013	Furniture	21,250

The actual expenses of realization amounted to Rs. 8,500 upto last realization. Prepare a statement showing the distribution of cash under Excess capital

Or

Q-3 (b) Desai Bros. and Shah traders decided to amalgamate and form a new firm (15)

called Desha and Co. on the following terms and conditions on 1st January, 2014. When their Balance sheet were as follows:

Particulars	Desai bros .	Shah Traders	Particulars	Desai bros	Shah Traders
Arun's capital	60,000	----	Building	20,000	41,000
Barun's capital	30,000	-----	Furniture	6,000	----
Tarun's capital	----	40,000	Investments	30,000	12,000
Varun's capital	-----	65,000	Stocks	34,000	46,600
Creditors	20,000	46,000	Debtors	20,000	75,000
Bank loan	10,000	34,000	Cash and bank	10,000	10,400
	1,20,000	1,85,000		1,20,000	1,85,000

Terms of Amalagamation :

1. In case of Desai bros. :
 - a) Goodwill was valued at Rs.20,000
 - b) Desai bros, partners to take over its Bank loan equally.



- c) Building was taken to be worth RS.60,000
- d) Stock to be valued at Rs.30,000
- e) Provision for doubtful debts to be created at 5% on Debtors.

2) In case of Shah Traders :

- a) Goodwill was valued at Rs. 10,000
- b) Building was taken to be worth Rs.80,000
- c) Investments were not taken over by the new firm , which were taken over by Varun at 10,000.
- d) Stock was valued at Rs,42,600
- e) Provision for doubtful debts to be created at 5 % on Debtors.

You are required to show necessary ledger account in after Conversion the books of Desai bros . and Shah Traders and prepare Balance sheet of new firm after amalgamation.

Q-4 (a) Navin and Sunil were partners sharing profits and losses in the ratio of 2:1 . Their balance sheet as on 31st March, 2013 showed the following financial position . (15)

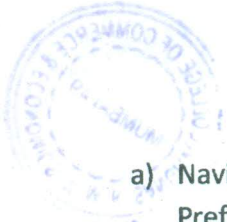
Liabilities	Rs.	Assets	Rs.
Capital account :		Freehold premises	62,000
Navin	50,000	Plant / machinery	18,000
Sunil	40,000	Stock	32,000
Current account :		Book debts	41,000
Navin	26,000	UTI Bank	45,000
Sunil	18,000		
Navin's loan account	40,000		
Accounts payable	24,000		
	1,98,000		1,98,000

The partners wishing to dissolve the firm , accepted the offer of Chhaya Ltd. to acquire the stock and fixed assets at an inclusive price of Rs. 1,40,000

The purchase consideration was to be satisfied by (a) a cash payment of Rs. 35,000 (b) allotment to the partners 6,000 6% preference shares of Rs. 10 each, valued at Rs. 8 per share (c) 57,000 ordinary shares of Rs. one each .

The book debts realized Rs. 38,000 and accounts payable were settled by Rs. 22,000.

The partners agreed that the following should be the basis of distribution on dissolution of the partnership.



- a) Navin to be allotted preference shares in settlement of his loan, the remaining Preference shares being allotted equally to them.
 - b) The Ordinary shares to be allotted in the ratio of profit sharing.
 - c) The balance to be paid in Cash.
- You are required to prepare i) Realisation account ii) Partners capital and Current account separately iii) Chhaya Ltd account iv) Cash account.

OR

Q-4 On 1st January ,2013, Marina Ltd an Indian Importer , purchased \$ 2,50,000 worth goods from Geimini Trading Company of USA . (15)

The payment for the import was made as follows :

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

Marina Limited closes its books on 31st march every year.

The exchange rate for \$ 1 was follows

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

- 1) Pass journal entries
- 2) Prepare Gemini Trading Company account and Foreign Exchange fluctuation account in the books of Marina Ltd.

Q-5 (a) Explain the steps to calculate Adjusted capital of Partners share under excess capital method. (8)

Q-5 (b) At What Rate balances are translated Foreign currency ? (7)

OR

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

- 1) AS-11 - Objective and Scope
- 2) Piecemeal distribution
- 3) Payment method of Purchase consideration



- 4) Conversion of partnership firm
- 5) Amalgamation of firms – meaning

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