

RA3A1023

BAF

Duration: 2.5 Hours

FA Reg sem III SYBMR Oct 2023.
Total Marks : 75

NOTE :

1. All the questions are compulsory with internal options.
2. Each question carry 15 marks.
3. Working notes form part of your answer.
4. Use of only simple calculator is allowed.

Q1(a) State whether the following statements are True or False(any eight): (8)

1. Purchase of office equipment is shown in profit and Loss A/c on debit side.
2. Purchase consideration is amount paid by new firms to vendor firms.
3. Carriage outward is debited to Trading Account.
4. Balance in FEF A/c is transferred to Capital Reserve A/c.
5. On Amalgamation Fictitious assets are transferred to realisation account.
6. Outstanding expense is a liability.
7. Piecemeal Distribution means piecemeal settlements of accounts.
8. Interest received from bank is shown on credit side of trading account.
9. If expenses of conversion are borne by the firm, no entry is passed in the books of firms.
10. Amount payable to retiring partner is transferred to Balance Sheet Asset side.

Q1(b) Fill in the blanks with appropriate option(any seven): (7)

1. Foreign exchange fluctuation account is a _____ account.
(a)Real (b)Personal (c)Fictitious (d)Nominal
2. Prepaid expenses are shown on the _____ side of Balance Sheet.
(a)Asset (b) Liabilities (c) Debit (d) Credit
3. Difference in exchange is transferred to _____ account.
(a)Trading (b) Profit & loss (c) Foreign Exchange Fluctuation (d) Trading A/c
4. Gross Profit is transferred to _____ A/c.
(a)Profit & Loss (b) Capital (c) Current (d) Trading
5. Carriage Inward is debited to _____ Account.
(a)Profit & Loss (b) Capital (c) Current (d) Trading
6. New ratio minus old Ratio= _____ Ratio.
(a)Sacrifice (b) Gain (c) Capital contribution (d) Equal
7. On amalgamation of a firm, _____ Account is opened.
(a)Deficiency (b) Realisation (c)P & L Adjustment (d)P & L Suspense
8. Goodwill is an _____ asset.
(a) Tangible (b) Intangible (c) Fixed (d) Current
9. Return Outward is deducted from _____.
(a) Purchases (b) Sales (c) Assets (d) Liabilities

10. On sale of firm to a company ,the purchase consideration is calculated by_____.

- (a)Lumpsum method (b)Payment method (c)Net Asset method (d)Realisation

Q2A Rakesh and Suresh are Partners. Their Trial Balance as on 31-12-2022 was as under:

(15)

Debit	Amount (Rs)	Credit	Amount (Rs)
Building	74,000	Rakesh Capital	90,000
Machinery	40,000	Suresh Capital	90,000
Furniture	20,000	Sales	6,80,000
Purchases	2,98,000	Creditors	52,000
Stock	60,000	R.D.D	3,000
Wages	65,000	Discount	10,000
Carriage Inward	25,000		
Salaries	40,000		
Repairs	18,000		
Commission	5,700		
General Expenses	30,000		
Rent and taxes	21,000		
Bank Balance	95,000		
Cash Balance	49,300		
Debtors	84,000		
	9,25,000		9,25,000

Additional Information:

1. Closing Stock was Rs 50,000.
 2. Suresh has taken goods worth Rs 5000 for his personal use for which no entry was made in the books.
 3. Wages outstanding were Rs 6000 and taxes paid in advance Rs 2000.
 4. Depreciation was to be provided at 10% p.a on machinery and 5% p.a on Building and 15%p.a on furniture.
 5. Write off Rs 2000 as Bad Debts and provision for doubtful debts is to be increased to Rs 5000.
 6. Goods costing Rs 2500 have been stolen but no entry was passed in the books for same.
- Prepare Trading and Profit & Loss Account for the year ended 31st December, 2022 and balance sheet as on that date.

OR

Q2B The following is the Trial Balance of the firm as on 31st December 2022

(15)

Debit	Amount	Credit	Amount
Cash	29,700	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(including goodwill)	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 are partners sharing profits and losses equally.
- 2) Mr F was admitted to the partnership on 1st July ,2022.
- 3) On 31st December ,2022 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 6000 on 1st July 2022 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 31st December 2022 and Balance sheet as on that date.

Q3A Following is the Balance sheet of two firms as at 31st March ,2022

(15)

Liabilities	AB	CD	Assets	AB	CD
Capital:			Premises	-	5,000
A	11,500	-	Computers	10,000	-
B	11,500	-	Furniture	5,000	7,000
C	-	18,000	Inventory	9,000	8,000
D	-	12,000	Debtors	6,000	14,000
General Reserve	-	3,000	Bank	2,000	4,000
Creditors	5,000	4,000	Cash	1,000	2,000

Bills payable	5,000	3,000		
	33,000	40,000		
			33,000	40,000

It was mutually agreed to amalgamate the business from 1st April, 2022

Terms of amalgamation were as follows:

- 1) Premises was valued at Rs 10,000 and Computers at Rs 12,000
- 2) Furniture was not taken by new firm.
- 3) A reserve of 5% is to be created on debtors.
- 4) Goodwill was valued as : AB&co at Rs 10,000 and CD&co at Rs 15,000.
- 5) The new firm also assumed other assets and liabilities of old firm at book values.

Prepare : 1. Purchase Consideration.

2. The necessary ledger account in the books of both old firms.

OR

Q3B Pandit , Sharma and Karma are partners sharing profits and losses in the ratio of 4:2:1. (15)

They decided to dissolve the partnership as on 31st March, 2022.

Rs 1600 has to be provided for realisation expenses.

Thereafter all cash received should be distributed among the partners.

The Balance sheet was as under:

Balance Sheet as on 31.03.2017

Liabilities	Amount	Assets	Amount
Capitals:		Land and Building	1,00,000
Pandit	2,00,000	Machinery	3,00,000
Sharma	1,20,000	Debtors	90,000
Karma	40,000	Stock	69,000
10% loan (unsecured)	80,000	Cash and bank	1,000
Bills Payable	60,000		
Creditors	60,000		
	5,60,000		5,60,000

The amounts were realised as follows:

1st Realisation 1,20,600

2nd Realisation 1,00,000

3rd Realisation 1,58,000

4th Realisation 55,400

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

Q4A A,B,C were in partnership sharing profits and losses as 1/2, 3/8, and 1/8 .On 31-12-16 they decided to convert their firm into a limited company, when their position was as under: (15)

Balance sheet as on 31-12-2016

Liabilities	Rs	Assets	Rs
A's Capital	20,000	Freehold Property	20,000
B's Capital	15,000	Machinery	15,000
C's Capital	10,000	Debtors	12,000

Mortgage Loan	8,000	Stock	14,000
Sundry Creditors	18,000	Cash	10,000
	71,000		71,000

The Company agreed to take over the following assets at the values below:

1)Freehold property	Rs 24,000	2)Stock	Rs 13,000
3)Machinery	Rs 14,000	4)Goodwill	Rs 5,000
5)Debtors	Rs 11,000		

The co. also agreed to pay Rs 17,500 to sundry creditors in full settlement of their claim. Out of purchase price Rs 35,000 was paid in fully paid shares of Rs 10 each and balance in cash. The expenses amounted to Rs 500. Shares were distributed in the ratio of final capital balances.

Pass necessary journal entries in the books of the firm.

OR

Q4B On 1st January 2022, Marina Ltd an Indian importer, purchased \$ 2,50,000 worth goods from Gemini Trading company of USA. (15)

The payment for the import was made as follows:

On 10th February 2022-	\$1,00,000
On 15th March 2022-	\$75,000
On 20th April 2022-	\$75,000

Marina Ltd Closes its books on 31st March every year.

The exchange rate for \$ 1 was follows:

1st January 2022	-	Rs.	49.00
10th February 2022	-	Rs.	49.50
15th March 2022	-	Rs.	47.60
31st March 2022	-	Rs.	45.00
20th April 2022	-	Rs.	46.75

1)Pass journal entries & Prepare Foreign Exchange Fluctuation A/c in the books of Marina Ltd.

Q5A Explain in detail Piecemeal distribution of cash. (8)

B What is amalgamation of Partnership firm? (7)

OR

Q5C Write short notes on (any three) (15)

1. Foreign Exchange Fluctuation
2. Admission of partner
3. Purchase Consideration
4. Excess capital method
5. Realisation Account