

SOLUTION - B

EXAM :- S.Y.B.Com (Accounting & Finance) Sem - III	DATE :-
SUBJECT :- Financial Accounting (Special Accounting Areas) - III	Q.P. CODE :- 53731

INSTRUCTIONS FOR EXAMINERS AND MODERATORS

1. Stepwise marking scheme is provided for each answer.
2. Marks to be allotted even if different formats or methods adopted provided the answers are logically correct.
3. For all theory question the examiner can adopt their own sanction and if possible to give full marks if the candidate has justified the answer.
4. For any query please feel free to contact us on :

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Q.1. [A] STATE WHETHER THE FOLLOWING STATEMENTS ARE TRUE OR FALSE [ANY 8] [08 MARKS]

1	2	3	4	5	6	7	8	9	10
False	False	False	False	False	False	False	False	False	False

Q.1. [B] FILL IN THE BLANKS WITH APPROPRIATE OPTIONS [ANY 7] [07 MARKS]

1	2	3	4	5
Equally	Reserves	Government	Profit Sharing	3:2
6	7	8	9	10
Old PSR	All of the above	Both A & B	11	Spot

Q.2. [A] FINAL ACCOUNTS WITH ADJUSTMENTS RELATED TO DEATH OF A PARTNER [15 MARKS]

TRADING ACCOUNT FOR THE YEAR ENDED 31st March 2018

PARTICULARS	AMOUNT	AMOUNT	PARTICULARS	AMOUNT	AMOUNT	3 MARKS	
To Opening Stock		72000	By Sales	1020000			1012800
To Purchases	468000		Less :- Sales return	7200			
Less :- Return Inward	18000	450000					
To Carriage Inward		13500					
To Gross Profit c/d		519300	By Closing Stock		42000		
		1054800			1054800		

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2018

PARTICULARS	6 Months	6 Months	PARTICULARS	6 Months	6 Months	4 MARKS	
To Salary	40500	40500	By Gross Profit b/d	259650	259650		259650
To Office Expenses	24750	24750					
To Bad Debts	3150	3150					
To Carriage Outward	10125	10125					
To Depreciation							
Machinery	3750	3750					
Premises	5400	5400					
Furniture	9000	9000					
To Net Profit c/d	162975	162975					
	259650	259650		259650	259650		

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31st March 2018

PARTICULARS	PRE	POST	PARTICULARS	PRE	POST	2 MARKS
<u>To Interest on Capital</u>			<u>By Net Profit b/d</u>			
Ronu	4500		Ronu	81487.5		
Sonu	4500	4500	Sonu	54325	108650	
Monu	4500	4500	Monu	27162.5	54325	
<u>To Divisible Profit c/d</u>			<u>By Interest on Drawing</u>			
Ronu	76087.5		Ronu	900		
Sonu	50725	103850	Sonu	900	900	
Monu	25362.5	51925	Monu	900	900	
	165675	164775		165675	164775	

PARTICULARS	RONU	SONU	MONU	PARTICULARS	RONU	SONU	MONU	2 MARKS
To Drawings	36000	36000	36000	By Balance b/d	90000	90000	90000	
To Int. on Drawing	900	1800	1800	By Goodwill	45000	30000	15000	
To Ronu Heir Loan	178687.5			By Interest on Capital	4500	9000	9000	
To Balance c/d		245775	153488	By Pre Divisible Profit	76087.5	50725	25362.5	
	215587.5	283575	191288	By Post Divisible Profit		103850	51925	
					215587.5	283575	191288	

BALANCE SHEET AS ON 31st March 2018

LIABILITIES	AMOUNT	AMOUNT	ASSETS	AMOUNT	AMOUNT	2 MARKS
<u>Capital</u>			Investment		75000	
Sonu		245775	Premises	150000		
Monu		153487.5	Less :- Depreciation	7500	142500	
Bank Loan		52500	Machinery	108000		
Creditors		60000	Less :- Depreciation	10800	97200	
Bills Payable		229500	Furniture	150000		
Ronu Heir Loan		178687.5	Less :- Depreciation	18000	132000	
			Goodwill		90000	
			Debtors		300000	
			Bills Receivable		9750	
			Bank		24000	
			Cash		7500	
		919950	Closing Stock		42000	
					919950	

Q.2. [B] FINAL ACCOUNTS WITH ADJUSTMENTS RELATED TO ADMISSION OF A PARTNER

[15 MARKS]

MARKING SCHEME	
Trading Account	2 Marks
Profit and Loss	5 Marks
Profit and Loss Appropriation	2 Marks
Partners' Capital	3 Marks
Balance Sheet	3 Marks
TOTAL	15 MARKS

IN THE BOOKS OF PREETI, SNEHA AND KRUTIKA
TRADING ACCOUNT FOR THE YEAR ENDED 31.3.2018.

PARTICULARS	AMOUNT	AMOUNT	PARTICULARS	AMOUNT	AMOUNT
To Opening Stock		100000	By Sales		400000
To Purchases	275000		By Closing Stock		130000
Less: Returns	4500	270500			
To Wages	19000				
Add: Outstanding	1000	20000			
To Power & Fuel		3500			
To Gross Profit c/d		136000			
		530000			530000

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2018.

PARTICULARS	PRE	POST	PARTICULARS	PRE	POST
To Salaries 11000			By Gross profit b/d	54400	81600
Add: O/s 2500	6750	6750			
To Rent & Taxes	3750	3750			
To Insurance 3000					
Less: Prepaid 750	1125	1125			
To Prntg & Strny 2000					
Add: Outstanding 500	1250	1250			
To Selling Exp.	2600	3900			
To Dep. Office Equip.	5000	5000			
To Net profit c/d	33925	59825			
	54400	81600		54400	81600

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED

PARTICULARS	PRE	POST	PARTICULARS	PRE	POST
<u>To Interest on capital:</u>			By Net profit b/d	33925	59825
Preeti	6500	6500			
Sneha	5000	5000			
Krutika		3500			
To P. Capital A/c(Old)	22425				
To P. Capital A/c(All)		44825			
	33925	59825		33925	59825

PARTNERS CAPITAL ACCOUNT

PARTICULARS	PREETI	SNEHA	KRUTIKA	PARTICULARS	PREETI	SNEHA	KRUTIKA
To Drawings	10000	7450	7000	By bal b/d	130000	100000	
				By Cash/ bank			70000
				By Goodwill	20000	10000	
To Balance c/d	194845	128990	75465	By Interest on capital	13000	10000	3500
				By P & L Appro.(Pre)	14950	7475	
				By P & L Appro.(Post)	26895	8965	8965
	204845	136440	82465		204845	136440	82465

BALANCE SHEET AS ON 31.3.2018.

LIABILITIES	AMOUNT	AMOUNT	ASSET	AMOUNT	AMOUNT
Capital A/c:			Bills receivable		30000
Preeti		194845	Office Equipment	200000	
Sneha		128990	Less: Dep.@5%	10000	190000
Krutika		75465	Trade Marks		50000
Creditors		140000	Cash in hand		2550
Bills payable		60000	Bank Balance		75000
Outstanding Exp.			Sundry Debtors		125000
Wages		1000	Prepaid Insurance		750
Salaries		2500	Closing Stock		130000
Printing & Stationery		500			
		603300			603300

WORKING NOTES:

Time Ratio : 1:1
 Sales Ratio : 2:3
 New PSR : 3:1:1

Q.3. [A] AMALGAMATION OF A PARTNERSHIP FIRMS

[15 MARKS]

MARKING SCHEME		TOTAL
Calculation of P.C. [Working]	1 mark	1
Realisation a/c [Both the firms]	1 mark each	2
Partners Capital a/c [Both the firms]	1 mark each	2
Cash a/c [Both the firms]	1 mark each	2
New firms a/c [In the books of both the firms]	1 mark each	2
Balance Sheet	6 marks	6
		15

CALCULATION OF PC		
	P&O	G&A
ASSETS		
Goodwill	25000	25000
Inventories	5000	
Building	50000	20000
Investments	15200	25650
Debtors	10000	22000
Machinery	58300	42000
Furniture & Fixtures	15000	25000
TOTAL	178500	159650
Less :-		
LIABILITIES		
Bad Debts		5000
R.D.D.	1000	1700
Creditors	25000	22000
Bills Payable	20000	10000
TOTAL	46000	38700
PC	132500	120950

IN THE BOOKS OF P & O
REALISATION ACCOUNT

Dr.	REALISATION ACCOUNT				Cr.
PARTICULARS	AMT	AMT	PARTICULARS	AMT	AMT
To <u>Sundry Asset</u>			<u>By Sundry Liabilities</u>		
Investments	16000		Creditors	25000	
Debtors	10000		Bills Payable	20000	
Machinery	53000		Bank Loan	10000	
Goodwill	12000		Mrs. X's Loan	<u>7000</u>	62000
Fixture & Patterns	15000		By POGA		132500
Building	<u>50000</u>	156000			
To <u>Cash/Bank</u>					
Bank Loan	10000				
Mrs. O's Loan	<u>7000</u>	17000			
To <u>Partner's Capital</u>					
P	10750				
O	<u>10750</u>	21500			
		<u>194500</u>			<u>194500</u>

Dr.	PARTNER'S CAPITAL ACCOUNT				Cr.
PARTICULARS	P	O	PARTICULARS	P	O
To Cash	7500	7500	By Balance b/d	60000	55000
			By General Reserve	3000	3000
			By Capital Reserve	2500	2500
To POGA [Bal fig]	68750	63750	By Realisation a/c	10750	10750
	<u>76250</u>	<u>71250</u>		<u>76250</u>	<u>71250</u>

Dr.	POGA				Cr.
PARTICULARS	AMT	AMT	PARTICULARS	AMT	AMT
To Realisation a/c		132500	<u>By Partners Cap. a/c</u>		
			P	68750	
			O	<u>63750</u>	132500
		<u>132500</u>			<u>132500</u>

Dr.	CASH/BANK ACCOUNT				Cr.
PARTICULARS	AMT	AMT	PARTICULARS	AMT	AMT
To Balance b/d		32000	<u>By Realisation</u>		
			Bank Loan	10000	
			Mr. O's Loan	<u>7000</u>	17000
			<u>By Partners Capital</u>		
			P	7500	
			O	<u>7500</u>	15000
		<u>32000</u>			<u>32000</u>

IN THE BOOKS OF G & A
REALISATION ACCOUNT

Dr.	REALISATION ACCOUNT				Cr.
PARTICULARS	AMT	AMT	PARTICULARS	AMT	AMT
To <u>Sundry Asset</u>			<u>By Sundry Liabilities</u>		
Investments	27000		Creditors	22000	
Debtors	22000		Bills Payable	10000	
Machinery	35000		Bank Loan	<u>12000</u>	44000
Fixture & Patterns	21000		By New Firm [PC]		120950
Furniture	<u>20000</u>	125000			
To Cash/Bank		12000			
To <u>Partners Capital</u>					
G	18633				
A	<u>9317</u>	27950			
		<u>164950</u>			<u>164950</u>

Dr. **PARTNER'S CAPITAL ACCOUNT** Cr.

PARTICULARS	G	A	PARTICULARS	G	A
To Cash/ Bank a/c	8667	4333	By Balance b/d	50000	40000
			By General Reserve	8000	4000
			By Capital Reserve	2667	1333
To New Firm account	70633	50317	By Realisation a/c	18633	9317
	79300	54650		79300	54650

Dr. **POGA** Cr.

PARTICULARS	AMT	AMT	PARTICULARS	AMT	AMT
To Realisation		120950	By Partners Capital Account		
			G	70633	
			A	50317	120950
		120950			120950

Dr. **CASH/BANK ACCOUNT** Cr.

PARTICULARS	AMT	AMT	PARTICULARS	AMT	AMT
To Balance b/d		25000	By Realisation		12000
			By Partners Capital		
			G	8667	
			A	4333	13000
		25000			25000

BALANCE SHEET AS ON 31/03/2018

LIABILITIES	AMT	AMT	ASSETS	AMT	AMT
<u>Capital</u>					
P	68750		Goodwill	50000	
O	63750		Inventories	5000	
G	70633		Building	70000	
A	50317	253450	Investments	40850	
			Machinery	100300	
Creditors	47000		Furniture & Fixtures	40000	306150
Bills Payable	30000	77000	Debtors	32000	
			Less :- Bad Debts	5000	
				27000	
			Less :- R.D.D.	2700	24300
		330450			330450

Q.3. [B]

PIECEMEAL DISTRIBUTION OF CASH

[15 MARKS]

STATEMENT OF EXCESS CAPITAL	3 MARKS
STATEMENT OF DISTRIBUTION OF CASH	12 MARKS

STATEMENT OF EXCESS CAPITAL

PARTICULARS	ALLEN	BORDER	TAYLOR
1.Capital Balance	400000	100000	250000
Add: General Reserve	240000	240000	120000
Adjusted Capital	640000	340000	370000
2.P.S.R.	2	2	1
3.Unit Value	320000	170000	370000
4.P.C.(L.U.V.*PSR)	340000	340000	170000
5.E.C.	300000	-	200000
6.P.S.R.	2		1
7.Unit Value	150000		200000
8.P.C.	300000		150000
9.U.E.C.	-		50000

STATEMENT OF DISTRIBUTION OF CASH

PARTICULARS	CASH	TOTAL CLAIM	GST	CRS	B/P	ALLEN	BORDER	TAYLOR
Balance	130000	1530000	60000	80000	40000	640000	340000	370000
Less: Estimated Real.Exp.	20000							
Less: GST Paid	60000	60000	60000					
Less: Paid to Creditors & BP	50000	50000		33333	16667			
Balance	-	1420000	-	46667	23333	640000	340000	370000
1 st Realisation	300000							
Less: Paid to Creditors & BP	70000	70000		46667	23333			50000
Less: Talyor for UEC	50000	50000						60000
Less: Allen & Taylor for EC	180000	180000				120000		
Balance	-	1120000				520000	340000	260000
2 nd Realisation	760000							
Less: Allen & Taylor for EC	270000	270000				180000		90000
Less: Paid to all Partners	490000	490000				196000	196000	98000
Balance	-	360000				144000	144000	72000
3 rd Realisation	440000							
Add: Withdrawn from bank	180000							
Add: Amt.not spent(Exp)	6000							
Less: Paid to all Partners	626000	626000				250400	250400	125200
Profit on Realisation	-	266000				106400	106400	53200

Q.4. [A]

CONVERSION OF A PARTNERSHIP FIRM INTO A LIMITED COMPANY

[15 MARKS]

CALCULATION OF PURCHASE CONSIDERATION

PARTICULARS	AMOUNT
<u>Assets taken over at Agreed Value</u>	
Land & Building :	280000
Plant & Machinery	120000
Furniture & Fixtures	10000
Inventories	60000
Goodwill	64400
Sundry Debtors	187200
Bank	58400
	780000
<u>Less :- Liabilities at Agreed Value</u>	
Sundry Creditors	180000
	600000

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REALISATION ACCOUNT

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
To Sundry Assets a/c		By Sundry Liabilities	
Land & Building	240000	Bills Payable	12000
Plant & Machinery	144000	Sundry Creditors	192000
Motor Van	96000		
Furniture & Fixtures	20000	By New Company a/c	
Stock	37600	HAD	600000
Sundry Debtors	208000	By Bank a/c	80000
Securities	48000	By Partners Capital a/c	
To Bank a/c [Exp]	10000	Hitesh	96000
To Bank a/c [BP]	12000		
To Partners Capital a/c			
Hitesh	65760		
Ashfaque	65760		
Dhaval	32880		
	980000		980000

BANK ACCOUNT

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
To Balance b/d	58400	By Realisation a/c	10000
To Realisation a/c	80000	By Realisation a/c	12000
		By Partners Capital a/c	
		Hitesh	46560
		Ashfaque	46560
		Dhaval	23280
	138400		138400

HAD

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
To Realisation	600000	By Equity Shares a/c	600000

PARTNERS CAPITAL ACCOUNT

PARTICULARS	HITESH	ASHFAQUE	DHAVAL	PARTICULARS	HITESH	ASHFAQUE	DHAVAL
To Realisation a/c	96000			By Balance b/d	240000	224000	136000
To Bank a/c	46560	46560	23280	By General Reserve a/c	19200	19200	9600
To Equity Shares a/c	182400	262400	155200	By Realisation a/c	65760	65760	32880
[Bal Figure]	324960	308960	178480		324960	308960	178480

BALANCE SHEET OF			HAD	Ltd
PARTICULARS	NOTE	AMOUNT		
EQUITY & LIABILITIES				
SHARE HOLDERS FUND				
Share Capital		600000		
Reserves & Surplus				
NON CURRENT LIABILITIES				
CURRENT LIABILITIES				
Trade Payable - Creditors		180000		
	TOTAL	780000		
ASSETS				

NON CURRENT ASSET		
Land & Building		280000
Plant & Machinery		120000
Furniture & Fixtures		10000
Goodwill		64400
CURRENT ASSET		
Inventories - Stock		60000
Trade Receivables - Debtors		187200
Cash & Cash Equivalent - Bank		58400
	TOTAL	780000

[15 MARKS]

Q.4. [B] ACCOUNTING FOR TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS
JOURNAL ENTRIES IN THE BOOKS OF MADHURI LTD.

DATE	PARTICULARS	L.F.	DEBIT(RS.)	CREDIT(RS.)
01.04.2016	Machinery A/cDr. To Leo Ltd.		3,40,00,000	3,40,00,000
01.04.2016	Leo Ltd. A/cDr. To Bank A/c		68,00,000	68,00,000
01.07.2016	Leo Ltd. A/c..... Dr FEF A/c Dr. To Bank a/c		51,00,000 37,500	51,37,500
01.12.2016	Leo Ltd. A/c..... Dr FEF A/cDr. To Bank a/c		85,00,000 1,25,000	86,25,000
31.03.2017	FEF A/cDr. To Leo Ltd.		4,50,000	4,50,000
31.03.2017	Profit & Loss A/cDr. To FEF A/c		6,12,500	6,12,500
01.04.2017	Leo Ltd. A/c..... Dr To Bank a/c To FEF A/c		1,40,50,000	1,37,50,000 3,00,000
31.03.2018	FEF A/cDr. To Profit & Loss A/c		3,00,000	3,00,000

FOREIGN EXCHANGE FLUCTUATION ACCOUNT

DATE	PARTICULARS	AMT.	DATE	PARTICULARS	AMT.
01.07.2016	To Bank a/c	37,500	31.3.2017	By Profit & Loss A/c	6,12,500
01.12.2016	To Bank a/c	1,25,000			
31.03.2017	To Leo Ltd.	4,50,000			
	Total	6,12,500		Total	6,12,500
31.03.2018	To Profit & Loss a/c	3,00,000	01.04.2017	By Leo Ltd. a/c	3,00,000
	Total	3,00,000		Total	3,00,000

[15 MARKS]

Q.5. [A] LONG ANSWER

Examiners are requested to exercise their own discretion and allot full marks if the learner has logically justified the answer.

OR

[15 MARKS]

Q.5. [B] SHORT NOTES

Examiners are requested to exercise their own discretion and allot full marks if the learner has logically justified the answer.