



SOLUTION - E Q.P. CODE :- 53734

EXAM :- S.Y.B.Com (Accounting & Finance) Sem - III	DATE :-
SUBJECT :- Financial Accounting (Special Accounting Areas) - III	Q.P. CODE :- 53734

INSTRUCTIONS FOR EXAMINERS AND MODERATORS

- Stepwise marking scheme is provided for each answer.
- Marks to be allotted even if different formats or methods adopted provided the answers are logically correct.
- 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.
- 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
True	False	False	True	False	True	True	False	False	False

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

1	2	3	4	5
Gain	3:2:10	Surplus Capital M.	Order of Payment	Loss
6	7	8	9	10
Nil	Dissolution	P&L Appropriation	Both A & B	Book

Q.2. [A] FINAL ACCOUNTS OF A PARTNERSHIP FIRM – RETIREMENT [15 MARKS]

PROFIT & LOSS ACCOUNT	6 MARKS
PROFIT & LOSS APPROPRIATION ACCOUNT	3 MARKS
PARTNERS CAPITAL ACCOUNT	3 MARKS
BALANCE SHEET	3 MARKS

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31/03/2018

Particulars	6 Months	6 Months	Particulars	6 Months	6 Months
To Office Expenses	12600	12600	By Gross Profit b/d	684000	171000
To Printing & Stationary	43200	43200	By Interest on Investments	3600	3600
To Salaries	87900	87900	By Discount	8640	
To Advertisment	30000	7500			
To Carriage Outward	10800	2700			
To Insurance	2700	2700			
To Salesman Commission	72000	18000			
To Bad Debts	2880	720			
Add:-R.B.D.	3200	800			
To Depreciation					
Machinery	9000	9000			
Furniture	1350	1350			
To Net Profit c/d	420610		By Net Loss c/d		11870
	696240	186470		696240	186470

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PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31/03/2018

Particulars	Amount	Amount	Particulars	Amount	Amount
To Net Loss b/d [Post]		11870	By Net Profit b/d [Pre]		420610
<u>To Interest on Capital</u>					
Manasi	19200		<u>By Interest on Drawing</u>		
Manvi	16200		Manasi	975	
Mandira	6300	41700	Maniv	1305	
<u>To Divisible Profit</u>			Mandira	420	2700
Manasi	184870				
Manvi	92435				
Mandira	92435	369740			
		423310			423310

PARTNERS CAPITAL ACCOUNT

PARTICULARS	MANASI	MANVI	MANDIRA	PARTICULARS	MANASI	MANVI	MANDIRA
To Drawings	19500	26100	16800	By Balance b/d	192000	162000	126000
To Int on Drawing	975	1305	420				
To Goodwill	15000	15000		By Interest on Capital	19200	16200	6300
To Mandira Loan			237515				
To Balance c/d	360595	228230		By Goodwill			30000
[Balancing Figure]				By Divisible Profit	184870	92435	92435
	396070	270635	254735		396070	270635	254735

BALANCE SHEET AS ON 31/03/2018

LIABILITIES	AMOUNT	AMOUNT	ASSETS	AMOUNT	AMOUNT
<u>Capital</u>			Land		540000
Manasi		360595	Machinery	360000	
Manvi		228230	Less :- Depreciation	-18000	342000
Mandira's Loan		237515	Furniture	27000	
			Less :- Depreciation	-2700	24300
Pre-received commission		5400	Debtors	97200	
Bills Payable		15810	Less :- Further Bad Debts	-4000	93200
Creditors		129750	Sundry Deposits		75300
Manvi's Loan		90000	Investments		120000
Bank Overdraft		180000	Cash and Bank		15450
			Bills Receivable		37050
		1247300			1247300

Q.2. [B] FILL IN THE BLANKS WITH APPROPRIATE OPTIONS [ANY 7]

[07 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

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**IN THE BOOKS OF GAGAN, AKASH AND SKY
TRADING ACCOUNT FOR THE YEAR ENDED 31.03.2018**

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
To Opening Stock	75000	By Sales	3250000
To Purchases	2950000	By Closing Stock	85000
To wages	45000	By goods distributed as samples	10000
To carriage inward	15000		
To Gross Profit c/d	260000		
	3345000		3345000

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

PARTICULARS	PRE	POST	PARTICULARS	PRE	POST
To office Salaries	2450	7350	By Gross profit b/d	72000	216000
To Bad debts	640				
Add: FBD	1000				
Add: R.D.D.(New)	43920				
Less: R.D.D.(Old)	15200	7590			22770
To Postage, Stat & Ins.	3482	10448			
To Rent, rates and taxes	1050	3150			
To Dep. On Furniture	512	1538			
To Free samples	1250	3750			
To Net Profit c/d	55666	166994			
	72000	216000		72000	216000

PROFIT & LOSS APPROPRIATION ACCOUNT

PARTICULARS	PRE	POST	PARTICULARS	PRE	POST
<u>To Interest on capital:</u>			By Net profit b/d	42500	87500
Gagan	12500	12500			
Akash	6250	6250			
Sky		2500			
To P.Capital a/c(Old)	23750				
To P. Capital a/c(All)		66250			
	42500	87500		42500	87500

PARTNERS CAPITAL ACCOUNT

PARTICULARS	GAGAN	AKASH	SKY	PARTICULARS	GAGAN	AKASH	SKY
To Drawings	25000	12500	6250	By bal b/d	250000	125000	
				By Cash/ bank			50000
				By Goodwill	10000	2500	
				By Int. on capital	25000	12500	2500
				By P & L app.(Pre)	19000	4750	
To Bal c/d	321400	142850	59500	By P&L app.(Post)	42400	10600	13250
	346400	155350	65750		346400	155350	65750

BALANCE SHEET AS ON 31.03.2018

LIABILITIES	AMOUNT	AMOUNT	ASSET	AMOUNT	AMOUNT
Capital A/c:			Building	175000	
Gagan		321400	Less: Dep. @10%	17500	157500
Akash		142850	Motor Car	25000	
Sky		59500	Less: Dep. @10%	2500	22500
			Debtors		300000
Creditors		350000	Closing Stock		85000
			Bank		283750
		873750			873750

Working Notes:

- 1) Time Ratio : 1:1
- 2) Sales Ratio : 2:3
- 3) New PSR : 16:4:5

Q.3. [A]

[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

	B & O	A & T
ASSETS		
Goodwill	50000	50000
Tools	10000	
Building	100000	40000
Investments	30400	51300
Debtors	20000	44000
Machinery	116600	84000
Furniture & Fixtures	30000	50000
TOTAL	357000	319300
Less :-		
LIABILITIES		
Bad Debts		10000
R.D.D.	2000	3400
Creditors	50000	44000
Bills Payable	40000	20000
TOTAL	92000	77400
PC	265000	241900

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**IN THE BOOKS OF B & O
REALISATION ACCOUNT**

Dr.			Cr.		
PARTICULARS		AMOUNT	PARTICULARS		AMOUNT
To <u>Sundry Asset</u>			By <u>Sundry Liab.</u>		
Investments	32000		Creditors	50000	
Debtors	20000		Bills Payable	40000	
Machinery	106000		Bank Loan	20000	
Goodwill	24000		Mrs. O's Loan	<u>14000</u>	124000
Fixture & Patterns	30000		By BOAT		265000
Building	<u>100000</u>	312000			
To <u>Cash/Bank</u>					
Bank Loan	20000				
Mrs. O's Loan	<u>14000</u>	34000			
To <u>Partner's Capital</u>					
B	21500				
O	<u>21500</u>	43000			
		<u>389000</u>			<u>389000</u>

Dr.			Cr.		
PARTICULARS	B	O	PARTICULARS	B	O
To Cash	15000	15000	By Balance b/d	120000	110000
			By General Reserve	6000	6000
			By Investment Fl. Fund	5000	5000
To BOAT [Bal fig]	137500	127500	By Realisation a/c	21500	21500
	<u>152500</u>	<u>142500</u>		<u>152500</u>	<u>142500</u>

Dr.			Cr.		
PARTICULARS	AMT	AMT	PARTICULARS	AMT	AMT
To Realisation a/c		265000	By <u>Partners Cap. a/c</u>		
			B	137500	
			O	<u>127500</u>	265000
		<u>265000</u>			<u>265000</u>

Dr.			Cr.		
PARTICULARS	AMT	AMT	PARTICULARS	AMT	AMT
To Balance b/d		64000	By <u>Realisation</u>		
			Bank Loan	20000	
			Mrs. O's Loan	<u>14000</u>	34000
			By <u>Partners Capital</u>		
			B	15000	
			O	<u>15000</u>	30000
		<u>64000</u>			<u>64000</u>

**IN THE BOOKS OF A & T
REALISATION ACCOUNT**

Dr.			Cr.		
PARTICULARS	AMT	AMT	PARTICULARS	AMT	AMT
To <u>Sundry Asset</u>			By <u>Sundry Liabilities</u>		
Investments	54000		Creditors	44000	
Debtors	44000		Bills Payable	20000	
Machinery	70000		Bank Loan	<u>24000</u>	88000
Fixture & Patterns	42000		By BOAT		241900
Furniture	<u>40000</u>	250000			
To <u>Cash/Bank</u>		24000			
To <u>Partners Capital</u>					
A	37267				
T	<u>18633</u>	55900			
		<u>329900</u>			<u>329900</u>

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Dr.		PARTNER'S CAPITAL ACCOUNT				Cr.	
PARTICULARS	A	T	PARTICULARS	A	T		
To Cash/ Bank a/c	17333	8667	By Balance b/d	100000	80000		
			By General Reserve	16000	8000		
			By Invest. Fl. Fund	5333	2667		
To BOAT account	141267	100633	By Realisation a/c	37267	18633		
	158600	109300		158600	109300		

Dr.		BOAT ACCOUNT				Cr.	
PARTICULARS	AMT	AMT	PARTICULARS	AMT	AMT		
To Realisation		241900	By Partners Cap. A/c				
			A	141267			
			T	100633	241900		
		241900			241900		

Dr.		CASH/BANK ACCOUNT				Cr.	
PARTICULARS	AMT	AMT	PARTICULARS	AMT	AMT		
To Balance b/d		50000	By Realisation		24000		
			By Partners Capital				
			A	17333			
			T	8667	26000		
		50000			50000		

BALANCE SHEET AS ON 31/03/2018					
LIABILITIES	AMT	AMT	ASSETS	AMT	AMT
<u>Capital</u>			<u>FIXED ASSET</u>		
B	137500		Goodwill	100000	
O	127500		Tools	10000	
A	141267		Building	140000	
T	100633	506900	Investments	81700	
			Machinery	200600	
Creditors	94000		Furniture & Fixtures	80000	612300
Bills Payable	60000	154000	Debtors	64000	
			Less :- Bad Debts	10000	
				54000	
			Less :- R.D.D.	5400	48600
		660900			660900

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	RITU	NITU	RIBU
1.Capital Balance	350000	175000	35000
2.P.S.R.	3	2	1
3.Unit Value	116667	87500	35000
4.P.C.(L.U.V.*PSR)	105000	70000	35000
5.E.C.	245000	105000	-
6.P.S.R.	3	2	
7.Unit Value	81667	52500	
8.P.C.	157500	105000	
9.U.E.C.	87500	-	

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STATEMENT OF DISTRIBUTION OF CASH

PARTICULARS	CASH	TOTAL CLAIM	CREDITORS	UNSECURED LOAN	RITU	NITU	RIBU
Balance	70000	1085000	350000	175000	350000	175000	35000
Less: Prov. For bill discounted	25000						
	45000	45000	30000	15000			
Less: Paid to Crs. And Loan							
Balance	-	1040000	320000	160000	350000	175000	35000
1 st Realisation(Net)	192500						
Less: Paid to Crs. And Loan	192500	192500	128333	64167			
Balance	-	847500	191667	95833	350000	175000	35000
2 nd Realisation(Net)	301500						
Less: Paid to Crs. And Loan	287500	287500	191667	95833			
	14000	14000			14000		
Less: Ritu for UEC							
Balance	-	546000	-	-	336000	175000	35000
3 rd Realisation(Net)	162750						
Less: Ritu for UEC	73500	73500			73500		
Less: Ritu & Nitu for EC	89250	89250			53550	35700	
Balance	-	383250	-	-	208950	139300	35000
4 th Realisation(Net)	263750						
Add: Prov. For Bill disc. no longer required	25000						
Less: Ritu & Nitu for EC	173250	173250			103950	69300	
Less : Paid to all partners	115500	115500			57750	38500	19250
Loss on Realisation	-	94500			47250	31500	15750

[15 MARKS]

Q.4. [A]

CONVERSION OF A PARTNERSHIP FIRM INTO A LIMITED COMPANY

MARKING SCHEME	
Calculation of PC	5 Marks
Realisation a/c	4 Marks
Partners Capital a/c	2 Marks
New Company a/c	1 Mark
Bank a/c	1 Mark
Balance Sheet	2 Marks

CALCULATION OF PURCHASE CONSIDERATION

PARTICULARS	AMOUNT
<u>Assets taken over at Agreed Value</u>	
Building	200000
Plant & Machinery	200000
Furniture	14000
Stock	150000
Goodwill	66200
Sundry Debtors	148500
Bank	200000
	978700
<u>Less :- Liabilities at Agreed Value</u>	
Sundry Creditors	82000
	896700



REALISATION ACCOUNT

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
<u>To Sundry Assets a/c</u>		<u>By Sundry Liabilities</u>	
Building	198000	Bills Payable	8000
Plant & Machinery	152000	Sundry Creditors	96000
Motor Van	66000		
Furniture	84000	<u>By New Company a/c</u>	
Stock	120000	AEJ	896700
Sundry Debtors	165000	By Bank a/c [Crs]	50000
Investment	43000	<u>By Partners Capital a/c</u>	
To Bank a/c [Exp]	20000	Anelka	66000
To Bank a/c [BP]	8000		
<u>To Partners Capital a/c</u>			
Anelka	86900		
Eliza	86900		
Jinal	86900		
	1116700		1116700

BANK ACCOUNT

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
To Balance b/d	200000	By Realisation a/c	20000
To Realisation a/c	50000	By Realisation a/c	8000
		<u>By Partners Capital a/c</u>	
		Anelka	74000
		Eliza	74000
		Jinal	74000
	250000		250000

AEJ

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
To Realisation	896700	By Equity Shares a/c	896700

PARTNERS CAPITAL ACCOUNT

PARTICULARS	ANELKA	ELIZA	JINAL	PARTICULARS	ANELKA	ELIZA	JINAL
To Realisation a/c	66000			By Balance bld	300000	300000	300000
To Bank a/c	74000	74000	74000	By General Reserve a/c	8000	8000	8000
To Equity Shares a/c	254900	320900	320900	By Realisation a/c	86900	86900	86900
[Bal Figure]	394900	394900	394900		394900	394900	394900

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AEJ Ltd

BALANCE SHEET OF

PARTICULARS	NOTE	AMOUNT
<u>EQUITY & LIABILITIES</u>		
SHARE HOLDERS FUND		
Share Capital		896700
Reserves & Surplus		
NON CURRENT LIABILITIES		
CURRENT LIABILITIES		
Trade Payable - Creditors		82000
	TOTAL	978700
<u>ASSETS</u>		
<u>NON CURRENT ASSET</u>		
Building		200000
Plant & Machinery		200000
Furniture		14000
Goodwill		66200
<u>CURRENT ASSET</u>		
Inventories - Stock		150000
Trade Receivables - Debtors		148500
Cash & Cash Equivalent - Bank		200000
	TOTAL	978700

Q.4. [B] ACCOUNTING FOR TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

[15 MARKS]

NOTE :- 15 MARKS FOR JOURNAL ENTRIES [1.5 MARKS FOR EACH ENTRIES]

JOURNAL ENTRIES IN THE BOOKS OF PRAGATI LTD.

DATE	PARTICULARS	L.F.	DEBIT(Rs.)	CREDIT(Rs.)
01.01.2017	Holder Ltd. a/c.....Dr. To Export Sales a/c		81,60,000	81,60,000
01.02.2017	Purchases a/cDr. To Brian Ltd. a.c		1,03,50,000	1,03,50,000
10.03.2017	Bank a/cDr. To Holder Ltd. a/c To FEF a/c		56,00,000	54,40,000 1,60,000
20.03.2017	Brian Ltd. a.cDr. To Bank a/c To FEF a/c		55,20,000	54,40,000 80,000
31.03.2017	Holder Ltd. a.cDr. To FEF a/c		80,000	80,000
31.03.2017	FEF a/cDr. To Brian Ltd. a/c		70,000	70,000
31.03.2017	FEF a/cDr. To Profit & Loss a/c		2,50,000	2,50,000
15.04.2017	Bank a/cDr. To Holder Ltd. a/c To FEF a/c		28,20,000	28,00,000 20,000
25.05.2017	Brian a/cDr. FEF a/c Dr. To Bank a/c		49,00,000 1,40,000	50,40,000
31.03.2018	Profit & Loss a/cDr. To FEF a/c		1,20,000	1,20,000

Q.5. [A] LONG ANSWER

[15 MARKS]

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

OR

Q.5. [B] SHORT NOTES

[15 MARKS]

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