

VidyaVikasMandals
Shree Damodar College of Commerce & Economics, Margao-Goa
FYBCOM- SEMESTER I, SEE, OCTOBER 2015

DURATION :- 2hours

Maximum Marks:- 80

Financial Accounting

Instructions:-

- 1) Q.NO.1 is compulsory
- 2) Attempt any 3 questions from Q.NO 2 to Q.NO 6
- 3) Figures to the right indicate maximum marks.
- 4) Start each new question on a fresh page.

Q1) Tara, Rekha and Mita were partners sharing profits and losses in the ratio of 3:2:1. The following is the balance sheet of the partnership firm as on 31stMarch 2015.

LIABILITIES	AMOUNT(Rs)	ASSETS	AMOUNT(Rs)
Capitals		Land and Building	50,000
Tara	50,000	Machinery	40,000
Rekha	20,000	Stock	30,000
Mita	20,000	Bills Receivable	30,000
Creditors	60,000	Debtors	20,000
Bills Payable	15,000	Cash	15,000
Mortgage Loan	20,000		
TOTAL	1,85,000	TOTAL	1,85,000

The partners decided to convert the business into a private limited company called “Sankashti Co Ltd” on the above date on the following terms:-

- 1) The company took over the following assets (except stock) and Liability at the following terms:-

Land and Building	45,000
Machinery	30,000
Bills Receivable	30,000
Debtors	15,000
Bills Payable	10,000
- 2) The creditors were taken over by Tara who provided for a discount of 20%.
- 3) The Mortgage loan was to be discharged by the partnership firm.
- 4) The stock was taken over by Rekha for Rs. 27,000.
- 5) The Purchase Consideration amount was settled by “Sankashti Co Ltd” by issue of 10,000 equity shares of Rs.10 each and the balance in cash.
- 6) The partners decided to distribute the shares according to their profit and loss sharing ratio.

Prepare the following accounts in the books of the Partnership firm:-

- (a) Realisation Account
- (b) Partners' Capital Account
- (c) Cash Account
- (d) Sankashti Co Ltd.

(20 marks)

Q2) Suresh bought a plant on 1.1.2010 for a sum of Rs. 1,00,000 having an useful life of 5 years. It is estimated that the plant will have a scrap value of Rs.16,000 at the end of its useful life. Suresh decided to charge depreciation according to the depreciation fund method. The depreciation fund investments are expected to earn an interest at 5% p.a. The sinking fund table shows that Re. 0.180975 if invested yearly at 5% p.a. produces Re. 1 at the end of 5yrs. The investments are sold at the end of the 5th year for a sum of Rs. 70,000. A new plant was purchased for Rs.1,20,000 on 1.1.2015. The scrap of the old plant realises Rs.17,000.

You are required to prepare Machinery Account, Depreciation Fund Account and Depreciation Fund Investment Account for five years. (20 Marks)

Q3) Mr.Kashinath keeps his accounts on Single Entry system. An analysis of his Cash book for the year ended 31st December 2014, gives the following particulars:-

Debit side	Amount
Received from Debtors	12,000
Received on Capital Account (Additional Capital)	3,000
Credit side	
Due to bank 1 st January 2014	1000
Payments to Sundry Creditors	5000
General Expenses of business	2000
Wages	3100
Drawings	600
Balance at Bank	2800
Balance in Hand	500

Further additional information is as under :-

Particulars	31 st December 2013	31 st December 2014
Debtors	10600	16000
Creditors	3000	3900
Stock	3400	3800
Plant and Machinery	4000	4000
Furnitures and Fixtures	2000	2000

Further additional information is as under:-

- (1) Depreciation at the rate of 10% per annum on Plant & Machinery and on Furniture and Fixtures should be provided.
- (2) Reserve for Doubtful Debts should be created and, maintained at 5% of Sundry Debtors.
- (3) Bad Debts during the year amounted to Rs. 1600.

From the above information prepare:

- Trading Account and Profit and Loss Account for the year ended 31st December 2014.
- Balance Sheet as at that date. (20 marks)

Q 4) Following is the extract of balance sheet of Kalyan & Co. having two partners Amit and Amita sharing profits and losses in the ratio of 5::2 as on 31st March 2015 when they decided to convert their firm into a company- Antara Co Ltd.

Liabilities	Rs.	Assets	Rs.
Capitals – Amit	3,50,000	Building	80,000
Amita	1,00,000	Plant & Machinery	1,40,000
Creditors	60,000	Furniture	60,000
Outstanding Expenses	20,000	Investments	1,00,000
		Stock	50,000
		Debtors	60,000
		Cash & Bank	40,000
TOTAL	5,30,000	TOTAL	5,30,000

Terms of Conversion:

- Goodwill to be valued at Rs. 3,00,000
- Building to be depreciated by 30 %.
- Plant & Machinery to be depreciated by 15%
- Stock to be valued at Rs. 35,000.
- Furniture was taken over by the company at the book value.
- Reserve for Doubtful Debts to be provided at Rs. 4,500
- Investments not to be taken over by the company.
- Creditors agreed to provide a discount of Rs. 22,000.
- Outstanding expenses amounted to Rs. 20,000.

The purchase consideration was to be discharged by issue of 3,000 equity shares of Rs. 100 each and the balance in the form of cash. The company issued to the public 1,000 Preference shares of Rs. 10 at 15% premium. Preliminary Expenses incurred by the company were Rs. 3,000.

Pass Journal entries in the Books of Antara Co. Ltd to effect the above and prepare the opening Balance sheet as per the revised schedule III of the Companies Act 2013. (20 marks)

Q5) (A) Prepare necessary Vouchers for the following transactions in the books of Arondekar Agencies Pvt.Ltd, Mapusa Goa.

2015

1ST April- Paid to Radhika Enterprises Rs.5000 as per Bill No. 255 for purchase of goods.

10th April- Paid Rs.750 to madhu for hire of taxi No. GA-06-D-7615 for official visit to Panjim and back.

14th April- Cheque No.876668 issued to Frozzent Wholesalers against Bill No. TA 874658 for Rs. 47000 drawn on HdfcPanjim.

25th April- Sold on credit to MrParag goods worth Rs.65000 via Bill No.342. (10 marks)

(B) A firm purchased a lease for 3 years for Rs.30,000 on 1.1.2012. It is decided to provide for its replacement by means of an Insurance Policy for Rs.30,000. The annual premium was Rs.9,500. On 1.1.2015, the lease was renewed for a further period of 3years for Rs.30,000.

Prepare Lease Account, Depreciation Fund Account and Depreciation Insurance Policy Account for the period of three years for three years. (10 marks)

Q 6) Write short notes on ANY FOUR:

(5 marks X 4)= 20 marks

- a) Going Concern Concept
- b) Money Measurement concept
- c) Accounting Standard for Revenue Recognition
- d) Bank and Cash Payment Vouchers
- e) Depletion Method of Depreciation
- f) Role of Accounting Standard Board.