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Vidya Vikas Mandal's

Shree Damodar College of Commerce & Economics, Margao-Goa

F.Y.B.Com Semester-I, Semester End Examination, Oct 2017 (Old Course)

**Financial Accounting I**

**Duration: 2 HOURS**

**Max. Marks: 80**

Instructions: 1. Question No. 1 is **compulsory**.

2. Attempt any **three** questions from Q. No. 2 to Q. No. 6

3. Figures to the right indicate marks allotted to the question.

4. Give working notes where required.

**Q 1.** Babloo and Parimal were partners in a partnership firm M/S BP & Co. sharing profits and losses in the ratio of 2 : 1. On 31-3-2016 their Balance Sheet was under:

LIABILITIES	AMT(RS.)	ASSETS	AMT(RS.)
Babloo's Capital	1,44,000	Machinery	72,000
Parimal's Capital	72,000	Stock	1,80,000
S. Creditors	1,44,000	S. Debtors	2,05,200
Bills Payable	36,000	Bills Receivable	18,000
Bank Loan	80,280	Cash in Hand	1,080
	<b>4,76,280</b>		<b>4,76,280</b>

On that date they agreed to sell the business to Pooja Ltd. at the following terms:

a. The firm received Rs. 2,16,000 of the purchase price in Rs. 10 equity shares in Pooja Ltd. and Rs. 1,08,000 in cash which was distributed among the partners in proportion to their capitals.

b. Pooja Ltd. took over S. Debtors at Rs. 1,94,400, Stock at Rs. 1,58,400, Machinery at Rs. 87,120, other assets and liabilities at their book values. Pooja Ltd. also agreed to pay Rs. 1,25,280 for Goodwill.

Prepare a. Realisation Account b. Partners Capital Account c. Pooja Ltd. Account d. Equity Shares in Pooja Ltd. Account e. Cash Account.

**Q 2.** Indus Ltd. purchased a machinery on 1-1-2011 for Rs. 3,80,000 and spent Rs. 20,000 for installation. The life of the machinery is five years. It is decided to provide for the replacement the machinery by setting up a sinking fund. It is expected that investments will earn interest @ 5% p.a. Sinking fund tables show that Rs. 0.180975 invested each year will produce Rs. 1 at the end of the five years at 5% p.a.

Indus Ltd. closes its books as on 31<sup>st</sup> December every year. The sinking fund investments are sold at Rs. 3,12,000 on 31-12-2015.

Prepare Machinery Account, Sinking Fund Account and Sinking Fund Investment Account for the five years from 2011 to 2015.

[20 Marks]

**Q 3.** Mr. Chandu maintains his books on the Single Entry System and furnishes the following details:

Particulars	31-3-2015(Rs.)	31-3-2016(Rs.)
Fixed Assets	20,000	25,000
Debtors	25,000	40,000
Creditors	15,000	20,000
Stock	10,000	15,000
Cash	5,000	8,000

The other information relating to the year ended 31-3-2016 is as follows:

Particulars	Amt(Rs.)
Received from Debtors	2,50,000
Payment to Creditors	2,00,000
Discount earned	5,000
Bad Debts	7,000
Expenses paid	30,000
Drawings	6,000
Cash Sales	5,000
Cash Purchases	11,000

Prepare Profit and Loss Account and a Balance Sheet for the year ended 31-3-2016 after making the following adjustments:

- a. Depreciation on fixed Assets @ 10%
- b. Provide for outstanding liabilities for expenses of Rs. 5,000.
- c. Provide a reserve for bad debts of Rs. 2,500.

[20 Marks]

Q 4. The following is the Balance Sheet of M/S Virginkar and Co. as on 31-3-2016:

LIABILITIES	AMT(RS.)	ASSETS	AMT(RS.)
Shanu's Capital	55,000	Building	33,000
Shambu's Capital	55,000	Plant & Machinery	42,000
Creditors	40,000	Furniture	5,000
		Stock	15,000
		Debtors	35,000
		Cash & Bank	20,000
	1,50,000		1,50,000

On 1-4-2016, the firm is converted into Piku Ltd. with a authorised capital of Rs.2,00,000 divided into Equity Shares of Rs.10 each on the following terms:

- a. Debtors, Cash & Bank balance and Creditors of the firm were not taken over by Piku Ltd.
- b. Assets were revalued as : Furniture Rs. 3000, Plant & Machinery Rs. 40,000, Building Rs. 35,000 and Stock Rs. 40,000.
- c. As part of purchase consideration, the partners were to be allotted at par 13,000 Equity Shares of Rs. 10 each and Rs. 20,000 in cash.
- d. Preliminary expenses of Piku Ltd. amounted to Rs. 2,000.

Pass journal entries in the books of Piku Ltd. and prepare the Balance Sheet of Piku Ltd. as per schedule III of the Companies Act 2013.

[20 Marks]



**Q 5. A.** Prepare necessary vouchers for the following transactions of Jupiter Ltd., Margao-Goa during the month of September 2016.

a. 1-09-2016 - Paid Rs. 500 to Mr. Rickey for hire of his taxi No. GA-08-T-7309 for official visit to Vasco and back.

b. 11-09-2016 – Salary paid to Mr. Sachin for the month of August 2016

c. 23-09-2016 – Paid to Reliance Stores Rs. 9000 as per bill no. 216 for purchases

d. 26-09-2016 – Received cash from Mr. Pandari Rs. 630

e. 30-09-2016 – Paid vide cheque no. 23468 for Rs. 50,000 of Central Bank of India, to Royston Traders towards purchases. **[10 Marks]**

**B.** Reva Ltd. purchased a Lease on 1-1-2013 for three years for Rs. 90000 and decided to provide for its replacement by means of an Insurance Policy. The annual premium was Rs. 28,500.

Prepare Lease Account, Sinking Fund Account and Insurance Policy Account for the three years from 2013 to 2015. **[10 Marks]**

**Q 6.** Write short notes on any **four** of the following: **[20 Marks]**

a. Accounting Standard for Revenue Recognition

b. Convention of Disclosure

c. Features of Single Entry System

d. Consequences of Conversion of Partnership Firm into a Company

e. Types of Payment Vouchers