

Vidya Vikas Mandal's
Shree Damodar College of Commerce and Economics Margao-Goa
F.Y.BCOM SEM I, MAY/JUNE SUPPLEMENTARY EXAMINATION 2017
FINANCIAL ACCOUNTING I

Duration: 2 hours

Max. Marks: 80

Instructions:

- Figures to the right indicate maximum marks.
- **Q1** is compulsory
- Answer **Any Three** from **Q2 to Q6**.

Q1. Ram, Shyam and Surya are partners in M/s R & S Co. sharing profit and loss in the ratio of 2:2:1 respectively. The Balance sheet is as follows:

Liabilities	(Rs)	Assets	(Rs)
Creditors	30,000	Bank	12,400
Bills Payable	6,400	Debtors	42,000
<u>Capital :</u>		<u>Less: Provision</u>	<u>4,000</u>
Ram	40,000	Stock	40,000
Shyam	40,000	Plant and Machinery	34,000
Surya	20,000	Fixtures	4,000
		Goodwill	8,000
	<u>1,36,400</u>		<u>1,36,400</u>

It was decided to sell the business to Anant Ltd which agreed to allot 12,000 fully paid shares of 10 each at 5% premium in full satisfaction of Purchase Consideration. The company assumed to take over the Liabilities except for Bills Payable and took over all the Assets except for Bank balance. Partners decided to pay Bills Payable from the Bank balance.

Prepare the following accounts in the books of M/s R & S Co (Old Firm):

- | | |
|-------------------------|-------------------------------|
| a) Realisation A/c | d) Equity Shares in Anant Ltd |
| b) Partners Capital A/c | e) Bank A/c |
| c) Anant Ltd | |

(20 Marks)

Q2. A Machinery is purchased by Siddhartha Ltd on 1st January 2009 for Rs. 50,000. The machinery is to be replaced at the end of the Fifth year for which purpose a Sinking Fund was set up. It is expected that the securities will earn interest @ 5% p.a. Sinking Fund tables show that the requisite amount to provide for Re. 1 for 5 years at 5% interest is Rs. 0.180975. Siddhartha Ltd closes its books on 31st December every year. At the end of the Fifth year, the investments realized at 15% profit. New machinery is installed on 1st January 2014 at the cost of Rs. 60,000.

Prepare the following accounts for 5 years.

- a) Machinery A/c
- b) Depreciation Fund A/c and
- c) Depreciation Fund Investment A/c

(20 Marks)

Q3. Mr Kamat keeps his books on the basis of Single Entry System. The balance of the assets and the liabilities of the business were as follows:

Particulars	1-1-2014 (Rs)	31-12-2014 (Rs)
Cash at Bank	3,000	2,000
Bills Receivable	4,000	3,000
Sundry Debtors	12,000	10,000
Sundry Creditors	7,000	8,000
Bills Payable	4,000	2,000
Stock	10,000	8,000
Machinery	8,000	8,000

The Cash Book of Mr. Kamat for the year ended 31-12-2014 was as under:

Receipts	(Rs)	Payments	(Rs)
To Balance b/d	3,000	By Creditors	25,000
To Debtors	32,000	By Bills Payable	8,000
To Bills Receivable	10,000	By Drawings	1,000
		By Salaries	5,000
		By Wages	2,000
		By Rent	2,000
		By Balance c/d	2,000
	45,000		45,000

Other transactions during the year were as follows:

1. Discount Allowed to Debtors Rs. 500
2. Discount Received from the Creditors Rs. 300
3. Bills Received during the year Rs. 9,000
4. Bills Accepted during the year Rs. 6,000

Prepare Trading and Profit and loss Account for the year ending 31st December 2014 and also the Balance Sheet as on 31st December 2014. **(20 Marks)**

Q4. V Co Ltd was formed with an Authorized Capital of Rs.9,00,000 divided into 60,000 Equity Shares of Rs. 10 each and 3,000 Preference shares of Rs. 100 each to acquire the business of M/s AB & Co. The Balance sheet of M/s AB & Co. at the time of acquisition was as follows:

Liabilities	(Rs)	Assets	(Rs)
Capital	1,67,000	Land and Building	60,000
A's Loan	16,500	Plant and Machinery	75,000
Creditors	6,500	Furniture	5,500
Bills Payable	10,000	Stock	46,000
		Debtors	9,700
		Cash at Bank	3,800
	<u>2,00,000</u>		<u>2,00,000</u>

The Purchase Consideration was to be paid by V Co Ltd by issue of 15,000 Equity shares of Rs. 10 each and 900 preference shares of Rs. 100 each and Rs. 10,000 in cash.

V Co Ltd took over the Creditors and Bills Payable, but A's loan was not taken over.

All Assets of M/s AB & Co. were taken over at their book values except stock which was revalued at Rs. 50,000.

A provision of 5% was also created against the Debtors. Preliminary Expenses amounted to Rs. 20,000

To provide the necessary working capital the remaining equity shares were issued to the public at 10% premium and all cash was duly received.

Show entries in the books of V Co Ltd and prepare the opening Balance Sheet as per schedule III, companies Act 2013. **(20 Marks)**

Q5. A) Prepare necessary vouchers for the following transactions in the books of M/s D'Souza and Sons, Ponda- Goa for the month of April 2015. **(10 Marks)**

1 st April 2015	Paid Salaries of Rs. 6,000 to Mr. Dias for the month of January 2015.
15 th April 2015	Cash sales realized Rs.37,600
20 th April 2015	Cheque no 665544 for Rs. 1,40,000 drawn on State Bank of India, Margao- Goa, received from M/s Joshi Bros dated 5-2-2015.
28 th April 2015	Purchased goods on credit from Star Agencies Rs 50,000

B) A company purchased a Lease for 3 years for Rs. 30,000 on 1st January 2012 and decided to provide for its replacement by means of an insurance policy of Rs. 30,000. The annual premium was Rs. 9500.
On 1st Jan 2015, the Lease is renewed for a further period of 3 yrs for Rs. 30,000.

Prepare:

- Lease A/c
- Depreciation Fund A/c
- Depreciation Insurance Policy A/c

(10 Marks)

Q6. Write Short notes on the following: (Any Four)

(4x5=20 Marks)

- Accounting Standard for Fixed Assets
- Conservatism convention
- Money Measurement concept
- Different types of Payment vouchers
- Determination of Purchase Consideration
- Concept of Single Entry system of Accounting