

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao Goa
F.Y.B.Com - Semester I, May/June Supplementary Examination 2018

Sub: Financial Accounting -I (Old Course)

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.

Q1. Rustom Ltd. purchased a machinery for Rs. 5,00,000 on 1-1-2013 and incurred Rs. 1,00,000 towards freight, insurance, carriage inwards and installation charges. It was estimated that the machinery will have a scrap value of Rs. 50,000 at the end of its useful life of four years.

It was decided to take out an insurance policy to provide necessary funds for the replacement of assets at the end of its useful life. The annual insurance premium for the policy to be paid on 1st April every year was Rs. 1,30,000. The scrap value at the end of fourth year realized Rs. 52,000.

Prepare Machinery Account, Sinking Fund Account and Insurance Policy Account.

[20 Marks]

Q.2. Mr. Damu maintains his books under single entry system. The following balances are available from his records:

Particulars	31-3-2016	31-3-2017
Building	100000	150000
Machinery	150000	200000
Furniture	12500	15000
Bills Receivable	-----	10000
Bank Loan	75000	100000
Cash & Bank	105000	100625
S. Debtors	75000	62500
S. Creditors	100000	162500
Investments	-----	12500
Bills Payable	-----	15000
Stock	75000	100000

Additional information for the year:

1. Collection from debtors Rs. 212500
2. Payment to creditors Rs.162500
3. Collection from Bills Receivable during the year Rs. 5000
4. Bills Receivable endorsed to creditors Rs. 7500
5. Bills receivable cancelled during the year Rs. 2500
6. Further Loan obtained from bank Rs. 50000
7. Cash sales were 20%. There were no cash purchases.
8. Sundry office expenses amounted to Rs. 27500 of which Rs. 2500 were outstanding on 31-3-2017
9. Depreciate building at 5%, machinery and furniture at 10%

Prepare Trading, Profit & Loss Account and Balance Sheet as on 31-3-2017

[20 Marks]

Q 3. Tom & Jerry were partners in hotel business by name M/S TJ & Co. for a number of years, decided to convert their business into a Limited Company on 31-12-2017. Their Balance Sheet on that date was as follows:

<u>Liabilities</u>	<u>Amount(Rs.)</u>	<u>Assets</u>	<u>Amount(Rs.)</u>
Capitals :		Cash	66000
Tom 300000		Debtors	40000
Jerry <u>386000</u>	686000	Stores & Utensils	180000
Creditors	70000	Furniture	100000
Outstanding Expenses	<u>30000</u>	Building	<u>400000</u>
	786000		786000

The firm was sold to a newly formed company known as Moonlight Ltd. on the following terms:

- a. The company is to take over all assets except the cash balance and the Debtors for an agreed sum of Rs. 800000 to be discharged by the issue of 6000 equity shares of Rs. 100 each and 2000 debentures of Rs. 100 each.
- b. The firm realized from the Debtors 90% of the sums due in final settlement and paid all outstanding liabilities. A 10% discount was obtained from the Creditors at final settlement.
- c. The expenses of formation of the company amounted to Rs. 9000 and these expenses were borne by the partnership firm.
- d. The debentures were taken over by Jerry at face value. The equity shares were shared equally by partners.
- e. Mutual settlement was made by partners by cash payments and was agreed to bring in or pay cash.
- f. Tom and Jerry shared profits and losses in the ratio of 3:2

Prepare ledger Accounts to close the books of the Partnership firm. [20 Marks]

Q4. Amar, Akbar and Antony were partners in a firm carrying on business and sharing Profit and Losses in the ratios of 3:2:1 respectively. They decided to dissolve the business and convert into private ltd company called Beta Ltd. with authorised capital dividend into 600000 shares of Rs. 10 each. The Balance Sheet of the firm as on 31-3-2017 was as under.

<u>Liabilities</u>	<u>Amount(Rs.)</u>	<u>Assets</u>	<u>Amount(Rs.)</u>
Capital A/c:		Building	140000
Amar	252000	Machinery	91000
Akbar	168000	Furniture	8400
Antony	196000	Motor cars	25200
Daina's loan	56000	Stock	252000
S. Creditors	39200	Debtors	72800
		Bank	<u>121800</u>
	<u>711200</u>		<u>711200</u>

Amar was given one of the motor car valued at Rs. 8400 by the other partners. Amar also took certain furniture for Rs. 2100 and debtors at book value and agreed to discharge the creditors.

The remaining motor cars and furniture and other assets were taken over by the company as: Motor cars Rs. 14000, Furniture Rs. 4200, Stock Rs. 232400, Building & machinery at book values and Godwill at Rs. 65000.

Daina's loan was paid by the firm. The purchase consideration was to be discharged by issue of 48272 equity shares of Rs. 10 each and balance in cash. The shares are to be distributed among partners appropriately.

Pass journal entries and prepare the Balance Sheet of Beta Ltd.

[20 Marks]

Q. 5. A. Prepare necessary vouchers for the following transactions of Alponso Agencies Pvt. Ltd., Margao-Goa during the month of September 2017.

1-09-2017 - Paid to Postage and Telegraph Department Rs.

10-09-2017 – Salary Rs. 10,000 paid to Mr. Shyam for the month of August 2017

21-09-2017 – Paid to Anna Stores Rs. 2000 as per bill no. 126 for purchases

25-09-2017 – 250Paid Rs. 500 to Mr. Babu for hire of his taxi No. GA-08-T-3535 for official visit to Panjim and back.

30- 09-2017 – Paid vide cheque no. 45678 for Rs. 3000 of Syndicate Bank , to Vijay Electricals towards repairs of water pump

[10 Marks]

B. The following were the balances in the books of Greenlam Ltd. as on 1-1-2017

Machinery Account – Rs 52000

Sinking Fund Account – Rs. 32839

Sinking Fund Investment Account – Rs. 32839

The annual appropriation according to the sinking fund table at 3% p.a. interest is Rs. 16177, the estimated scrap value was Rs. 2000 and the sinking fund investments realised Rs. 32800 on 31-12-2017.

Prepare Machinery Account, Sinking Fund Account and Sinking Fund Investment Account for the year 2017 [10 Marks]

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

- a) Types of Vouchers
- b) Benefits of conversion of partnership firm into a company
- c) Change in method of Depreciation
- d) Convention of Consistency
- e) Accounting Standard for fixed Assets