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Shree Damodar College of Commerce & Economics, Margao-Goa

F.Y.BCOM SEM I, SEMESTER END EXAMINATION, OCTOBER 2016

**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.** P, Q and R were partners in a partnership firm M/S PQR & Co. sharing profits and losses as 3:2:2. The following is the Balance Sheet of M/S PQR & Co. as on 31.12.2015:

<b>LIABILITIES</b>		<b>Rs.</b>	<b>ASSETS</b>		<b>Rs.</b>
P' Capital	97,000		Land & Building		96,000
Q' Capital	58,000		Machinery		28,000
R' Capital	<u>25,000</u>	1,80,000	Stock		12,000
Creditors		16,000	Bills Receivable		24,000
			Debtors		36,000
		<b>1,96,000</b>			<b>1,96,000</b>

The partners decided to convert the business into a limited company called PK Ltd. on the above date on the following terms:

- a. The company agreed to issue 16,100 equity shares of Rs. 10 each and to pay the balance amount in cash-for acquiring the partnership firm.
- b. The company took over all assets except stock, which was taken over by partner P for Rs. 10,000 and assumed the liabilities. It also agreed to pay Rs. 30,000 for Goodwill.
- c. The partners decided to distribute the shares in profit sharing ratio.

Prepare: 1. Realisation Account 2. Partners Capital Account 3. PK Ltd. Account 4. Equity Shares in PK Ltd. Account 5. Cash Account.

**[ 20 Marks ]**



**Q 2.** Hena Motors Ltd. purchased machinery on 1-1-2011 for Rs. 50,000. The machinery is to be replaced at the end of the fifth year for which purpose a Sinking Fund is to be created. It is expected that securities investment will earn 5% interest. Sinking Fund tables shows that amount for Rs. 1 for five years at 5% interest is Rs. 0.180975.

Hena Motors Ltd. closes its books on 31st December every year. At the end of the fifth year, securities investment realised @ 15% profit.

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

[20 Marks]

**Q 3.** Mr. Vaman is a sole trader who keeps his books under Single Entry System. The following is the information available:

Particulars	31-3-2015	31-3-2016
Stock	17,500	20,000
S. Debtors	34,400	45,000
S. Creditors	11,250	8,500
Machinery	15,600	15,600

The Cash Book reveals the following information for the year ended 31-3-2016

RECEIPTS	AMOUNT (Rs.)	PAYMENTS	AMOUNT(Rs.)
To Bal b/d	18,750	By S. Creditors	15,000
To S. Debtors	60,000	By Wages	3,000
To Sales	13,500	By Trade expenses	2,000
To Commission	900	By Salaries	28,000
		By Drawings	16,000
		By Bal c/d	29,150
	<u>93,150</u>		<u>93,150</u>

Mr. Vaman also informs about the following information:

- Interest on capital is @ 5% p.a.
- Depreciate Machinery @ 10% p.a.
- Provide reserve for doubtful debts @ 5% on debtors.

Prepare Trading and Profit & Loss Account and Balance Sheet for the year ended 31-3-2016.

[20 Marks]



**Q 4.** Chipkoo Ltd. was formed with an authorised capital of Rs. 70,00000 divided into 50,000 Equity shares of Rs. 100 each and 20,000 Preference shares of Rs. 100 each on 1-1-2016 to acquire the business of M/S Boom Boom & Co. as a going concern. The Balance Sheet of M/S Boom Boom & Co. as on 31-12-2015 was as follows:

LIABILITIES	AMT(RS.)	ASSETS	AMT(Rs.)
Capital Account	15,70,000	Land & Building	5,70,000
Sachin's Loan Account	1,55,000	Plant & Machinery	7,00,000
S. Creditors	75,000	Furniture	35,000
		S. Debtors	97,000
		Stock	3,60,000
		Bank	38,000
	<b>18,00,000</b>		<b>18,00,000</b>

The purchase consideration was to be settled by Chipkoo Ltd. by the issue of 15,000 equity shares of Rs. 100, 5000 preference shares of Rs. 100 each and Rs. 2,00,000 in cash.

Chipkoo Ltd. also agreed to take over the creditors, but did not take over Sachin's Loan. All assets of M/S Boom Boom & Co. were taken over at their book values except stock, which was taken over at Rs. 4,00,000. A provision of 5% was also created against the debtors.

To provide for the necessary working capital and to pay the purchase consideration, the remaining equity shares were issued and all cash was duly received.

Pass journal entries in the books of Chipkoo Ltd. and also prepare the Balance Sheet of Chipkoo Ltd. as per Schedule III of the Companies Act 2013. **[20 Marks]**

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

- 1-09-2016 - Paid Rs. 500 to Mr. Baburam for hire of his taxi No. GA-08-T-9037 for official visit to Ponda and back.
- 11-09-2016 – Salary paid to Mr. Shubam for the month of August 2016
- 23-09-2016 – Paid to Shruti Stores Rs. 6000 as per bill no. 612 for purchases
- 26-09-2016 – Received cash from Mr. Nehal Rs. 420
- 30-09-2016 – Paid vide cheque no. 12345 for Rs. 20,000 of State Bank of India, to Alister Traders towards purchases.

**[10 Marks]**



B. Rinki Ltd. purchased a Lease on 1-1-2013 for three years for Rs. 30000 and decided to provide for its replacement by means of an Insurance Policy. The annual premium was Rs. 9,500.

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 Events Occurring after Balance Sheet date
- b. Convention of Materiality
- c. Objectives of Depreciation
- d. Purchase Consideration
- e. Types of Receipt Vouchers