

Goa Vidyaprasarak Mandal's  
 GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND ECONOMICS  
 PONDA - GOA  
 B.COM. (SEMESTER –I) (OLD SYLLABUS) SUPPLEMENTARY EXAMINATION  
 MAY/JUNE 2016

**FINANCIAL ACCOUNTING**

Duration: 2 hours

Marks: 80

- Instructions :** 1) Question No. 1 is compulsory.  
 2) Answer any three questions from Q.No.2 to Q.No.6.  
 3) All working notes shall carry marks.

Q.No.1) (20)

On 1<sup>st</sup> January 2013, Ms. Sharada purchased a lease for three years of certain premises for ` 3,00,000. It was decided to make a provision for the replacement of the lease by means of a Sinking Fund Method. The rate of investment was 5% p.a. The Sinking Fund table shows that Re. 0.317208 at 5% p.a. will in a 3 years accumulate Re. 1 At the end of the third year, the investments realized ` 2,05,080. You are required to prepare:

- 1) Lease A/c    2) Sinking Fund a/c    3) Sinking Fund Investment A/c

Q.No.2A) (16)

A, B and C are partners sharing profits and losses in the ratio 2:2:1. On 31<sup>st</sup> December 2010, they decided to dissolve their business to convert into a company called ABC Ltd. When their balance sheet was as follows:

Liabilities	Amt	Assets	Amt
Capital Accounts:		Goodwill	3,500
A-20,000		Plant & Machinery	15,000
B-20,000		Furniture	2,500
<u>C-10,000</u>	50,000	Stock	22,000
Creditors	16,000	Debtors	18,000
O/s Expenses	1,200	Cash at Bank	6,200
	<b>67,200</b>		<b>67,200</b>

Additional Information:

- 1) The new company to take over goodwill at ` 6,000; Plant and machinery at ` 20,000; Bank and Furniture at book values and also O/s expenses.
- 2) Stock realized ` 17,000 and Debtors were taken over by A.
- 3) Purchase consideration was discharged by issue of 3,000 equity shares of ` 10 each and balance in cash.
- 4) Equity shares to be distributed among partners in the profit sharing ratio.

You are required to prepare in the books of old firm;

- i) Realisation A/c                      ii) Partners Capital A/c  
 iii) New Company's A/c    iv) Cash/ Bank A/c

Q.No.2B) In the books of Mr. Raja, Interpret and comment on the Following Account (04)

Furniture A/c					
Dr			Cr		
Date	Particulars	Amt	Date	Particulars	Amt
2013			2013		
Jan 1	To balance b/d	40,000	Feb3	By Cash A/c	18,000
March5	To Cash A/c	20,000	Feb3	By P & L A/c	2,000
March5	To Cash A/c (installation charges)	10,000	Dec31	By Dep. A/c	10,000
Oct 15	To Ms Tina's A/c	10,000	Dec31	By Balance c/f	50,000
		<u>80,000</u>			<u>80,000</u>

Q.No.3A) (16)

Prepare the necessary Cash/Bank vouchers for Manish and sons, Margao, Goa and prepare a cash book with cash and bank column and balance the same. Their bankers are SBI, Margao.

2014

Sept 1 cash on hand ` 50500.60 and cash at bank ` 15,700.40

Sept 4 cash sales as per bill no. 41-46 ` 27,000

Sept 7 cheque no. 765432 for ` 58,000 issued to Mr. Sanjiv against bill no 654.

Sept 11 cash sales as per bill nos. 47-63 ` 62,000.

Sept18 cheque no.987654 for ` 66,000 drawn on Canara Bank, Vasco from M/s Pereira received towards our bill no. 554 dtd 23 August2014.

Sept24 cash sales ` 60,000 vide bill nos. 64-77.

Sept26 paid to Shobhana hotel vide cheque no. 987898 for ` 85,000 against bill No. 876 dtd 15 August 2014.

Sept30 cheque no.876967 for ` 1,50,000 dtd 27August 2014 issued to Mr. Gorakh against their bill no. 655.

Q.NO.3B) Write a short note on convention of disclosure. (04)

Q.No.4A) (16)

The two firms A&B and C&D decided to amalgamate from 1<sup>st</sup> April 2013 on the basis of following terms and conditions. Prepare

In the books of old firms: Revaluation A/c, Partners capital A/c

In the books of new firm: Balance sheet after Amalgamation.

- 1) Goodwill of A&B ` 20,000 and that of C&D ` 10,000
- 2) The new firm would not take over the investments and the loan.
- 3) A provision for doubtful debts @ 5% on debtors and provision for discount on creditors @ 2% to be made of both the firms.
- 4) Partners in both firms share profits and losses equally.
- 5) Other assets to be revalued as under:

Particulars	A&B	C&D
Stock	36,000	29,200
Furniture	5,000	2,000
Machinery	17,000	20,000

The balance sheets of two firms as on 31<sup>st</sup> March 2013 were as follows:

Liabilities	A&B	C&D	Assets	A&B	C&D
Capitals:			Machinery	20,000	22,000
A	30,000	----	Furniture	6,000	4,000
B	25,000	----	Investments	3,300	Nil
C	-----	24,000	Stock	30,000	24,000
D	-----	26,000	Debtors	8,000	6,000
Reserves	4,000	2,000	Cash	2,700	11,500
Creditors	11,000	5,500			
Loan	Nil	10,000			
	<u>70,000</u>	<u>67,500</u>		<u>70,000</u>	<u>67,500</u>

Q.No.4B) (04)

Prepare the necessary voucher from the following information:

Name of the company: Anurag Traders. Address: Shivolim, Mapusa Goa.

Bank: SBI, Mapusa.

On February 4<sup>th</sup> 2013, received a cheque no.dtd 5<sup>th</sup> Sept 2012 from Madkaikar Traders for `50,000 drawn on Canara Bank, Ponda against bill no. 432.

Q.No.5A) (16)

R, J and S sharing profits in the ratio 3:2:1 decided to convert their partnership into Romeo limited company. The Balance sheet of R, J and S as on 31/03/2013.

Liabilities	Amount	Assets	Amount
R	1,37,500	Machinery	2,00,000
J	1,12,500	Motor vehicle	50,000
S	38,750	Stock	70,000
X's loan	25,000	Debtors	1,50,000
Creditors	1,60,000	Cash	3,750
	<b><u>4,73,750</u></b>		<b><u>4,73,750</u></b>

The new company agreed on following terms:

- Assets are revalued as under: Machinery – ` 2,50,000; Motor vehicle – `37,500; Stock – ` 62,500; Debtors – ` 1,37,500; and Cash. Creditors reduced their claim by 10%.
  - X's loan and half of creditors were paid by old firm.
  - The new company agreed to allot 35,000 equity shares of ` 10 each and cash ` 28,750 as the payment of purchase consideration.
  - The company incurred preliminary expenses amounting to ` 8,000
  - The new company issued to the public 12,500 equity shares of ` 10 each at 10 % premium. These shares were fully subscribed and paid for.
- You are required to pass necessary journal entries in the books of Romeo ltd company and prepare its balance sheet as on 1<sup>st</sup> April 2013.

Q.No.5B) (04)

Give accounting equation for the following transactions in the books of Ms.Rita.

- 1) Started business with cash ` 40000.
- 2) Purchased equipment for cash ` 10,000.
- 3) Purchased goods on credit ` 4,000
- 4) Took a loan from Mr. X ` 20,000.

Q.No.6) (5x4= 20)

Write short notes on:

1. Distinction between Reserves and Provision (Any 5 pts).
2. Meaning and consequences of Amalgamation of partnership firms.
3. Types of vouchers.
4. Cost concept and cost attach concept.

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