



SB-0335

First Year B. Com. (Honours) Examination
March / April – 2011
Financial Accounting

Time : 3 Hours]

[Total Marks : 70

Instructions :

(1)

नीचे दृशाविल निशानीवाणी विगतो उत्तरवडी पर अवश्य लभवी. Fillup strictly the details of signs on your answer book.	Seat No. :
Name of the Examination :	<input type="text"/>
<input type="text" value="F. Y. B. Com. (Honours)"/>	<input type="text"/>
Name of the Subject :	<input type="text"/>
<input type="text" value="Financial Accounting"/>	<input type="text"/>
Subject Code No. : <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="5"/>	<input type="text"/>
Section No. (1, 2,.....) : <input type="text" value="Nil"/>	<input type="text"/>
	Student's Signature

- (2) Each question carries **equal** marks.
(3) Calculation is a part of your answer.

1 Write the answer as per instruction :

- (a) Jivraj has sent goods 10000 kg on consignment at **3**
Rs. 200 per kg. He has paid Rs. 30,000 as expenses and
consignee paid Rs. 10,000 as octroi. 1000 kg destroyed
in fire in the godown of consignee. The insurance co.
accepted the claim of Rs. 1,00,000. Find out abnormal
loss and pas the journal entry in the books of consignor.
- (b) A and B are partners of joint venture shoring profit **3**
and losses in the ratio of 3:2 respectively. A supplied
goods of Rs. 30,000 for joint venture and paid Rs. 600
as expenses. B sold all goods at Rs. 36000. B paid the
amount due to A and settled the account. Write journal
entries in the books of B.
- (c) X, Y and Z are partners sharing profits and losses in **4**
the ratio of 3:4:5. Z retires and X and Y decided to share
equally in future's profit. There was no goodwill shown
in the firm's book, but now it is valued at Rs. 2,40,000.
Pass journal entries for goodwill of retired share in the
books of the firm.

- 2 On 1.4.2004, a firm purchased machinery for Rs. 2,00,000. 10
On 1.10.04 additional machinery costing Rs. 1,00,000 was purchased. On 1.10.05, the machinery purchased on 1.4.04 having become obsolete, was sold off for Rs. 90,000. On 1.10.2006 new machine was purchased for Rs. 2,50,000 while the machine purchased on 1.10.04 was sold for Rs. 85,000 on the same day.

The firm provide depreciation on its machine at 10% per annum on original cost on 31st March every year.

Show machinery account and provision for depreciation account for the period of three accounting years ending on 31.3.2007.

- 3 A, B and C were partners sharing profits and losses in the ratio of 1/2, 3/8 and 1/8. They decided to sell their business to x Ltd. on 31.3.2006. On that day their position was as follows :

Balance Sheet on 31.3.2006

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Capital A : 40,000		Freehold Assets	36,000
Capital B : 21,000		Investments	28,000
Capital C : 19,000	80,000	Debtors	30,000
Creditors	40,000	Stock	26,000
Investment		Cash	20,000
fluctuation fund	4,000		
Reserve fund	16,000		
	1,40,000		1,40,000

X Ltd. took over the entire business including cash and the purchase price was payable in fully paid 8000 shares of Rs. 10 each issued at Rs. 12 each, debentures of Rs. 20,000 and Rs. 6,000 in cash. The expenses of realization amounted to Rs. 2,000.

There is no agreement between the partners as regards the proportion in which shares and debentures are to be divided among them.

You are required to prepare necessary accounts to close the books of the firm.

- 4 X, Y and Z are sharing profits and losses in the ratio of 4:5:1 respectively. Their balance sheet is as under :

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Creditors	20,000	Cash	6,000
Loan of X	12,000	Assets	1,12,000
Loan of Y	6,000		
Reserve fund	12,000		
Contingency reserve	8,000		
Capital - X : 30,000			
Capital - Y : 24,000			
Capital - Z : 6,000	60,000		
	1,18,000		1,18,000

The partnership is dissolved and the assets realized as follows :

First instalment Rs. 20,000
 Second instalment Rs. 40,000
 Third instalment Rs. 34,000

On the date of the dissolution there was a contingent liability of Rs. 2,000 against the firm which was settled at Rs. 1400 at the time of second instalment. Realization expenses were estimated at Rs. 4000 but these actually amounted to Rs. 3000. Mr. Z took stock in Rs. 1000 at the time of third instalment. The firm was forced to pay Rs. 600 out of third instalment for which no provision was made in the books.

Prepare statement showing piecemeal distribution of cash according to Maximum Loss Method.

- 5 A and B entered into Joint Venture. They decided to share profits and losses in the ratio of 4:5 and 10% interest on any cash investment they make in the venture.

They purchased a five acre plot costing Rs. 6,00,000. They took 80% loan to pay the cost and remaining 20% and registration expenses Rs. 48,000 paid by 'A'. B met the cost as under :

- (a) Levelling cost Rs. 2500 per subplot, municipal fee Rs. 4000 per subplot.
 (b) Advertisement expenses Rs. 1,75,000.

The entire area of five acre was dealt with as under

- (i) 15% area was left for roads.
 (ii) Remaining 85% area divided in nine sub plots equally and sold it for Rs. 1,20,000 each.
 (iii) 'B' is to receive 5% of sale proceeds as fee.

Prepare joint venture account and partners account in the books of 'A'. Bank loan interest paid Rs. 5,000 by A. They closed the business with in six months and settled the accounts.

- 6 Head office supplied goods to its branch at invoice price, which is decided cost plus 50%. Cash received by branch is remitted to H.O. and all expenses of branch are paid by the H.O. From the following particulars prepare branch stock account, branch debtors account, branch profit account and branch adjustment account in the books of Head Office.

<i>Particulars</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Rs.</i>
Opening stock with branch (invoice price)	3,00,000	Opening Debtors	60,000
Goods received from H.O (Invoice price)	9,30,000	Opening petty cash	500
Goods returned to H.O (Invoice price)	60,000	Credit sales (net)	4,30,000
Cash received from debtors	4,50,000	Discount allowed to debtors	12,000
Expenses paid by H.O.		Cash Sales	5,20,000
Rent : 12,000		Closing stock with Branch (invoice price)	2,70,000
Salary : 1,20,000		Closing petty cash	500
Petty Cash : <u>5,000</u>	1,37,000		

- 7 Write short note : (any three)
- (i) Errors affecting Trial Balance
 - (ii) Goodwill on admission of a partner
 - (iii) Decision of Garner V/s Murray
 - (iv) The difference between receipts and payment account and income and expenditure account.