

DCT's S.S. Dempo College of Commerce & Economics.
Semester I – Semester End Examination – October 2016
Subject: Financial Accounting

Duration: 2 hours

Max. Marks: 80

Instructions: 1) Question no. 1 is compulsory. Answer any three from the rest.

2) Figures to the right indicate full marks.

QI) XYZ Co. purchased for a period of 5 years a lease for ₹1, 00,000 On 1st January 2007. It was decided to make provision for replacement of the lease at the end of 5 years by means of a sinking fund. Investments were made in securities fetching interest @5% p.a. The sinking fund table shows that Re. 0.1810 invested at the end of every year will yield Re.1 in five years at 5% interest. At the end of the 5th year investments were sold at a profit of 10%.

You are required to show for the 5 years :

- a) Lease Account
- b) Depreciation Fund Account
- c) Depreciation Fund Investments Account.

(20 marks)

QII) A) i) Explain AS1 pertaining to Disclosure of Accounting Policies.

(6 marks)

ii) Explain the Money Measurement Concept

(4 marks)

B) M/S Mapro Brothers. maintains an analytical petty cash book which is closed daily.

Their petty cash transactions for the month of April 2016, all entered on petty cash book folio no 67 , were:

April 1st : salary paid to Rajan ₹1,500 .

April 1st: paid ₹400 to Babush towards hire charges of his taxi no.GA-01-6538 for an official visit to Margao vide bill no 888

April 7th:paid ₹200 to Saitej shop towards purchase of stationery vide bill no 897

April 12th: Paid ₹500 to Navjeevan Medicals as per billno.9865 towards medical expenses.

14th: Telephone bills amounting to ₹700 were paid as per bill no 8765

15th: paid M/S Sangi ₹500 towards purchase of uniforms for staff as per bill no.161

16th: paid ₹ 1000 towards staff medical expenditure to Dr. Bhat.

17th: Paid Café Tato ₹500 for providing tea to staff for the month of March 2016.

18th: paid ₹2000 to XYZ Ltd. For purchases as per bill no. 987.

19th: Paid ₹ 300 J D Fernandes for pen as per bill no 654 .

You are required to prepare Petty Cash Book from the above transactions (10 marks)

QIII) Dil and Mil were partners sharing profits & losses equally in the partnership firm under the name of Dil and Mil Co.

Balance Sheet of Dil and Mil Co. as on 31st March 2016.

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital		Premises	5,00,000
Dil	2,00,000	Machinery	1,10,000
Mil	4,00,000	Bank Balance	40,000
Sundry Creditors	70,000	Stock	1,000
Outstanding salary	10,000	Sundry Debtors	9,000
		Vehicles	20,000
	6,80,000		6,80,000

It was decided to dissolve the business & convert it into a Ltd. Co. Called Dilmil Private Ltd.

Terms of conversion were:

- 1) All assets and liabilities except for outstanding salary were taken over
- 2) Premises were valued at ₹5,30,000
- 3) Stock was valued at ₹8,000.
- 4) The purchase consideration was agreed to be settled by issue of 6,000 equity shares of ₹100 each at a premium of 10% & ₹20,000 in cash

You are required to show in the books of Dilmil Private Ltd:

1) **Journal Entries**

2) **Balance Sheet after conversion.**

(20 marks)

QIV) Ms. Rishika keeps her books under single entry system. An abstract of her cash transactions for the year ended 31.12.2016 was as follows:

RECEIPTS	₹	PAYMENTS	₹
balance b/d	20,000	purchases	25,000
Cash sales	30,000	carriage inwards	10,000
Collection from Debtors	70,000	Payment to creditors	8,000
Capital further introduction	20,000	Bills payable paid	34,000
Bills receivable collected	20,000	Salaries	12,000
		General Expenses	1,000
		Drawings	34,000
		Travelling exps	20,000
		Balance c/d	16,000
	1,60,000		1,60,000

Other particulars of her assets and liabilities were as follows:

	01.01.2016 (₹)	31.12.2016(₹)
Furniture	20,000	20,000
Bills payable	20,000	18,000
Bills receivable	9,000	23,000
Sundry Debtors	22,000	25,000
Sundry Creditors	15,000	7,000
Stock in trade	12,000	15,000

You are required to prepare a Trading & Profit & Loss Account for the year ended 31.12.2016 and a Balance sheet as on that date after providing for 10% p.a depreciation on furniture.

(20 marks)

QV) Balance sheet of A&B Co. as at 31-12-2016

Liabilities	Amount (₹)	Assets	Amount(₹)
Sundry Creditors	5,000	Cash	45,000
Bills Payable	45,000	Machinery	1,15,000
Capital accounts:		Furniture	65,000
		Sundry Debtors	25,000
A 1,00,000			
B 1,50,000	2,50,000	Vehicles	50,000
	3,00,000		3,00,000

A & B are partners in A& B Co. sharing profits & losses in the ratio of 2:1. They decided to convert their firm into a Ltd. Co. on following terms:

- 1) All assets & liabilities except Bills Payable and cash were taken over
- 2) The purchase consideration was settled by issue of a)2,100 equity shares of ₹10 each
b) balance was settled by payment of Rs. 52,000.

You are required to show the:

- i) Realisation account
- ii) Partners' capital account
- iii) Cash account
- iv) New company's account

(20 marks)

QVI) A) The following were the Cash & Bank Transactions of Oyo Pvt Ltd., Ponda –Goa for the month of March 2016.

- 1st : cash on hand ₹23,000, Cash at Bank ₹67,000
 5th: Petty cash expenses amounted to ₹4,800 as per petty cash book folio no.34
 6th: Cash Sales as per Bill nos. 283—290 ₹35000
 8th: Received Cheque no. 908602 for ₹7,000 drawn on Bank of Baroda from Chowgule Bros. towards full & final settlement.

9th:Cheque no. 211159 for ₹6,000 issued to Hyatt Ltd. in part settlement of their bill no.260.

10th: Cash sales realized as per bill no. 291—300 ₹ 10,000.

12th:Cheque no. 876432 for ₹3,000 issued to Apple Traders in full settlement of their bill no.78.

15th:Cheque no. 234897 for ₹4,000 issued to the Head Clerk towards his salary.

17th: paid to Hotel Satkar vide cheque no.534689 for ₹1,000 in full settlement of bill no 23 .

19th: Cash sales realized as per bill no. 301—309 ₹16,000

Prepare a cash book with cash & bank column for the above transactions . (10 marks)

B) Prepare the necessary vouchers for the following transactions of Apple Ltd., Margao Goa. Banker of Apple Ltd. was Central Bank, Margao.

1) On 1/4/16 paid by cheque , ₹4850 to Bhaloo towards his wages.

2) On 4/4/16 paid ₹700 to Electricity Department as per bill no.120

3) On 5/4/16 cheque no. 786543 for ₹15,000 drawn on Bank of Baroda, Panaji, received from Gana Bros. towards full & final settlement of our bill no.678 dated 3/01/16

4) On 12/4/16, cheque no. 874569 for ₹ 32,000 was issued to M/S Netro Bros. against bill no. 6723 dated 2/2/16

5) Salary payable ₹ 76,000 for the month of April 2016

(10 marks)