

DCT's S.S Dempo College of Commerce & Economics.  
Semester I Supplementary Examination June 2016 (New Course)

Subject: Financial Accounting I

Duration: 2 hours

Max. marks: 80

Instructions: 1) Question no. 1 is compulsory

2) Answer any Three questions from remaining Five questions

3) Figures to the right indicate full marks.

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QI) A company purchased 3 years lease on 1<sup>st</sup> January 2005 for ₹ 50,000. It decided to provide for the replacement of the lease at the end of 3 years by setting up Depreciation fund. It is expected that investment will fetch interest at 5%. Sinking Fund table show that to provide the requisite sum at 5% at the end of 3 years, an investment of ₹ 15,864.44 is required every year. investments are made to the nearest rupee. On 31<sup>st</sup> December 2007, the investments are sold for ₹ 30,500.

Show the lease account, Depreciation Fund account and Depreciation Fund Investment account. (20 marks)

QII) A) i) Explain accounting standard pertaining to "Disclosure of Accounting Policy". (6 marks)

ii) Explain convention of conservatism. (4 marks)

B) M/S Dsilva and bros. Bicholim, Goa, maintained an analytical Petty Cash Book which is closed daily. Their Petty Cash transactions for the month of January 2010 are as under:

2010

January 1 : paid ₹ 6,400 to M/S Somnath and sons for purchase of rainwear for staff as per bill no. 6112.

January 1 : paid salaries to Mr. Shyam for the month of December 2009 ₹ 3,200.

January 6 : paid ₹ 900 to Mr. Salim for hire of his taxi no.GA-01-V-4757 for visit to Dabolim airport.

January 6 : payment of telephone bills ₹ 5,000.

January 10: purchase of stationery ₹ 2000 from M/S Sober Agencies as per bill no. 2287

January 15: paid to Dr. Rahul as per bill no. 1389 towards medical expenses of staff ₹ 1000.

January 15: Paid to Sangam restaurant ₹ 1600 for providing refreshments to staff for the month of January.

January 20: Purchase of files, pens and pencils for ₹ 1,600.

January 25: paid ₹ 1000 to Mr. Bachan as Labour Charges for 1 week as per bill no.4456.

All the above vouchers are entered on Petty Cash Book folio No. 517.

Prepare the Petty Cash Book.

(10 marks)

QIII) Karan Arjun were partners sharing profits and losses equally in the partnership firm , whose Balance Sheet was as under as on 31<sup>st</sup> March 2013.

Liabilities	Amount	Assets	Amount
<b>Capital:</b>			
Karan 58,000			
Arjun 74,000	1,32,000	Building	50,000
Mr. Sunil's loan	5,700	Vehicle	40,000
Creditors	40,000	Plant & machinery	25,000
Bills payable	28,000	Stock	8,000
		Debtors	6,000
		Investments	6,700
		Cash at bank	50,000
		Bills receivable	20,000
	2,05,700		2,05,700

It was decided to dissolve the firm and convert it into a Ltd. company called Dreamz Ltd. the terms of conversion were:

1) The purchase consideration was fixed at ₹ 2,25,000 payable as follows:

₹ 1,00,000 in 8% Debentures of ₹ 100 each, 10000 fully paid equity shares of ₹ 10 each and the balance in cash.

- 2) All the assets were taken over except investments, which was retained by the firm and sold for ₹5500.
- 3) Assets were taken over at book value with the exception of building and stock which were taken over at ₹ 55000 & 7500 respectively.
- 4) The company also took over all the liabilities except Sunil's loan, which was discharged by Karan & Arjun.

Pass journal entries in the books of Dreamz Ltd. and also prepare the Balance Sheet of Dreamz Ltd after completion of the transactions. (20 marks)

QIV) Mr. D'Souza carries on a grocery business and does not keep his books on double entry basis. The following particulars have been extracted from his books:

particulars	1 <sup>st</sup> July 2013 (₹)	30 <sup>th</sup> June 2014 (₹)
Plant and Machinery	25,000	25,000
Stock	22,000	19,500
Debtors	8,000	25,500
Creditors	12,500	10,000
Cash in hand	400	800
Bank balance	6,250	7,000

The following cash transactions took place during the year ending 30<sup>th</sup> June 2014.

Particular	Amount	Particulars	Amount
Received on account of cash sales	31,250	Payment for purchases	28,850
Received from debtors	1,60,000	Payment to creditors	1,32,000
		General expenses of business	21,450
		Wages	15,000
		Drawings	6,800

During the year, Mr. D'Souza had taken goods from the business for his own consumption which amounted to ₹ 1,950 and not paid any money into business.

Prepare profit and loss account for the year ending 30<sup>th</sup> June 2014 after charging 10% depreciation on Plant and Machinery and also prepare Balance Sheet as on 30<sup>th</sup> June 2014. (20 marks)

QV) Amar Akbar & Anthony were partners carrying on partnership business & sharing the profits & Losses in the ratio of 3:2:1. On 31<sup>st</sup> March 2012, their Balance Sheet was as under:

Balance Sheet as on 31<sup>st</sup> March 2012

Liabilities	Amount	Assets	Amount
Partners capital:			
Amar            30,000			
Akbar            20,000			
Anthony        10,000	60,000	Building	25,000
Akbar's loan	10,000	Vehicle	10,000
creditors	25,000	Machinery	20,000
Bills payable	5,000	Stock	12,000
		Cash	8,500
		Investments	1,500
		Debtors	23,000
	1,00,000		1,00,000

On 31<sup>st</sup> March 2012 a private limited company was incorporated to take over the above business on the following terms:

- 1) All the assets except cash & investments and all the liabilities except Akbar's loan to be taken over by the new company.
- 2) All the assets are valued at par except building which is considered worth ₹ 32,000 & stock worth ₹ 11,000. Further Good will is valued at ₹ 35,000.
- 3) Akbar's loan is to be settled by his taking over the firms cash & investments at par.

4) Purchase consideration is settled by issue of equity shares of ₹ 10 each of the company, which are to be appropriately distributed among the partners.

Show following ledger accounts in the books of partnership firm:

- i) Realization account
- ii) Partners' capital accounts
- iii) Cash account
- iv) Equity shares in Ltd. company account
- v) New company's account.

(20 marks)

QVI) A) From the following transactions of Anand Traders , Margao (Banker-Bank of Baroda) prepare Cash book with Bank column.

2012	
January 1	Cash on hand ₹ 50,500
January 1	Cash at Bank ₹ 15,700
January 2	Cash sales realized as per bill nos. 1001—1012 ₹27000
January 5	Cheque no. 2456 for ₹ 40,000 drawn on Bank of Baroda, issued to Sun Agencies against bill no.5678
January 7	Cash sales as per bill nos. 1013—1015 ₹ 60,000
January 10	Cheque no.3689 for ₹ 75,000 drawn on State Bank of India, received from M/S Shetty towards settlement of bill no. 9087
January 15	Petty cash expenses ₹ 35,000 as per petty cash book folio no.555
January 20	Paid to hotel Citadel vide cheque no. 48003 of ₹ 85,000 against bill no. 7540
January 22	Sales realized ₹ 50,000 as per bill no.1016—1020
January 25	Cheque no. 7490 for ₹ 1,50,000 issued to Chennai Traders in the part settlement of bill no. 398645
January 31	Sales realized ₹ 10,000 as per bill no. 10045

All the above transactions are entered on cash book folio no. 699. (10 marks)

B) Prepare the appropriate Vouchers from the following in the books of M/S Sawant Ltd. Ponda Goa.

1) Wages paid to Mr. Gaurish for the month of December 2012 ₹ 800 (folio no.550)

2) Cheque no. 394961 for ₹ 1,50,000 issued to Mumbai Traders towards settlement of their bill no. 12030 (cash book folio no.999, Banker—Bank of India)

3) Cheque no. 665 for ₹ 1,25,000 received from M/S Star Bros. (Banker—Bank of India)

4) Salaries payable ₹ 30,000 for the month of December 2012 (voucher no. 143, folio no. 033)

5) Cheque no. 12345 of ₹ 26,000 issued to M/S Moon Ltd. against bill no. 3536 ( voucher no. 27, cash book folio no.456). (10 marks).