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F. Y. B. Com. Examination - 2009

FINANCIAL ACCOUNTING

(Old 2004 Pattern)

Time : 3 Hours]

[Max. Marks : 80

Instructions :

- (1) All questions are compulsory.*
 - (2) Figures to the right indicate full marks.*
 - (3) Use of calculator is allowed.*
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Q.1) Objective type questions :

(a) **True or False : (Any Five)** **[05]**

- (1) Accounting is an art of recording and classifying business transactions.
- (2) Accounting Standard No. 6 deals with depreciation accounting.
- (3) The Co-operative Society functions under the principle of 'one for all and all for one'.
- (4) The accounting for Non-trading Organization is primarily based on the entity theory.
- (5) Under Sinking Fund Method depreciation is calculated as per Sinking Fund Table.
- (6) Royalty means amount paid by Lessor to Lessee.
- (7) Under Hire Purchase Agreement the ownership of goods is transferred to the buyer only when last installment is paid.

(b) Fill in the blanks from the brackets : **(Any Five)** **[05]**

(1) Accounting Standard No. 1 deals with _____ .

[Depreciation Accounting, Valuation of Inventories,
Disclosure of Accounting Policies]

(2) Amalgamation means combination of _____ firms.

[one, two or more, none of these]

(3) Maharashtra State Co-operative Societies are registered under _____ Act.

[1970, 1904, 1960]

(4) _____ Method is also known as Proportionate Capital Method.

[Maximum Loss, Surplus Capital, Sinking Fund]

(5) Landlord is also known as _____.

[Lessee, Lessor, Tenant]

(6) Under Non-trading Concerns Income and Expenditure A/c. if Income Side is more than Expenditure Side, it is called _____.

[Surplus, Deficit, Loss]

(7) In Account Current _____ name written first in title.

[Senders, Receivers, Agents]

(8) An amount of each transaction as multiplied by the number of days of such transaction is called as _____.

(Red Ink Interest, Product, Interest)

Q.2) X, Y and Z were partners sharing profits and losses as 3 : 2 : 1 respectively. They decided to dissolve their firm as on 31st March, 2008 on which date their Balance Sheet stood as under :

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Creditors	13,000	Sundry Assets	70,000
Capital :			
X	3,300		
Y	17,900		
Z	35,800		
	70,000		70,000

X, the active partner, having no private assets; will be unable to contribute anything towards any loss that may arise out of the realization of assets. The assets were realized piecemeal and the distributions were made as and when cash was available. The realization, after deducting expenses, was as under :

Date	Book Value	Net Realized
1-4-2008	13,000	10,000
10-4-2008	6,000	4,500
15-5-2008	15,000	16,500
31-5-2008	36,000	27,000

Prepare a statement showing distribution of cash among the partners so that effect may be given to the ruling in Garner Vs. Murray's case at each distribution date assuming that nothing further will be realized after that date under Maximum Loss Method. [20]

OR

Q.2) The following were the Balance Sheets of M/s. X and Y and M/s. M and N as on 31st March, 2008 :

Balance Sheets as on 31st March, 2008

Liabilities	X & Y	M & N	Assets	X & Y	M & N
Capital A/cs. :			Land and Building	40,000	—
X	35,000	—	Plant and Machinery	60,000	—
Y	35,000	—	Furniture	—	4,200
M	—	24,000	Stock	30,000	50,000
N	—	22,000	Sundry Debtors	15,000	40,000
Reserve Fund	10,000	9,000	Bills Receivable	—	1,000
S. Creditors	40,000	40,000	Cash in Hand	5,000	4,800
Loan Creditors	30,000	—			
Mrs. M's Loan	—	5,000			
	1,50,000	1,00,000		1,50,000	1,00,000

X and Y shared profits and losses in the ratio of 3 : 2 whereas M and N shared profits and losses equally. The two firms decided to amalgamate their business on the following terms :

- (1) Plant and Machinery to be depreciated by 5%.
- (2) Land and Building to be appreciated by 15%.
- (3) Sundry Debtors to be taken after providing for R.D.D. at 5% of both the firms.
- (4) All liabilities were taken over except Mrs. M's Loan which was taken over by Mr. M.
- (5) Goodwill of X and Y was agreed at Rs. 15,000 and that of M and N at Rs. 9,000. It is further agreed that goodwill shall not be retained in the books of the new firm.

- (6) The total amount of capital of new firm Rs. 1,50,000 and capital of X, Y, M and N was to be in their new profit sharing ratio which was 2 : 2 : 1 : 1 respectively and necessary adjustments were to be made by cash.

Prepare :

- (a) Revaluation Accounts
- (b) Partners Capital Accounts in the books of old firms
- (c) Amalgamated Balance Sheet of the new firm
- (d) Partners Capital A/c. and Cash A/c. in the books of new firm.

[20]

- Q.3) (A)** A, B and C were partners sharing profit and losses in the ratio of 3 : 2 : 1 respectively. Their Balance Sheet as on 31st March, 2008 was as follows :

Balance Sheet as on 31st March, 2008

Liabilities	Rs.	Assets	Rs.
Capital Accounts :		Land and Building	60,000
A	60,000	Plant and Machinery	40,000
B	38,000	Sundry Debtors	40,000
C	40,000	Stock	30,000
General Reserve	24,000	Furniture	10,000
Creditors	20,000	Cash	14,000
Bills Payable	15,000	P & L A/c.	6,000
Outstanding Expenses	3,000		
	2,00,000		2,00,000

The partners agreed to sell their business to a Limited Company. The company to take over the assets at the valuation as shown below :

Land and Building	65,000
Sundry Debtors	38,000
Furniture	12,000
Plant and Machinery	35,000
Stock	25,000
Goodwill	24,000

The company also agreed to pay the bills payable which were agreed at Rs. 12,000.

The Limited Company paid Rs. 37,000 in cash and the balance in equity shares of Rs. 100 each.

The Creditors were paid by the firm at a discount of $2\frac{1}{2}\%$ and outstanding expenses were in full, the realization expenses amounted to Rs. 4,500. Shares were distributed in their profit sharing ratio.

Prepare Realization Account, Partners Capital Account, Cash Account, Limited Company Account and Shares in Limited Company Account and show calculation of purchase consideration. [15]

- (B) B Coal Co. Ltd. leased a colliery on 1st January, 2005 at a minimum rent of Rs. 30,000 merging into a royalty of Rs. 2 per ton with a stipulation to recoup short working over the first three years of the lease. The output for the first four years of the lease was as follows :

Year	Output (In tonnes)
2005	8,000
2006	13,000
2007	21,000
2008	18,000

Draft necessary journal entries in the books of B Coal Co. Ltd. [15]

- Q.4)** From the following Receipt and Payment Account prepare Income and Expenditure Account for the year ended 31-12-2008 and the Balance Sheet as on that date : **[20]**

Receipt and Payment Account

Receipts	Rs.	Payments	Rs.
To Balance c/d		By Cricket Match Exp.	380
Cash	1,000	By Billiard Match Exp.	120
Bank	5,500	By Sport Material	4,000
To Entrance Fees	4,200	By Furniture	2,700
To Subscriptions	15,400	By Salaries	1,500
To Sale of Furniture	1,100	By Lighting	210
(Book Value Rs. 1,500)		By Printing and Stationery	410
To Cricket Fees	500	By 5% Govt. Bond	20,000
To Billiard Fees	700	By Repairs	1,500
To Locker Rent	300	By Up-keep of Ground	700
To Donation for Books	5,000	By Balance c/d	
		Cash	180
		Bank	2,000
Total	33,700	Total	33,700

Other Information :

	As on 31-12-2007	As on 31-12-2008
Outstanding Subscriptions	400	500
Outstanding Locker Rent	40	50
Sport Material	8,000	11,000
Furniture	5,000	6,000
Outstanding Salaries	150	220
Stock of Stationery	90	100

OR

Q.4) (A) On 1st January, 2005 Girish Ltd. purchased machinery of Rs. 50,000 and decided to depreciate it by annuity method in four years by charging 4% p.a. interest. A reference of the annuity table shows that to depreciate rupee one by annuity method in four years at 4% interest a sum of Re. 0.275490 is required. Prepare Machinery Account for four years. Calculations are to be made to the nearest rupee. **[10]**

(B) On 1st January, 2007 Prem owed Rs. 7,300 to Tinu. The following transactions took place in between up to 31st March, 2007 :

2007 January 10 : Tinu sold goods on one month credit to Prem Rs. 14,600.

January 15 : Received acceptance from Prem to two months Rs. 10,950.

January 25 : Received cash from Prem Rs. 3,650.

February 5 : Purchased goods from Prem on credit at one month Rs. 2,950.

March 10 : Paid Cash to Prem Rs. 2,190.

Make out an Account Current to be rendered by Tinu to Prem on 31st March, 2007 taking interest at 15% p.a. **[10]**