

Total No. of Questions : 4]

[Total No. of Printed Pages : 8

**[3569]-102**

**F. Y. B. Com. Examination - 2009**

**FINANCIAL ACCOUNTING**

(New 2008 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 Six)** **[06]**

- (i) Accounting is a language of business.
- (ii) The Credit Balance on Revaluation Account indicates profit on revaluation.
- (iii) A retiring partner is not entitled to his share in Reserve Fund Account.
- (iv) University of Pune is an example of Trading Organisation.
- (v) Lessee is a person to whom the right to work the mine is transferred.
- (vi) The relationship between Consignor and Consignee is that of a Principal and an Agent.
- (vii) In Hire Purchase System, amount of instalment includes the portion of interest and purchase price.
- (viii) Microsoft Excel is an example of Spread Sheet Package.

(b) Fill in the blanks from the brackets : (Any Six) [06]

- (i) Accounting Standard No. 1 deals with \_\_\_\_\_ .  
(Valuation of Inventories, Depreciation Accounting, Disclosure of Accounting Policies)
- (ii) In case of admission of a Partner \_\_\_\_\_ Account is opened for revaluation of assets and liabilities.  
(Realisation, Revaluation, Bank)
- (iii) Conversion of partnership into a limited company is referred to sale of partnership business to \_\_\_\_\_.  
(Sole Trader, Company, Partnership Firm)
- (iv) A, B and C are sharing profits in the ratio of 3 : 2 : 2. When C retires, the new profit sharing ratio should be \_\_\_\_\_.  
(1 : 2, 2 : 3, 3 : 2)
- (v) Donation to Scholarship Fund is a \_\_\_\_\_ receipt.  
(Revenue, Capital, None of these)
- (vi) Mining Royalties are based on \_\_\_\_\_.  
(Sales, Production, Purchases)
- (vii) In consignment transactions the risk of goods remains with the \_\_\_\_\_.  
(Consignee, Consignor, None of these)
- (viii) \_\_\_\_\_ Accounting System is equally applicable in computerised environment.  
(Single Entry, Manual, None of these)

(c) Write short notes : (Any Three)

[12]

- (i) Overview of Accounting Standards in India
- (ii) Reconstitution of Partnership Firm
- (iii) Valuation of Consignment Stock
- (iv) Concept of Grouping of Account
- (v) Consideration for Selection of Accounting Package

Q.2) Ajay, Vijay and Prajay were partners sharing profits and losses in the ratio of  $\frac{1}{4} : \frac{1}{4} : \frac{1}{2}$  respectively. Their Balance Sheet on 31st December, 2007 was as follows :

**Balance Sheet as on 31st December, 2007**

Liabilities	Rs.	Assets	Rs.
Capitals :		Goodwill	1,050
Ajay	14,075	Plant	8,000
Vijay	7,075	Machinery	6,000
Prajay	6,150	Land	12,000
Ajay's Loan	3,750	Furniture	4,000
Bank Loan	1,500	Debtors	8,700
(Fully Secured)			
Creditors	5,000	P and L A/c.	300
Vijay's Loan	2,500		
	<b>40,050</b>		<b>40,050</b>

They decided to dissolve their firm and it was mutually agreed that the realisation of assets should be distributed at the end of each month. The monthwise realisation and actual expenses incurred were as follows :

Date	Assets Realised	Dissolution Expenses
January, 2008	7,360	360
February, 2008	9,100	350
March, 2008	6,800	800
April, 2008	8,780	780

You are required to prepare a statement showing piecemeal distribution of cash as per Maximum Loss Method. Apply rules of Garner v/s. Murray's Case. [16]

**OR**

**Q.2)** Amar, Akbar and Anthony who are partners in a firm and share profits and losses in the ratio 2 : 2 : 1 respectively, decided to convert their firm to a limited company, The ABC Ltd. The Balance Sheet of their firm on the date of conversion shows the following position :

**Balance Sheet as on 31st March, 2008**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Sundry Creditors	24,000	Building	30,000
Bills Payable	1,500	Plant and Machinery	18,000
General Reserve	6,000	Motor	12,000
Capital Accounts :		Furniture	2,500
Amar	30,000	Stock	4,700
Akbar	28,000	Sundry Debtors	26,000
Anthony	17,000	Investments	6,000
		Cash at Bank	7,300
	<b>1,06,500</b>		<b>1,06,500</b>

The ABC Ltd. agreed to take over the following assets at values shown below :

Building Rs. 32,000, Plant and Machinery Rs. 16,500, Furniture Rs. 2,000, Stock Rs. 7,800, Goodwill Rs. 4,000 and Sundry Debtors Subject to 5% R.D.D.

The company has also agreed to take over Sundry Creditors at Rs. 22,000. The purchase consideration was paid by the company by issue of sufficient number of equity shares of Rs. 100 each fully paid, at par.

The firm sold investments for Rs. 8,000 and paid off Bills payable fully. The motor was taken over by Amar at book value. The firm paid realisation expenses of Rs. 800.

**Prepare :**

- (a) Realisation Account
- (b) Partner's Capital Account
- (c) ABC Ltd. Account
- (d) Bank Account
- (e) Show working of purchase consideration in the books of partnership firm. [16]

**Q.3)** (A) The following was the Balance Sheet of Sona, Roopa and Kanchana, partners in a firm sharing profits and losses in the ratio of 3 : 2 : 1 respectively.

**Balance Sheet as on 31st December, 2007**

Liabilities	Amount	Assets	Amount
Creditors	5,000	Cash	500
Bills Payable	1,500	Bills Receivable	2,000
General Reserve	6,000	Debtors	30,000
Partners Capitals :		Less : RDD	2,000
Sona	30,000	Investment	28,000
Roopa	20,000	Land and Building	25,000
Kanchana	10,000		17,000
	60,000		
	<b>72,500</b>		<b>72,500</b>

On 30th June, 2008 Kanchana died and it was agreed that :

- (i) The assets should be revalued as Land and Building Rs. 20,000 and Investment Rs. 23,600.
- (ii) All debtors should be taken as recoverable.

(iii) The Goodwill of the firm should be valued at twice the average of profits for the last four years and Goodwill Account should be raised in the books.

The profits were 2004 - Rs. 90,000, 2005 - Rs. 90,000, 2006 - Rs. 80,000, 2007 - Rs. 1,00,000.

(iv) Kanchana's share of profit upto the date of her death should be calculated on the basis of average profits for the last two years.

**Prepare :**

(a) Revaluation Account

(b) Partner's Capital Account [10]

(B) Nagpur Mining Co. Ltd. took a mine on lease at a Royalty of Re. 1 per ton. The minimum rent was fixed at Rs. 4,000 for 2005, Rs. 6,000 for 2006 and Rs. 8,000 per year thereafter. Short-working of any year could be recouped out of the royalties of next two years only. The production during the first 4 years was as follows :

<b>Years</b>	<b>Output in tonnes</b>
2005	2,000
2006	4,500
2007	6,000
2008	9,000

Pass necessary journal entries in the books of Nagpur Mining Co. Ltd. [10]

**Q.4)** The following is the Receipts and Payment Account of Shanti Niketan High School, Pune for the year ended 31-12-2006 :

**Receipts and Payments Account  
for the year ended 31-12-06**

Receipts	Rs.	Payments	Rs.
To Opening Cash	1,000	By Salaries	8,500
To Admission Fees	1,600	By Office Expenses	4,000
To Tution Fees	14,000	By Printing	3,500
To Donations	3,500	By Furniture (1-10-2006)	5,000
To Life Members Fees	1,000	By Sports Material	2,000
To Term Fees	4,500	By Rent	600
To Examination Fees	4,500	By Fixed Deposits @ 10% on 1-4-2006	6,000
		By Closing Cash	500
	<b>30,100</b>		<b>30,100</b>

**Adjustments :**

- (i) Assets of the High School on 1-1-2006 were as follows :
 

Building	–	Rs. 22,000
Furniture	–	Rs. 10,900
Books	–	Rs. 8,000
Laboratory	–	Rs. 6,000
- (ii) The tution fees received includes Rs. 2,000 for the year 2005 but Rs. 1,000 are outstanding for the year 2006.
- (iii) Furniture and Building are to be depreciated @ 10% p.a.
- (iv) Donations and Life Members Fees are to be capitalised.
- (v) Sports Materials are valued at Rs. 1,500 on 31-12-2006.

- (vi) Rent paid includes Rs. 100 for 2005 but Rs. 300 are payable for 2006.

**Prepare :**

- (a) Income and Expenditure Account for the year ended 31-12-2006.
- (b) Balance Sheet as on that date. [20]

**OR**

- Q.4) (A)** Ram consigned 200 machines to Sham costing Rs. 400 each and paid Rs. 1,000 on Transport Charges and Rs. 200 on Insurance. Sham immediately sent Rs, 10,000 by bank draft and accepted a bill of Rs. 25,000. Sham paid Rs. 500 for Carriage, Rs. 200 for Octroi and Rs. 600 for Advertisements. He then sold 100 machines at Rs. 600 per machine and 50 machines at Rs. 650 per machine. He is to get 5% commission on the total sales plus 5% extra commission on the amount which he receives in excess of Rs. 500 per machine.

Prepare Consignment A/c. and Sham's A/c. in the books of Ram. [10]

- (B) On 1st January, 2004, Hindustan Ltd. purchased the C.Lai Machine from Bajaj Ltd. on Hire Purchase System. The cash price of the C.Lai Machine was Rs. 37,500. Hindustan Ltd. paid Rs. 5,000 on signing of the agreement and agreed to pay balance in 5 installments of Rs. 7,500 each, payable annually on 31st December. Bajaj Ltd. charged 5% interest p.a. on yearly balance. Hindustan Ltd. decided to provide depreciation at 10% p.a. on Reducing Balance Method.

Prepare Bajaj Ltd. A/c. with suitable working. [10]