

Subject : Financial Accounting - I

Day : Thursday
Date : 06/10/2016



Time : 11.00 AM TO 02.00 PM
Max Marks : 80 Total Pages : 3

N.B.:

- 1) All questions are **COMPULSORY**.
- 2) Figures to the right indicate **FULL** marks.
- 3) Answers to both the sections should be written in the **SAME** answer book.

SECTION – I

- Q.1** Ajit, Sujit and Manjit were partners sharing profits and losses in the ratio of 3:3:2 respectively. On 1st January 2014 their firm was dissolved. Their Balance Sheet as on 31st December 2013 was as follows: **[16]**

Balance Sheet

Liabilities		Rs.	Assets		Rs.
Partners Capital:			Land		20,000
Ajit	24,000		Building		20,000
Sujit	15,000		Machinery		12,000
Manjit	9,000	48,000	Stock		15,000
Sundry Creditors		20,000	Debtors		5,000
Sujit's Loan A/c		4,000			
		72,000			72,000

The assets were realized gradually as follows:

Date	Gross Amount	Expenses
Jan 2014	11,000	1,000
Feb 2014	23,000	3,000
Mar 2014	10,200	600
Apr 2014	13,000	1,800
May 2014	12,000	2,000

Prepare :

- a) Statement Showing Surplus Capital.
- b) The Statement of Distribution of Cash.

OR

Ranchi Mining Company Ltd., took a mine on a lease at a royalty of Rs. 1.25 **[16]** per tonne. The minimum rent was fixed at Rs. 4,000 for the first year, Rs. 6,000 for the second year and Rs. 8,000 per year thereafter. Short-workings of any year could be recouped out of the royalties of next two years only. The production during the first 5 years was as follows:

Year	Output in tonnes
1	2,000
2	4,500
3	6,000
4	9,000
5	12,000

Write up the Royalties Account, Landlord Account and Short Working Account in the company's books.

P.T.O.

- Q.2** The following is the Receipts and Payments Account of Mumbai Cultural Club [16]
for the year ended 31st December 2014

Receipts	Debit Rs.	Payments	Credit Rs.
To Balance b/d	5,200	By Investment	6,800
To Subscriptions		By Miscellaneous Expenses	7,000
2013 500		By Furniture	3,000
2014 32,000		By Salaries	11,000
2015 400	32,900	By Stationery	1,700
To Proceeds from Drama	4,000	By Postage and Telegram	2,200
To Entrance Fees	1,300	By Postage and Telegram	3,500
To Interest on Investment	1,900	By Cost of Drama	2,500
		By Repairs and Maintenance	7,600
	45,300	By Balance c/d	45,300

You are required to prepare Income and Expenditure Account for the year ended 31st December 2014 and the Balance Sheet as on that date after considering the following:

- On 1st January 2014 the asset of the club were premises Rs. 50,000, Investment Rs. 12,000 and Furniture Rs. 8,000.
- Salaries outstanding for the year 31st December 2014 were Rs. 2,000.
- Stock of Stationery as on 31st December 2013 was Rs. 200 and December 2014 was Rs. 400.
- Entrance fees are not to be capitalized.
- The club had 3600 members each paying an annual subscription of Rs. 10.

OR

Write short notes on the following:

[16]

- Objectives of Co-operative Society
- Format of Profit and Loss Account of Co-operative Society
- Minimum Rent
- Short working

SECTION – II

- Q.3** Pyago Auto Ltd Baramati sold auto-rickshaw to Mr. Sachin on 1st January 2012 [16]
under hire purchase system on the following terms and conditions.

- Cash price of the Auto Rickshaw was Rs. 38,400/-.
- Mr. Sachin will pay cash price of the Auto Rickshaw in six equal installments and the first installment to be paid on signing of the contract that is 1st January 2012.
- Each installment is due for payment after six months.
- Mr. Sachin agreed to pay interest at 16% per annum on outstanding cash price of the Auto Rickshaw. Interest is calculated on yearly balance and its paid along with installment. Accounts are closed on 31st December every year.

You are required to show:

- Pyago Auto Ltd Account and
- Auto Rickshaw Account in the books of Mr. Anil assuming that depreciation at 10% is charged on Auto Rickshaw under reducing balance method.

- Q.4** Mr. Amit and Ajay together and Vivek independently were carrying on separate business. Their Balance Sheets as on 31st December 2014 were as follows: [16]

Balance Sheet

Liabilities	Amit & Ajay (RS.)	Vivek (Rs.)	Assets	Amit & Ajay (RS.)	Vivek (Rs.)
Capitals:			Cash	7,000	2,000
Amit	30,000	---	Stock	22,000	12,000
Ajay	40,000	---	Book Debts	14,000	36,000
Vivek	---	42,000	Investments	---	12,000
Creditors	10,000	16,000	Motor Car	---	9,000
Loan Unsecured	12,000	---	Plant and Machinery	38,000	---
Reserve Fund	15,000	---	Freehold Land	26,000	---
Bank Overdraft	---	13,000			
	1,07,000	71,000		1,07,000	71,000

Amit and Ajay were sharing profits and losses in the proportion of 3:2. The firms were amalgamated on 1st January 2015 on the following terms:

- The Goodwill of Vivek's business be valued at Rs. 7,700/-.
- R.D.D provision at 5% to be made on all debtors.
- The stock of M/s Amit and Ajay be depreciated by 7.5% and that of Vivek by 5%.
- The Plant and Machinery and Freehold Land be taken at Rs. 42,000 and Rs. 30,000 respectively.
- The Motor Car be retained by Vivek.
- The investments be taken at Rs. 16,000.

Show Revaluation Accounts and Partners Capital Accounts in the books of old firms.

OR

What is 'Amalgamation of Partnership Firms'? What is Process of Amalgamation? What are the advantages of Amalgamation? [16]

- Q.5 a)** Mr. Malhotra of Assam consigned 100 boxes of coffee to Mr. Mohan of Mumbai. The cost price of each box was Rs. 1,400/- but it was invoiced at Rs. 2,000/- per box to Mr. Mohan. Mr. Mohan paid Rs. 14,000/- for Carriage and Rs. 6,000/- for Miscellaneous Expenses. Mr. Mohan sold 50 boxes at Rs.2,000/- per box for cash and 50 boxes at Rs. 2,200/- per box on credit. Mr. Malhotra drew a bill for three months on Mohan for Rs. 1,20,000/- which was dully accepted by Mr. Mohan. Mr. Mohan incurred Rs. 10,000/- for Carriage and Rs. 4,000/- for Sundry Expenses. Mr. Mohan was entitled to a general commission of 5% on the total sale proceeds and 2% del-credere commission on credit sales. Mr. Mohan remitted the balance to Mr. Malhotra by bank draft and settled his account. You are required to show Consignment Account and Mr. Mohan's Account in the books of Mr. Malhotra. [08]
- b)** Mr. Pravin purchased a lease for 5 years on 1st January 2010 for Rs. 50,000. He decided to write off the lease by annuity method assuming the rate of interest @ 3% p.a. As per annuity table the amount necessary to write off Re 1 in five years @ 3% p.a. is 0.21836. Show the Lease Account for five years assuming that accounts are closed on 31st December each year. [08]

OR

Write short notes on :

- Features of Consignment
- Sinking Fund Method
- Account Sale
- Del-credere Commission

[16]

* * * *