



॥ विद्या सर्वस्य भूषणम् ॥

PRABODHAN EDUCATION SOCIETY'S  
Vidya Prabodhini College of Commerce, Education, Computer & Management  
Vidyanagar, Alto-Parvari, Goa

SEMESTER END EXAMINATION – OCTOBER 2016 (Regular/Repeat)

Sub: Financial Accounting

Semester: I

M. Marks: 80

M. Time: 10:00 a.m – 12.00 p.m.

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**INSTRUCTIONS:** 1. Each Question carries 20 marks

2. Question No.1 is compulsory
3. Answer any three from Question 2 – Question 6
4. Scientific calculators are not allowed.
5. Decimals need to be rounded off to the nearest rupee.

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1. Cadbury bought a plant on 1.1.2011 for a sum of ₹ 1,00,000 having an useful life of 5 years. Cadbury decided to charge depreciation according to depreciation fund method. The depreciation fund investments are expected to earn an interest of 10% p.a. The depreciation amount charged every year is ₹ 20,000. The investments are sold at the end of the 5<sup>th</sup> year for a sum of ₹90,000. The scrap of the old plant realises Rs.17,000. Cadbury bought a new plant at the end of 5<sup>th</sup> year costing ₹ 1,50,000. You are required to prepare necessary accounts in the books of Cadbury.

(20 MARKS)

2. Paresh and Qureshi were partners in a firm sharing profits and losses in the ratio of 3/5 and 2/5 respectively. Their balance sheet as on 31-3-2015.

Liabilities	₹	Assets	₹
Creditors	30,000	Plant	40,000
Bills Payable	20,000	Stock	35,000
Reserves	5,000	Debtors	20,000
Capitals: Paresh	31,000	Less: Provisions	1,000
Qureshi	14,000	Cash at Bank	6,000
	1,00,000		1,00,000

The partners agreed to sell their entire business including cash at bank to XYZ co. ltd. The assets are valued as follows: Goodwill: ₹10,000, Plant: ₹46,000, Debtors: ₹16,000 and stock: ₹30,000.

The company agreed to take over the bills payable at book value and the creditors at ₹28,000. The Purchase Consideration was paid by the issue of 4,500 shares of ₹10 each

fully paid and the remaining amount in cash. Show Realization A/c, Shares in XYZ Ltd., Bank A/C and Partners' Capital A/C. **(20 MARKS)**

3. Mr. Krish keeps his books of account under single entry system furnishes the following details:

Particulars	1/1/15 (₹)	31/12/15 (₹)
Creditors	10,000	6,000
Machinery	8,000	?
Furniture	7,000	7,000
Stock	10,000	8,500
Debtors	9,000	8,500

Summary of cash transactions for the year 2015

Particulars	₹	Particulars	₹
Opening balance	1,000	Paid to creditors	38,200
Received from debtors	39,500	Salaries	6,000
Cash sales	11,500	Wages	4,500
Miscellaneous income	200	Trade Expenses	3,500
Loan from Brijesh (taken on 1/7/15 @ 20% p.a.)	5,000	Drawings	2,000
		Purchase of machinery (1/7/15)	1,000
		Closing balance	2,000
	57,200		57,200

Other information:

- Discount earned ₹800
- Discount allowed ₹1,000
- Bad debts written off ₹500
- Trade expenses include fire insurance premium at ₹400 p.a. paid up to 31/3/16.
- Outstanding wages ₹1,500
- Depreciate machinery and furniture @10% p.a.

From the above information prepare trading and profit and loss account for the year ended 31/12/15 and balance sheet as on that date. **(20 MARKS)**

4. Following are the transactions of Bahubali Traders, Maheshmati for which you are required to prepare necessary cash/ bank vouchers and prepare cash book with cash and bank columns and balance the same. All the vouchers are entered on Cash book folio No. 456. The company had its bank account in SBI, Maheshmati.

2015

- Oct. 01 Cash in hand ₹ 50,000  
 Oct. 01 Cash at bank ₹ 60,000  
 Oct. 05 Cheque no. 556676 for ₹ 25,000 paid to M/S Khattappa groups against bill no. 678 dated 2/9/15.  
 Oct. 07 Cash sales realized as per bill nos. 475-481 ₹40,600

- Oct. 11 Petty Cash expenses ₹5,000 as per petty cash book folio no. 656  
 Oct. 12 Cash sales realized as per bill nos. 513-519 ₹ 60,200.  
 Oct. 15 Cheque no. 77777 for ₹2,00,000 drawn on Bank of India, Vasco received in full and final settlement of bill no. 66596 from M/S Raj.  
 Oct. 21 Paid to Mahesmati Resorts Ltd. ₹20,000 vide cheque no. 99999 against their bill no. 44444  
 Oct. 23 Cash sales realized ₹45,000 vide bill no. 491-497  
 Oct. 28 Cheque no. 88888 issued to Caculo and sons in part settlement of Bill No. 9686, ₹ 72,000  
 Oct. 31 Sales realized ₹ 20,800 as per bill nos. 501-510

(20 MARKS)

5. A) Mr. Jaswant a merchant keeps his books under single entry system. Ascertain his profit or loss for the year ending 31-3-2016 from the following information:

Particulars	₹ (1/4/15)	₹ (31/3/16)
Cash in hand	1,000	2,000
Bank overdraft	10,000	6,000
Bills receivable	12,000	6,900
Furniture	4,000	4,000
Motor van	8,000	8,000
Sundry debtors	7,000	10,500
Sundry creditors	17,000	14,000
Stock in trade	15,000	18,600

The drawings during the year amounted to ₹3,000. Depreciate furniture by 10% and motor van by 20%. Write off bad debts ₹500 from debtors and make provision for doubtful debts at 5%. Provide ₹900 in respect of bills receivable.

(10 MARKS)

- B) Explain Accounting Concepts and Conventions governing the accounting system in India.

(10 MARKS)

6. Answer Any Five of the following:
- Sum of digits method of depreciation
  - Purchase Consideration
  - Statement of affairs
  - Journal Voucher
  - AS for Disclosure of Accounting Policies.
  - Significance of Accounting Standards

(5X4=20 MARKS)