

**F.Y.B.COM. SEM – I (CBCS - 2016 COURSE) : WINTER -
2017**

SUBJECT: FINANCIAL ACCOUNTING – I

Day: Friday
Date: 27/10/2017

W-2017-0209

Time: 11.00 AM TO 02.00 PM
Max. Marks: 60

N.B.:

- 1) All questions are **COMPULSORY**.
- 2) Figures to the right indicate **FULL** marks.
- 3) Use of non- programmable **CALCULATOR** is allowed.

Q.1 A) Select the most appropriate alternative from those given below and rewrite the statements. **(06)**

i) All assets and liabilities are transferred to Realisation Account at their _____ values.

- a) Book b) Market c) Current d) None of these

ii) Accounting Standard _____ is related with valuation of inventories.

- a) 1 b) 2 c) 3 d) 4

iii) Accounting Standard-9 is related with _____.

- a) Valuation of Inventories b) Disclosure of Accounting Policies
c) Depreciation d) Revenue Recognition

iv) Surplus capital method is also known as _____.

- a) Excess capital method b) Maximum loss method
c) Notional capital method d) None of these

v) Income tax is _____ creditors.

- a) Secured b) Unsecured
c) Preferential d) None of these

vi) On dissolution of a firm, assets and liabilities are transferred to _____ account.

- a) Revaluation b) Realization
c) Profit and Loss d) Partners' Capital

B) Answer the following questions in **one sentence** each: **(06)**

- i) Which accounting standard is related with Disclosure of Accounting Policies?
- ii) What is 'Piecemeal Distribution of Cash'?
- iii) Which method is also known as Notional Loss Method?
- iv) As per Garner Vs. Murray Principle deficiency of capital is distributed among solvent partners in which ratio?
- v) What is 'Preferential Creditors'?
- vi) What do you mean by Financial Accounting?

P. T. O.

- Q.2** Anil, Sunil and Pranil were in partnership sharing profits and losses in the ratio of 3:2:1 respectively. They decided to dissolve their partnership with effect from 31st March, 2016 when their Balance Sheet was as follows: (12)

Balance Sheet as on 31st March, 2016

| Liabilities | Rs. | Assets | Rs. |
|---------------------------|-----------------|---------------------|-----------------|
| Partners' Capital: | | Land and Building | 95,000 |
| Anil | 69,000 | Plant and Machinery | 45,000 |
| Sunil | 40,000 | Furniture | 20,000 |
| Pranil | 25,000 | Stock | 30,000 |
| | | Debtors | 50,000 |
| Sundry Creditors | 90,000 | Cash | 14,000 |
| Bank Overdraft | 30,000 | | |
| | 2,54,000 | | 2,54,000 |

The assets were realized gradually as follows:

| Month | Amount |
|-------------|--------|
| April, 2016 | 65,000 |
| May, 2016 | 52,000 |
| June, 2016 | 70,000 |

Prepare:

- Statement showing Surplus Capital
- The Statement showing Distribution of Cash

- Q.3** Lal, Bal and Pal were carrying on business. The profit sharing ratio was 5:3:2 respectively. Their Balance Sheet on 31st March, 2016 was as under. (12)

| Liabilities | Rs. | Assets | Rs. |
|------------------|---------------|---------------------|---------------|
| Sundry Creditors | 20,500 | Plant and Machinery | 17,500 |
| Bal's Loan | 4,500 | Investments | 2,800 |
| General Reserve | 20,000 | Stock | 28,000 |
| Capital: | | Debtors | 17,000 |
| Lal | 18,000 | Prepaid Insurance | 400 |
| Bal | 8,000 | Goodwill | 5,000 |
| Pal | 3,500 | Cash at Bank | 3,800 |
| | 74,500 | | 74,500 |

On this date the firm was dissolved. The assets realized as under:

Investment Rs. 3,000 Stock Rs. 24,000

Debtors Rs. 12,000

The Plant and Machinery was taken over by Lal at book value.

Sundry Creditors and Bal's Loan were fully paid up.

Nothing was realised from Goodwill.

Expenses of realization incurred Rs. 400.

Prepare:

- Realisation A/c
- Partners' Capital A/c
- Bank A/c.

- Q.4** Sohan, Mohan and Rohan who are partners in a firm share profits and losses in the ratio of 2:2:1 respectively. They decided to convert their firm into a limited company namely ABC Ltd. Their Balance Sheet on the date of conversion was as follows: **(12)**

| Liabilities | Rs. | Assets | Rs. |
|-------------------------|-----------------|---------------------|-----------------|
| Sundry Creditors | 24,000 | Building | 30,000 |
| Bills Payable | 1,500 | Plant and Machinery | 18,000 |
| General Reserve | 6,000 | Motor Car | 12,000 |
| Capital Accounts | | Furniture | 2,500 |
| Sohan | 30,000 | Stock | 5,000 |
| Mohan | 28,000 | Sundry Debtors | 26,000 |
| Rohan | 17,000 | Investment | 6,000 |
| | | Cash at Bank | 7,000 |
| | 1,06,500 | | 1,06,500 |

- i) 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 | Sundry Debtors | Rs. 24,700 |
- ii) The company was also agreed to take over creditors at Rs. 22,000.
- iii) The company paid purchase consideration by issue of sufficient number of equity shares of Rs. 100 each fully paid up.
- iv) The firm sold investment for Rs. 8,000 and paid off Bills Payable fully.
- v) Motor Car was taken over by Sohan at book value.
- vi) The firm paid realisation expenses of Rs. 800.

You are required to prepare:

- | | |
|--------------------------------|----------------------|
| i) Realisation Account | ii) ABC Ltd. Account |
| iii) Partners' Capital Account | iv) Bank Account |

- Q.5** Write short notes on any **THREE** of the following: **(12)**

- Reasons for dissolution of partnership firm
- Limitations of financial accounting
- Accounting Standard -2
- Order of payment in piecemeal distribution of cash
- Purchase consideration.

* * * *