

A/C

S.Y.B (com)
(3 Hours)

Apr 1-12

2

Total Marks : 100

- N.B.** (1) From **Section I** Question Nos. 1 and 2 are **compulsory** and attempt any **one** question from Question Nos. 3 and 4.
 (2) From **Section II** Question Nos. 5 and 6 are **compulsory** and attempt any **one** question from the Question Nos. 7 and 8.
 (3) **Figures** to the **right** indicate **full** marks.
 (4) **Working notes** should form part of your **answer**.

Section I

1. Karan and Aditya were in a partnership in a retail business sharing profits and losses in the proportion of 3 : 2. As from 1st April 2010 they admitted Ashish into partnership giving him one-fifth of the profits. Ashish brought in Rs. 32,000 in cash of which Rs. 6,000 were considered as being in payment for his share of goodwill and remainder as his capital. The following trial balance was extracted from the books as on 31st March, 2011 :—

	Dr. (Rs.)	Cr. (Rs.)
Purchases	27,160	—
Sales	—	41,265
Sales Returns	525	—
Purchase Returns	—	410
Reserve for doubtful debts	—	1,520
Sundry Debtors	44,020	—
Sundry Creditors	—	12,553
Bills Receivable	12,007	—
Bills Payable	—	1,195
Stock (1st April 2010)	3,972	—
Carriage inward	1,718	—
Office Salaries	980	—
Furniture	2,050	—
Postage, Stationery and Insurance	1,393	—
Rent, rates and taxes	420	—
Bad debts	64	—
Outstanding wages	—	120
Rent accrued but not paid	—	90
Capital Accounts (1st April 2010) :		
Karan	—	21,500
Aditya	—	21,000
Cash paid by Ashish on 1st April 2010	—	38,000
Current Accounts :		
Karan	5,500	—
Aditya	5,200	—
Ashish	12,200	—
Cash in Hand	20,444	—
Total	1,37,653	1,37,653

You are required to prepare the firm's Trading and Profit and Loss Account for the year ending 31st March 2011 and Balance Sheet as on that date having regard to the following information :—

- (c) Depreciation on furniture is to be charged at 10% per annum.
- (d) Reserve for doubtful debts is to be maintained at 5% on the sundry debtors.
- (e) Goods to the value of Rs. 500 have been destroyed by fire and the insurance company has admitted to claim for Rs. 200 only.
- (f) Bills receivable include a dishonoured bill of Rs. 500.

2. (a) Rewrite the following statements and then State with reasons whether they are true OR false :— 8

- (i) On dissolution of a firm there cannot be any profit or loss on Realisation as all the assets are sold.
- (ii) Goodwill is intangible asset and therefore worthless and it cannot be sold when the firm is dissolved.
- (iii) If the partnership firm incurs loss then there is no need to provide depreciation.
- (iv) In dissolution of firm, profit on realization can not be credited to an insolvent partner.
- (v) Interest on partners' loan can not be paid.
- (vi) In piecemeal distribution of cash, reserve for contingent liabilities is created before payment of any liabilities.
- (vii) Salary to a partner can be paid only if he has contributed more capital than other partners.
- (viii) Personal expenses of partners can be debited to profit and loss A/c. if they are not allowed any drawings.

(b) Sneha and Sejal carry on a partnership business under the name M/S fine coordinators. They share profits and Losses in the ratio 3 : 2. Radha is admitted as partner in the firm who bring in Rs. 5,00,000 as her of Capital out of which 60% is regarded as Goodwill. Give journal entries for Goodwill brought in by Radha, in the following circumstances :— 8

- (i) New profit sharing ratio between Sneha and Sejal and Radha is 2 : 1 : 1.
- (ii) Radha is admitted for one-fourth share in future profit.
- (iii) Radha is admitted with one-fifth share in future profits which she acquires equally from Sneha and Sejal.
- (iv) Radha is admitted for one-fourth share in future profit which she acquires from Sneha only.

3. Avani, Binal and Cindy are partners sharing profits and losses in the ratio of 4 : 2 : 1. They decided to dissolve the partnership as on 31st March 2011 when their Balance Sheet was as follows :— 16

Balance Sheet as on 31st March 2011

Liabilities	Rs.	Assets	Rs.
Creditors	16,800	Cash in hand	500
General Reserve	9,800	Investment	16,000
Capital : Avani	16,000	Machinery	38,740
Binal	32,000	Debtors	6,520
Cindy	26,000	Building	980
		Furniture	37,860
	1,00,600		1,00,600

All creditors have to be paid off. Rs. 300 has to be provided for realization expenses. Thereafter all cash received should be distributed among the partners. The amounts were realized in installments as follows :—

	Rs.
1st	20,000
2nd	3,500
3rd	46,000
4th	31,100

6. The actual realization expenses were Rs. 500. Prepare a statement showing piecemeal distribution of cash as per Excess Capital Method.

4. Ajay and Vijay were partners in a firm, sharing profits and losses in the ratio of 3 : 5 respectively. On 1st April 2011, their Balance Sheet was as follows :—

Liabilities	Rs.	Assets	Rs.
Creditors	25,000	Machinery	60,000
General Reserve	5,000	Stock	40,000
Ajay's Capital A/c.	60,000	Debtors	36,000
Vijay's Capital A/c.	50,000	Cash	4,000
	1,40,000		1,40,000

Dhananjay was admitted as a partner in the firm on the same date on following terms :—

- (1) He shall have $\frac{1}{4}$ th share in the goodwill and profits of the firms, which is acquired in equal proportion from Ajay and Vijay.
- (2) He shall bring Rs. 40,000 as his Capital and Rs. 20,000 as his share of goodwill.
- (3) Ajay and Vijay to withdraw 50% of the amount of goodwill due to them and allow the balance to remain in the business.
- (4) Machinery is valued at Rs. 40,000. Stock is depreciated by 10% and a Reserve for doubtful debts of Rs. 1,000 to be created.
- (5) An amount of Rs. 6,000 included in creditors is no longer a liability.

You are required to prepare :—

- (a) Revaluation A/c.
- (b) Cash A/c.
- (c) Partners Capital Accounts
- (d) Balance Sheet after Dhananjay's admission.

Section II

5. A & Co. and C & Co. decided to amalgamate on the following terms and conditions on 1st April 2012 when their Balance Sheets were as follows :—

Particulars	A & Co. Rs.	C & Co. Rs.	Particulars	A & Co. Rs.	C & Co. Rs.
A's Capital	6,000	—	Buildings	5,000	—
B's Capital	3,000	—	Furniture	600	1,000
C's Capital	—	3,300	Investments	—	2,000
D's Capital	—	2,200	Stocks	3,000	2,600
Creditors	1,000	1,500	Debtors	2,000	2,400
Bank Loan	2,000	2,500	Cash at Bank	1,400	1,500
	12,000	9,500		12,000	9,500

Terms of amalgamation :—

- (1) In case of A & Co.
 - (a) Goodwill was valued at Rs. 3,000
 - (b) A & B Co. should pay its Bank Loan.
 - (c) Building was taken to be worth Rs. 6,000
 - (d) Stock to be valued at Rs. 2,500.
- (2) In case of C & Co.
 - (a) Goodwill was valued at Rs. 2,000
 - (b) Investments were not taken over by the new firm.
 - (c) Stock was valued at Rs. 1,880.

You are required to show necessary ledger accounts in the books of A & Co., C & Co. and prepare Balance Sheet of New firm after Amalgamation.

6. (a) Fill in the blanks :— 8
- (i) The buyer becomes the owner of the goods on payment of last installment under _____ system.
 - (ii) The hire purchase system considers each installment as hire charges for _____ of the goods by the hire purchaser until the payment of last installment.
 - (iii) Memorandum trading account is prepared to find out _____ on the date of fire.
 - (iv) Damaged goods are called as _____ goods.
 - (v) Branch account is a _____ account under debtors system.
 - (vi) Under debtors system opening branch assets are shown on the _____ side of the branch account and Closing branch assets are shown on the _____ of the branch account.
 - (vii) Goods sent on consignment account is a _____ account.
- (b) Give one Word/Phrase/Term for the following :— 8
- (i) Sale or scrap value of goods saved from fire.
 - (ii) Clause applicable if the goods are under insured.
 - (iii) Branch which maintains complete record of all accounting transactions at the location of the branch itself.
 - (iv) The price at which goods are sent to the branch.
 - (v) The new firm formed after amalgamation.
 - (vi) The amount payable by the new firm to the old firms.
 - (vii) The person receiving the goods on consignment.
 - (viii) Document prepared by consigner showing description of goods being consigned (in quality, rate and value).

7. Patil Associate purchased Computer from Sangita Comp. Ltd. on instalment system on 1st January 2009, Rs. 1,00,000 were paid on signing the contract and the balance in three instalments of Rs. 1,00,000 each on 31st December every year. The cash price of the Computer was Rs. 4,50,000. Interest charged by the seller was at 5% per annum. 16
- Patil Associates charges depreciation @ 25% p.a. on w.d.v. method on Computer on 31st December every Year. Prepare —
- (a) Computer A/c.
 - (b) Sangita Comp. Ltd. A/c.
 - (c) Interest A/c.

in the books of Patil Associates Sons for the Accounting Years 2009, 2010 and 2011.

8. On 16th June 2011 the premises of Balan were destroyed by fire, but sufficient records were saved from which the following particulars were found :— 16

Particulars	Rs.
Stock (1-1-2010)	50,000
Stock (31-12-2010)	70,000
Purchases (2010)	4,74,000
Sales (2010)	6,00,000
Purchases (1-1-2011 to 16-6-2011)	1,50,000
Sales (1-1-2011 to 16-6-2011)	2,05,000

In valuing the stock for the Balance Sheet at 31-12-2010 Rs. 4,000/- had been written off certain stock having cost Rs. 9,000. Half of this goods were sold in March, 2011 for Rs. 5,000. The balance is estimated to be worth the original cost. Subject to this exception, gross profit had been 10% on sales. The stock salvaged was worth Rs. 9,500. Show the amount of claim to be lodged with the insurance Company.

(3 Hours)

[Total Marks : 100

- N.B. (1) Question No. 1 is **compulsory** and attempt any **five** questions from Question Nos. 2 to 9.
(3) **Figures** to the **right** indicate **full** marks.
(4) **Working notes** should form part of your **answer**.

1. Karan and Aditya were in a partnership in a retail business sharing profits and losses in the proportion of 3 : 2. As from 1st April 2010 they admitted Ashish into partnership giving him one-fifth of the profits. Ashish brought in Rs. 32,000 in cash of which Rs. 6,000 were considered as being in payment for his share of goodwill and remainder as his capital. The following trial balance was extracted from the books as on 31st March, 2011 :—

	Dr. (Rs.)	Cr. (Rs.)
Purchases	27,160	—
Sales	—	41,265
Sales Returns	525	—
Purchase Returns	—	410
Reserve for doubtful debts	—	1,520
Sundry Debtors	44,020	—
Sundry Creditors	—	12,553
Bills Receivable	12,007	—
Bills Payable	—	1,195
Stock (1st April 2010)	3,972	—
Carriage inward	1,718	—
Office Salaries	980	—
Furniture	2,050	—
Postage, Stationery and Insurance	1,393	—
Rent, rates and taxes	420	—
Bad debts	64	—
Outstanding wages	—	120
Rent accrued but not paid	—	90
Capital Accounts (1st April 2010) :		
Karan	—	21,500
Aditya	—	21,000
Cash paid by Ashish on 1st April 2010	—	38,000
Current Accounts :		
Karan	5,500	—
Aditya	5,200	—
Ashish	12,200	—
Cash in Hand	20,444	—
Total	1,37,653	1,37,653

Your are required to prepare the firm's Trading and Profit and Loss Account for the year ending 31st March 2011 and Balance Sheet as on that date having regard to the following information :—

- (a) Stock at the end was Rs. 20,000.
(b) Sundry debtors include item of Rs. 500 for goods supplied to Karan and item of Rs. 100 due from customer on account of sales, who has become insolvent.

- (c) Depreciation on furniture is to be charged at 10% per annum.
 (d) Reserve for doubtful debts is to be maintained at 5% on the sundry debtors.
 (e) Goods to the value of Rs. 500 have been destroyed by fire and the insurance company has admitted to claim for Rs. 200 only.
 (f) Bills receivable include a dishonoured bill of Rs. 500.
2. Pragati & Co. Ltd. issued 5000 shares of Rs. 100 each at par. The share amount was payable as follows :— **16**

On Application	Rs.	30
On Allotment	Rs.	50
On First and Final Call	Rs.	20

The public applied for 5,500 shares. Applications for 100 shares were immediately rejected. In respect of applications for 5400 shares, directors decided that 5000 shares would be allotted on pro rata basis and the application money received on 400 shares would be used towards payment of allotment money.

All allotment and call money was received.

You are required to give necessary journal entries (including cash transactions) in the books of Pragati and Co. Ltd.

3. Avani, Binal and Cindy are partners sharing profits and losses in the ratio of 4 : 2 : 1. They decided to dissolve the partnership as on 31st March 2011 when their Balance Sheet was as follows :— **16**

Balance Sheet as on 31st March 2011

Liabilities	Rs.	Assets	Rs.
Creditors	16,800	Cash in hand	500
General Reserve	9,800	Investment	16,000
Capital : Avani	16,000	Machinery	38,740
Binal	32,000	Debtors	6,520
Cindy	26,000	Building	980
		Furniture	37,860
	1,00,600		1,00,600

All creditors have to be paid off. Rs. 300 has to be provided for realization expenses. Thereafter all cash received should be distributed among the partners. The amounts were realized in installments as follows :—

	Rs.
1st	20,000
2nd	3,500
3rd	46,000
4th	24,000

The actual realization expenses were Rs. 500. Prepare a statement showing piecemeal distribution of cash as per Excess Capital Method.

4. Jimmy traders gives you following information regarding one of their stores item for the month of March, 2012 :— **16**

March 1 Stock in hand 500 units @ Rs. 90.

Purchases :

March 3	1,500 units	@ Rs. 110 each
March 6	1000 units	@ Rs. 120 each
March 10	600 units	@ Rs. 100 each
March 21	500 units	@ Rs. 100 each
March 30	400 units	@ Rs. 130 each

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Issues :

March 2	400 units
March 9	500 units
March 16	900 units
March 23	500 units
March 31	600 units

Calculate the cost of goods sold and closing stock under FIFO method of stock valuation.

5. A & Co. and C & Co. decided to amalgamate on the following terms and conditions on 1st April 2012 when their Balance Sheets were as follows :— **16**

Particulars	A & Co. Rs.	C & Co. Rs.	Particulars	A & Co. Rs.	C & Co. Rs.
A's Capital	6,000	—	Buildings	5,000	—
B's Capital	3,000	—	Furniture	600	1,000
C's Capital	—	3,300	Investments	—	2,000
D's Capital	—	2,200	Stocks	3,000	2,600
Creditors	1,000	1,500	Debtors	2,000	2,400
Bank Loan	2,000	2,500	Cash at Bank	1,400	1,500
	12,000	9,500		12,000	9,500

Terms of amalgamation :—

(1) In case of A & Co.

- Goodwill was valued at Rs. 3,000
- A & B Co. should pay its Bank Loan.
- Building was taken to be worth Rs. 6,000
- Stock to be valued at Rs. 2,500.

(2) In case of C & Co.

- Goodwill was valued at Rs. 2,000
- Investments were not taken over by the new firm.
- Stock was valued at Rs. 1,880.

You are required to show necessary ledger accounts in the books of A & Co., C & Co. and prepare Balance Sheet of New firm after Amalgamation.

6. M/s. Dif Tyres gives you following information for the month of January, 2012 :— **16**

Cash Book (Bank Column)

2012		Rs.	2012		Rs.
Jan. 1	To Balance b/d.	900	Jan. 2	By Sheth	300
8	To Raut	420	6	By Priya	120
10	To Gauri	1,200	8	By Ajay	20
15	To Parekh	1,560	12	By Leena	240
22	To Nitin	200	16	By Madhu	800
28	To Harish	480	22	By Metha	600
31	To Tashan	600	24	By Kapoor	80
			28	By Wages	500
			30	By Barbie	300
			31	By Lalan	160
			31	By Balance c/d.	2,240
		5,360			5,360

BANK STATEMENT

2012		Debit (Rs.)	Credit (Rs.)	Balance (Rs.)
Jan. 1	To Balance b/d.	—	—	Cr. 900
6	To Sheth	300	—	600
10	To Priya	120	—	480
12	By Raut	—	420	900
13	To Ajay	20	—	880
14	By Gauri	—	1,200	2,080
15	To Bank Charges	10	—	2,070
15	To Leena	240	—	1,830
19	By Parekh	—	1,560	3,390
20	To Madhu	800	—	2,590
25	By Nitin	—	200	2,790
28	To Kapoor	80	—	2,710
29	To Wages	500	—	2,210
31	To Club Subscription	200	—	2,010

Prepare Bank Reconciliation Statement as on 31st January 2012.

7. Patil Associate purchased Computer from Sangita Comp. Ltd. on instalment system on 1st January 2009, Rs. 1,00,000 were paid on signing the contract and the balance in three instalments of Rs. 1,00,000 each on 31st December every year. The cash price of the Computer was Rs. 4,50,000. Interest charged by the seller was at 5% per annum. 16

Patil Associates charges depreciation @ 25% p.a. on w.d.v. method on Computer on 31st December every Year. Prepare —

- Computer A/c.
- Sangita Comp. Ltd. A/c.
- Interest A/c.

in the books of Patil Associates Sons. for the Accounting Years 2009, 2010 and 2011.

8. Prepare the Trial Balance of M/s. Kataria and Sons as on 31st March 2012 from the following information. Any difference in the trial Balance should be treated as bank balance or bank overdraft. 16

Particulars	Rs.
Capital	10,000
Stock on 1st April, 2011	2,000
Land and Building	8,000
Sundry Debtors	4,060
Bills Payable	800
Purchases	12,000
Sales	14,000
Furniture	6,600
Returns Inward	200
Returns Outwards	500
Drawings	300
Sundry Creditors	10,000
Salaries	1,100
Wages	1,000
Insurance	300
General Expenses	200
Commission received	300
10% Loan Cr. Balance	1,000
Interest on Loans	40
Bad debts	100
Advertisement	800
Reserve for doubtful debts	100

9. Write short notes on (any four) :—

- Share forfeiture
- Advantages of computerized accounting
- Purchase consideration
- Weighted Average method of valuation
- Types of leases
- Bank reconciliation statement.