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SARDAR PATEL UNIVERISTY

Bachelor of Commerce (Semester –I) Examination - 2022

UB01CCOM71: Financial Accounting - I

Date: 12th December, 2022, Monday

Time 10:00 A.M. to 01:00 P.M.

Total: 70 Marks

Instructions: (1) Figures to the right indicate full marks of questions.

(2) Show the necessary calculations as a part of your answer.

Que.1 In a factory following information are available of Receipts and Issues (18)
regarding material 'M' during November, 2022.

Date	Receipts		Issues	
	Units	Price per unit (Rs.)	Date	Units
01-11-2022	9,000	4	12-11-2022	15,000
05-11-2022	18,000	6	20-11-2022	24,000
14-11-2022	21,000	5	29-11-2022	3,000
25-11-2022	9,000	8		

There is a shortage of 1,000 units during the verification of stock on 30/11/2022.

Prepare Stock Register under FIFO and LIFO Method.

OR

Que.1(A) Vipul Limited has purchased one Machine costing Rs. 4,00,000 as on 01/04/2019. Installation expenses amounted to Rs. 50,000. Company provides depreciation 10% p. a. under straight line method. On 31/03/2022 this Machine was sold by incurring loss of 20% on book value. (12)

Write necessary journal entries for first year and also prepare Machine Account and Depreciation Account for first three years.

Que.1(B) Write short note on (Any one) (06)
(1) Meaning and significance of inventory valuation.
(2) Accounting Period

①
(P.T.O.)

Que.2 Virat, Rohit and Ashwin are partners sharing profits and losses in the proportion of 3:1:1 respectively. Their Balance Sheet as on 31-03-2022 was as under. (17)

Balance Sheet as on 31-03-2022

Liabilities	Rs.	Assets	Rs.
<u>Capital Accounts</u>		Machinery	3,50,000
Virat 2,90,000		Furniture	50,000
Rohit <u>1,40,000</u>	4,30,000	Investments	50,000
Workmen Accident		Stock	55,000
Compensation Fund	60,000	Debtors 80,000	
Outstanding Expenses	10,000	(-) B. D. R. <u>5,000</u>	75,000
Sundry Creditors	2,20,000	Bills Receivable	30,000
Bills Payable	50,000	Cash Balance	40,000
Workmen Profit Sharing Fund	20,000	Capital Account : Ashwin	40,000
		Profit & Loss Account	1,00,000
	7,90,000		7,90,000

On the above date they decided to dissolve their firm.

Information regarding dissolution is as under.

(1) Assets realized as under.

Machinery Rs. 2,80,000, Furniture Rs. 40,000, Debtors Rs. 75,000. Remaining assets realized at their book value.

(2) All liabilities were paid as per book value.

(3) Claims on accident of a worker are to be accepted and paid Rs. 10,000 for the same.

(4) Dissolution expenses Rs. 30,000 is to be paid by a firm.

(5) Ashwin declared insolvent and out of one rupee only 50 paise could be recovered from his assets.

From the above information, prepare following accounts in the books of partnership firm.

(1) Realisation Account

(2) Partners' Capital Accounts and

(3) Cash Account

OR

Que.2 Lakshya, Prapti and Sidhdhi are partners sharing profits and losses in the proportion of 3:2:1 respectively. Their firm was dissolved as on 31-03-2022. The Balance Sheet on that date was as under. (17)

Balance Sheet as on 31-03-2022

Liabilities	Rs.	Assets	Rs.
Capital Accounts		Land	75,000
Lakshya 2,85,000		Building	1,05,000
Prapti 10,500		Machinery	90,000
Sidhdhi 4,500	3,00,000	Debtors 50,000	
General Reserve	27,000	(-) B. D. R. 5,000	45,000
Creditors	35,000	Bills Receivable	5,750
Bills Payable	11,250	Stock	40,000
Bank Overdraft	4,000	Cash	16,500
	3,77,250		3,77,250

Additional information:

- (1) Assets are realized as under. Land Rs. 60,000, Building Rs. 90,000, Machinery Rs. 73,750, Stock Rs. 30,000. Remaining assets are realized at their book value.
- (2) Creditors are paid Rs. 29,750 for full settlement. Remaining liabilities are paid at their book value.
- (3) Dissolution expenses was amounted to Rs. 4,500.
- (4) A Bills Receivable discounted with the bank was dishonoured and Rs. 7,500 was paid to Bank. No amount was received from the drawee.
- (5) Prapti and Sidhdhi both declared insolvent. Out of one rupee only 60 paise could be recovered from Prapti's assets and only 40 paise could be recovered from Sidhdhi's assets.

From the above information, prepare following accounts in the books of partnership firm.

(1) Realisation Account

(2) Partners' Capital Accounts and

(3) Cash Account

(3)
(P.T.O.)

Que.3 Prepare Trading Account, Profit and Loss Account, Profit and Loss Appropriation Account, Partners' Capital Accounts and Balance Sheet of partnership firm with imaginary figures. Assume two partners: X and Y. (18)

OR

Que.3 From the following Trial Balance and adjustments of Mayank as on 31-03- 2022, prepare his Final Accounts. (18)

Name of Accounts	L.F.	Debit (Rs)	Credit (Rs.)
Drawings and Capital		15,000	2,10,000
Purchases and Sales		1,50,000	3,18,000
Goods Returns		9,000	6,000
P. F. Contribution and P. F.		1,500	9,000
P. F. Investments and P. F. Interest		9,000	600
Debtors and Creditors		1,38,000	24,000
Discounts		1,800	1,200
Bad Debts and Provision for Bad Debts		1,500	900
Bills		45,000	6,000
Stock (01-04-2021)		18,000	---
Demurrage		1,200	---
Mahajan Lago		2,700	---
Tolai		1,800	---
Custom Duty		2,100	---
Trading Expenses		7,500	---
Goods Withdrawn as Drawings		---	12,000
Goods Distributed as Samples		---	9,000
Advertisement Expenses		9,000	---
Commission		---	3,300
Cash Balance		66,900	---
Bank Balance		1,20,000	---
		6,00,000	6,00,000

Adjustments:

- (1) Closing Stock is Rs. 1,50,000, out of which market value of 25% of stock is 20% more.

- (2) Rs. 90,000 credit sales are yet to be recorded.
- (3) Write off Rs. 18,000 as Bad Debts from Debtors and provide 5% Bad Debt Reserve.
- (4) Interest on Capital is to be calculated at 10% and charge 5% interest on Drawings.
- (5) Commission of Rs. 900 is yet to be received.
- (6) 50% of Advertisement Expenses is to be carried forward to next year.

Que.4 Shah and Parekh are partners sharing profits and losses in the ratio of 3:2 respectively. Their Balance Sheet as on 31-03-2022 was as under.

(17)

Liabilities	(Rs.)	Assets	(Rs.)
<u>Capital Accounts</u>		Land - Building	1,75,000
Shah 1,50,000		Machinery	1,50,000
Parekh 80,000	2,30,000	Furniture	50,000
General Reserve	50,000	Stock	1,00,000
Loan of Mrs. Parekh	1,50,000	Debtors	2,50,000
Creditors	2,75,000	Bills Receivable	50,000
Bills Payable	85,000	Cash	15,000
	7,90,000		7,90,000

The above firm was converted in to 'Shah and Parekh Limited'.

Conditions of Conversion:

- (1) The company took over the assets (Except Cash and Stock) at the following values.

Goodwill	₹ 3,00,000	Machinery	₹ 1,00,000
Debtors	₹ 2,25,000	Land - Building	₹ 3,50,000
Furniture	₹ 15,000	Bills Receivable	₹ 45,000

- (2) Company agreed to pay the liabilities except the Loan.
- (3) Shah took over the Stock at 10% less value.
- (4) Parekh agreed to repay the Loan of Mrs. Parekh.

Shah and Parekh Limited paid 55,000 Equity Shares of Rs. 10 each and balance by Cash towards the purchase consideration. Partners are distributed the shares in profit sharing ratio.

Prepare necessary accounts in the books of partnership firm.

OR

⑤
(P.T.O.)

Que.4(A) The following particulars are appeared in the books of a firm.

(07)

Land and Building	Rs. 3,00,000	Stock	Rs. 2,00,000
Debtors	Rs. 1,50,000	Creditors	Rs. 1,80,000
Advertisement Suspense Account	Rs. 10,000		
General Reserve	Rs. 50,000		

The above business is sold to a company which agrees to pay Rs. 3,50,000 for Land and Building, Rs. 1,80,000 for Stock and Rs. 10,000 was to be provided for Doubtful Debts. Goodwill was fixed up at Rs. 1,00,000.

The Purchase Consideration was to be discharged by issue of 30,000 Equity Shares of Rs. 10 each and the balance in Cash.

Calculate the Purchase Consideration.

Que.4(B) Discuss the methods of Purchase Consideration.

(10)

