

C.U.SHAH UNIVERSITY

Summer Examination-2018

Subject Name : Compulsory Accountancy - I

Subject Code : 4CO01CAC2

Branch: B.Com (English)

Semester : 1

Date :27/03/2018

Time : 02:30 To 05:30

Marks : 70

Instructions:

- (1) Use of Programmable calculator & any other electronic instrument is prohibited.
- (2) Instructions written on main answer book are strictly to be obeyed.
- (3) Draw neat diagrams and figures (if necessary) at right places.
- (4) Assume suitable data if needed.

- Q-1 Attempt the following questions: (14)**
- a) The Assets, Liabilities and Capital Accounts of the amalgamation are closed by opening – 1
- (a) Realization A/C (b) Profit & Loss A/C
(c) New Firm's A/C (d) P&L Adjustment A/C
- b) If the amount of 'goodwill' is fixed in the old firm at the time of amalgamation. 1
- () It is credited by P&L Adjustment A/C (b) It is credited out by new firm.
(c) No entry will be passed.
(d) It is credited to partner's capital A/C in old P&L ratio
- c) Del credere Commission is calculated on the 1
- (a) Only cash Sales (b) Total goods sent (c) Total Sales (d) Only Credit sales
- d) Which type of commission is paid on the goods purchased by the consignee himself ? 1
- () Normal commission (b) Commission is not paid
(c) Delcredere Commission (d) Additional Commission
- e) the abnormal loss of Rs. 35,000 occurred in consignment business. The insurance company accepted 40% claim. What amount will be credited to Consignment Account ? 1
- () Rs. 14,000 (b) Rs. 21,000 (c) Rs. 35,000 (d) 17,500
- f) Following activities are appropriate for Joint Venture business : 1
- (a) Construction of a river bridge (b) Cloth Shop
(c) Medical Store (d) Cement Agency
- g) Joint Venture Account is similar to which option? 1
- (a) Similar to only Trading Account (b) Similar to only P&L Account
(c) Similar to only B/S (d) Similar to mixture of Trading and P&L Account
- h) Debentures of Rs.3,00,000 are received against work done in joint venture business, then are sold for Rs.3,75,000 then what amount is recorded on the credit side of joint venture Account? 1
- (a) 3,75,000 (b) 3,00,000 (c) 75,000 (d) 6,75,000
- i) When premium is considered as revenue expense which account is debited for premium paid? 1
- (a) Policy A/C (b) Premium A/C (c) P & L A/C (d) Trading A/C



- j) Annual premium of joint life policy is Rs.15,000. At the end of 4th year surrender value is Rs.15,000. How much percentage it will be of total premium paid? 1
 (a) 25% (b) 20% (c) 75% (d) 80%
- k) Annual premium of joint life policy is written off by debiting profit and loss Account at the end of the year. 1
 (a) Considered as revenue expenditure. (b) Considered as Capital expenditure.
 (c) A/C shown at surrender value (d) None of these.
- l) Liabilities which are accepted or taken over by new firm on amalgamation, old firm record the same liabilities in its books by- 1
 (a) Credited to Liability A/C (b) Debited to New Firm A/C
 (c) Credited to New firm A/C (d) Debited to Capital A/C
- m) Give the Name of Accounting Standard No-2 1
 (a) Valuation of Inventories (b) Depreciation Method
 (c) Investment Accounting (d) Intangible Accounts
- n) Cash Flow Accounting Standard Number ? 1
 (a) 1 (b) 2 (c) 3 (d) 4

Attempt any four questions from Q-2 to Q-8

- Q-2 Attempt all questions (14)**
 (a) Give the Differences between: - Sale and Consignment. 7
 (b) Explain the objectives of Amalgamation of Firms. 7
- Q-3 Attempt all questions (14)**
 (a) Explain Accounting Standard Number -1. 7
 (b) Difference – Consignment and Joint Venture. 7
- Q-4 Attempt all questions (14)**
 (a) Give the Journal Entries of below Adjustment. 7
 (1) When goods are purchased for Joint Venture on Cash.
 (2) When goods are purchased for Joint Venture on credit.
 (3) When expenses are paid for Joint venture.
 (4) When sale for Joint Venture made on Credit.
 (5) When bad debt arises in Joint Venture.
 (6) When partners take closing stock in Joint Venture.
 (7) Distribution of Profit in Joint Venture.
- (b) Explain Accounting Standard Number -1. 7
- Q-5 Attempt all questions (14)**
 ABC chemicals of Navsari consigned 2000 liters of chemical to XYZ Traders of Mehsana at Rs.10 per liter. They paid Rs 1000 for expenses. The Consignee accepted a bill of Rs.12000 drawn by the Consignor Which the latter discounted for Rs.11,800. 14
 100 liters were destroyed in transit for which the Insurance Co. paid a claim of Rs.600. XYZ Traders took delivery of the remaining goods and paid Rs.1200 for sales expenses.
 From the Account Sales received from the Consignee, it was seen that 1600 liter were sold at Rs.20 and there was a shortage of 50 liters due to natural causes. The Consignee was entitled to a commission of 5% and a del credere commission of 2%. The Consignee sent a bank draft for the balance along with the Account Sales. A customer to whom the Consignee had sold goods for Rs.1000 on credit was declared bankrupt and only 50 paisa in a rupee could be recovered from his estate.
 Prepare necessary accounts in the book of both the parties.



- Q-6 Attempt all questions (14)**
 (a) A, M and K were partners sharing profit in the ratio of 1:2:2. They took out joint life policy for Rs.3,00,000. The first annual premium of Rs.12,000 was paid on 1-1-2011. The surrender value of the police was as following. **7**

	Rs.
31-12-2011.	Nil
31-12-2012	2,400
31-12-2013	4,500

Bal died on 15-02-2014 and the firm received the policy amount.

From the above information, prepare Joint Life Policy Account and Joint Life Policy Reserve Account.

- (b) Explain – When Premium as considered as Capital Expenditure and showing policy amount on Joint Life Policy Reserve Account. **7**

- Q-7 Attempt all questions (14)**
 Two firms namely ‘P’ Brothers and ‘K’ Brothers decided to amalgamate from a new firm shri R. Brothers. On this date the Balance sheets of P brothers and K brothers were as follows; **14**

Balance sheets as on 31-03-2016

Liabilities	P Brothers Rs.	K Brothers Rs.	Assets	P Brothers Rs	K Brothers Rs.
Capital A/c			Factory	1,20,000	-
A	1,60,000	-	Office	-	1,60,000
B	1,20,000	-	Machinery	1,00,000	80,000
C	-	1,20,000	Investment	40,000	60,000
D	-	1,60,000	Stock	80,000	80,000
Reserve fund	56000	80,000	Debtors	60,000	80,000
P&L A/c	28,000	40,000	Cash/Bank	40,000	60,000
Creditors	60,000	80,000	Prepaid		
Bills Payable	12,000	24,000	Expenses	1,600	1,200
Outstanding Salary	5,600	17,200			
	<u>4,41,600</u>	<u>5,21,200</u>		<u>4,41,600</u>	<u>5,21,200</u>



Partners of P Brothers were sharing profits & losses in the ratio 4:3 and partners of K Brothers were sharing were sharing in the ratio 3:2.

The following terms and condition of amalgamation were agreed upon:

- (1) The profit & loss sharing ratio shall be equal.
- (2) P Brothers' factory is valued at Rs. 1,60,000.
- (3) K Brothers office is valued at Rs. 1,20,000
- (4) In both firms value of machinery is to be reduced by 10%
- (5) Value of investment is increase by 10%
- (6) Value of P Brothers' stock is increased by 10% and value of K Brothers stock value is reducing by 10%
- (7) Provide 5% Bad Debt Reserve on Debtors.
- (8) New firm accepts creditors with 5% Discount Reserve.
- (9) Remaining liabilities are valued as per books Value.
- (10) New firm has to take over all the assets and liabilities including cash bank balance.

Prepare Necessary Accounts to close the books of P Brothers and K Brothers.

Q-8

Attempt all questions

(14)

(a) Explain – When Premium as Considered as Revenue Expense. **7**

(b) On October 1st, 2015 S and R entered into joint venture sharing profit & losses in the ratio 2:1. They deposited Rs.1,00,000 and Rs.50,000 respectively into their joint Bank Account and decided that joint bank account is to be used for purchase and sale, while joint venture expenses should be paid by each partner out of their private fund. S is to be paid annual salary of Rs.10,000 for general administration and R is to be paid commission at 10% on sales he affects. **7**

S purchased goods worth Rs.1,00,000 and paid for expenses Rs.5,000.R sold some of the goods for Rs.1,00,000 and paid selling expenses Rs.2,000.unsold goods worth Rs.34,000 were taken over by S.

Account were settled on 31st march,2016.

Prepare:- joint Venture Account, Partners Capital Account and Joint Bank Account.

