

# C.U.SHAH UNIVERSITY

## Winter Examination-2018

**Subject Name : Compulsory Accountancy-I**

**Subject Code :4CO01CAC2**

**Branch: B.Com (English)**

**Semester : 1**

**Date :03/12/2018**

**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) In case of Amalgamation profit or loss on the sale of firm is ascertained through – 1  
(a) Realization A/c (b) Revaluation A/c (c) Profit and loss A/c (d) None of above
  - b) The assets, Liabilities and capital Accounts of the amalgamation are closed by 1  
opening-  
(a) Realization A/c (b) Revaluation A/c (c) Profit and loss A/c (d) New Firms' A/c
  - c) Which ratio is to be consider for distribution the balances of owners' fund and 1  
General Reserve in the book of old firm at time of amalgamation?  
(a) Capital Ratio (b) Equity Ratio (c) Old P & L Ratio (d) Any desired by partner
  - d) In consignment accounts, abnormal loss is debited to- 1  
(a) consignee Account      (b) Consignment Account  
(c) Profit and loss A/c      (d) Principal Account
  - e) When the bill of exchange drawn by the consignor is accepted by the consignee 1  
which account will be credited in the book of the consignor?  
(a) Consignment A/C      (b) Consignee's  
(c) Bill Receivable A/C      (d) Bills Payable A/C
  - f) When goods are sent for sale on consignment basis, which account is debited in 1  
the books of consignor for amount of goods?  
(a) consignee's A/C      (b) Consignment A/C  
(c) Goods sent for sale on consignment A/C      (d) Sales A/C
  - g) Which of the following statement is true for Joint Venture Business? 1  
(a) There is an aim to earn profit from the business for a long time  
(b) It has a short business life      (c) It has a long business life  
(d) The business is always of proprietary firm
  - h) Joint venture Account is similar to which option? 1  
(a) similar to only Trading Account (b) Similar to mixture of Trading and P&LA/c  
(c) similar to only profit and loss Account (d) Similar to only B/S and P&L A/c
  - i) When independent books of account are maintained for joint venture business, the 1  
expenses paid for joint venture is.  
(a) credited to joint bank account      (b) credited to expense account  
(c) Debited to the partner who paid it. (d) Credited to joint venture account.
  - j) Which account is to be debited by the difference between the premium paid and 1



- the surrender value of the policy?
- (a) joint life Policy account (b) Profit and Loss account  
(c) joint life policy reserve account (d) Partner's capital account
- k) Annual premium of joint life policy is Rs.15000 and surrender value of policy is zero. Amount written off will be ..... 1  
(a) Zero (b) Rs.7,500 (c) None of above (d) Rs.15000
- l) When premium is considered as capital expenditure, which Account is debited for premium paid? 1  
(a) Policy A/C (b) Trading A/C (c) Premium A/C (d) Profit and Loss A/C
- m) Accounting Standard Number – 3 1  
(a) Evolution of Goodwill (b) Cash Flow Statement  
(c) Evolution of Inventories (d) Evolution of Assets
- n) Contingencies and Events Occurring After the balance sheet Date is 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) Write the necessary journal entries in the book of consignor. 7
- (b) Hetal & Mital share profit & loss in 2:1 and Niralee and Dhatri share profit & loss in 3:1 in their respective firms. The balance sheet of both the firms are under. 7

Liabilities	Hetal Mital	Niralee Dhatri	Assets	Hetal Mital	Niralee Dhatri
Capital :			Furniture	28,000	32,000
Hetal	60,000		Stock	40,000	52,000
Mital	48,000		Debtors	48,000	60,000
Niralee		80,000	Bills receivable	16,000	24,000
Dhatri		40,000	cash	52,000	56,000
General Reserve	24,000	40,000			
Workmen's					
Accident Fund	12,000	80,000			
Creditors	40,000	56,000			
	<b>1,84,000</b>	<b>2,24,000</b>		<b>1,84,000</b>	<b>2,24,000</b>

A new firm is established by amalgamating both the firms. Following are the conditions of the amalgamation:

- (1) Depreciate furniture of both the firms by 10%
- (2) Appreciates stock of both the firms by 25%.
- (3) Keep 10% bad debt reserve on debtors.
- (4) Goodwill of the firm of Hetal & Mital is valued at Rs.24,000 and Goodwill of the firm of Niralee and Dhatri is valued at Rs.64,000.
- (5) Hetal purchases at 10% discount the bill receivable of the firm of Hetal-Mital. The bills receivable of the firm of Niralee-Dhatri is to shown in the new firm at 25% less value.

Prepare Profit and loss Adjustment Account in both the old firms.

Prepare Capital Accounts of the partners.

Prepare Balance Sheet of the new firm.

**Q-3**

Babulal of Surendranagar consigned 20 TV sets to Ghanshyam of Ahmedabad at **14**



an invoice price of Rs10,000 each on 1-4-2011. The invoice price is arrived at by adding 25% profit on cost price. Babulal paid Rs1000 for freight and insurance, While sending the goods.

On 1-4-2011 Babulal drew a bill of 4 month for Rs50,000 on Ghanshyam which was immediately returned by the latter duly accepted. On 4-5-2011 Babulal discounted this bill in the bank at the rate of 12% discount per annum.

Ghanshyam is entitled to get 5% general commission and 2% Del credere commission. In addition to this he is also to given 10% of net profit as a share in profit.

On 31-3-2012 Babulal sent an account sales and a bank draft for the amount due from him.

It was reported in the account sales that

- (1) He paid Rs 400 for octroi, Rs 600 for insurance premium and Rs1500 for advertisement.
- (2) He sold 10 TV sets at Rs 5,500 each for cash.
- (3) He sold 5 TV seats at Rs 6,000 each to the Mafatlal on credit.
- (4) Mafatlal was declared insolvent and only 40 paise in a rupee could be recovered from him as a final dividend.
- (5) One TV set was completely destroyed due to fire, which took place in his godown during the year and the insurance company admitted a claim of Rs 3,750
- (6) Out of the unsold TV sets two TV sets were damaged and repairing charges for the same are estimated at Rs. 650

From the above particulars, prepare Consignment Account and Babulal's Account in the book of Ghanshyam.

**Q-4**

**Attempt all questions**

**(14)**

- (a) Khusi and khamma entered into a joint venture as dealer in land. They agreed to share profits and losses in the ratio of 3:2. They deposited Rs.12,00,000 and 18,00,000 respectively in their Joint Bank Account.

They purchased a plot of land measuring 3,000 sq. meter at a cost of Rs.900 per sq. meter. They paid following expenses from Joint bank account :

Registration charges	1,20,000
Stamp Duty	72,000
Legal Adviser's fee	12,000
Miscellaneous expenditure	37,500

They prepared a plan for selling the plot of land. In the side plan 20% of the land left over for public roads and 10% of the land left over for public park and remaining land was divided into 15 plots of equal size.

10 plots were sold by Khusi for Rs.1650 sq. meter and remaining plots were sold by Khamma for Rs.1800 per sq. meter. Both are entitled for 5% commission on sales.

Prepare:

(1) Joint Venture Account (2) Joint Bank Account (3) Capital Accounts.

- (b) Give the form of the "Joint Venture Account"

**7**

**Q-5**

**Attempt all questions**

**(14)**

- (a) Explain Accounting stander No.3 "Cash Flow Statement"

**7**

- (b) Discuss the Accounting Stander No.2 "Evaluation of Inventory"

**7**

**Q-6**

Two Firms namely Aadi and Sona, Shree and Happy sharing profit and loss in the ratio of 3:2 and equal ratio respectively in partnership firms, agree to

**14**



amalgamation in the new firm Shrinathji Traders.

The Balance Sheet

Liabilities	Aadi & Sona	Shree & Happy	Assets	Aadi & Sona	Shree & Happy
Capital:			Land	70,000	50,000
Aadi	1,20,000		Furniture	15,000	12,000
Sona	1,00,000		Car	20,000	17,000
Shree		1,10,000	Stock	57,000	65,000
Happy		74,000	Debtors	71,000	65,000
Current A/C:			Investment bank	15,000	-
Aadi	10,000			42,000	31,000
Sona	6,000				
Creditors	54,000	56,000			
	2,90,000	2,40,000		2,90,000	2,40,000

The following were the agreements:

- (1) profit sharing ratio of Aadi, Sona, Shree and Happy is 6:5:5:4 in new firm.
  - (2) Capital of new firm Rs.4,80,000 to be provided in profit Sharing Ratio.
  - (3) Land of Shree and Happy sold just before the amalgamation for Rs.70,000 and the proceeds of the same were to be retained for new firm.
  - (4) Goodwill of Aadi -Sona firm is Rs.40,000 and goodwill of Shree-Happy firm is Rs.30,000
  - (5) Aadi has to take over investment for Rs.12,000.
  - (6) Provision was to be made for doubtful debts of Aadi-Sona firm Rs.4,000 and Shree-Happy firm Rs.5,000 Creditors of each firm to be taken at the discount of 2.5%.
  - (7) Stock of each firm is to be taken subject to discount of 10%
- Prepare necessary Accounts in the book of both Firms.

**Q-7**

**Attempt all questions**

**(14)**

- (a) What is Joint Life Policy? Explain the need of Joint Life Policy. **7**
- (b) Krishna Madhav and Gopal are partners sharing profits and losses in the ratio of 2:1:1. They have taken out Joint Life Policy on 1<sup>st</sup> January,2011 for Rs.1,50,000. The annual premium of the same is Rs.15,000. The surrender value of the Joint life policy in the different years were as under: **7**

Year	surrender value
2011	zero
2012	3,000
2013	9,000
2014	18,000

Krishna expired on 10<sup>th</sup> February, 2015 and the firm receives policy money. Rs.1,75,000 including Bonus on 10<sup>th</sup> March,2015 The accounting year of the firm ends on 31<sup>st</sup> December every year.

Pass journal entries for the year 2011 and prepare joint life policy Account and joint life policy reserve Account in the firm's ledger.s

**Q-8**

**Attempt all questions**

**(14)**

- (a) Discuss-method of "Joint Life Policy Reserve A/C" **7**
- (b) Difference – consignment and Joint Venture. **7**

