

# C. U. SHAH UNIVERSITY

## Summer Examination-2020

**Subject Name: Compulsory Accountancy - I**

**Subject Code: 4CO01CAC2**

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

**Semester: 1**

**Date: 02/03/2020**

**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) Liabilities not taken by new firm at the time of amalgamation will be transferred to ..... 1  
 (A)New Firm's A/c (B)Revolution A/c (C)Capital A/c (D)None
- b) The liabilities not taken over by new firm will be transferred to the partner's capital account..... 1  
 (A)is their Profit & loss sharing ratio (B)in equal proportion  
 (C)in whatever ratio decided by all partners (D) in their Capital ratio
- c) In Consignment accounts, abnormal loss is debited to ..... 1  
 (A)Consignee A/c (B)Consignment A/c  
 (C)Profit & Loss A/c (D)Principal's A/c
- d) Del credere commission is calculated on the..... 1  
 (A)Total Sales (B)Only Credit Sales  
 (C)Only Cash Sales (D)Total goods sent
- e) Which type of commission is paid on the goods purchased by the consignee himself? 1  
 (A)Normal Commission (B)Additional Commission  
 (C)Del creders Commission (D)Commission is not paid
- f) The abnormal loss of Rs. 35000 occurred in consignment business. The insurance company accepted 40% claim. What amount will be credited to consignment account? 1  
 (A)14,000 (B)21,000 (C)17,500 (D)35,000
- g) Which act applies to the joint venture business? 1  
 (A)Company Act 1956 (B)No particular law  
 (C)Partnership Act 1932 (D)Co – operative Societies
- h) Which of the following account does not follow double entry system of book keeping? 1  
 (A)Joint Venture A/c (B)Joint Bank A/c  
 (C)Memorandum joint venture A/c (D)None
- i) In joint venture if goods are given as gift to customer, which of the 1



- following account is debited?  
 (A) Gift A/c (B) Joint Venture A/c  
 (C) Profit & loss A/c (D) None of the above
- j) How many methods of dealing with joint life premium? 1  
 (A) 2 (B) 4 (C) 3 (D) 5
- k) When premium is considered as reserve expense which account is 1  
 debited for premium paid?  
 (A) Policy A/c (B) Premium A/c (C) P & L A/c (D) Trading A/c
- l) Accounting Standard No 3 is..... 1  
 (A) Cash Flow Statement (B) Valuation of Goodwill  
 (C) Inventory Evaluation (D) Fund flow Statement
- m) Which Accounting Standard is “valuation of Inventory” ? 1  
 (A) 1 (B) 3 (C) 2 (D) 4
- n) A and B entered into joint venture. A gives Rs. 60,000 to B. To which 1  
 account this transaction will be recorded in the books of A?  
 (A) joint Venture A/c (B) B’s A/c  
 (C) Expense A/c (D) None

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

**Q-2**

Mr. Nikit of Rajkot consigned 100 shirts to Ruchin and Co. Porbandar. 14  
 The goods were invoiced at Rs. 150 so as to yield a profit of 50% on  
 cost. Mr. Nikit insured Rs. 1000 on freight and insurance.

Ruchin and Co. incurred Rs. 500 on freight and Rs. 800 on  
 rent. They sold 50 shirts for cash at Rs. 160 per shirt and 20 shirts at Rs.  
 175 on credit. They retained their commission at 5% plus 1% del credere  
 and remitted the balance.

Ruchin and Co. noticed that 10 shirts were shop soiled due to  
 bad packaging and these damaged shirts were sold for Rs. 800 only.

There is a customer, Shri Dhruv for Rs. 1,000 to whom the  
 shirts were sold by Ruchin and Co. became insolvent and only 50 paisa  
 in a rupee was recovered. Delcredere commission is counted on total  
 sales.

Prepare Consignment account and Consignee’s Account in the  
 ledger of Shri Nikit of Rajkot and also prepare Nikit Account in the  
 books of consignee.

**Q-3 Attempt all questions (14)**

- A Explain Accounting Standard – 3. 7  
 B Difference: Normal Loss and Abnormal loss 7

**Q-4 Attempt all questions (14)**

- A Define meaning and characteristics of Consignment Account. 7  
 B Write a short note on Del credere Commission 7

**Q-5 Attempt all questions (14)**

- A Give difference between Joint Venture and Consignment. 7  
 B Explain about Joint and Individual Life Policies. 7

**Q-6**

Two firms Messrs. A- B and C- D amalgamation on 31-03-2016. The 14  
 balance sheet of Messrs. A and B on the same day stood as under:



**Balance Sheet**

Liabilities		Rs.	Assets		Rs.
Creditors		10,000	Land & Building		30,000
Reserve Fund		3,000	Furniture		2,000
Capital A/c			Stock		8,000
A	21,000		Debtors		7,500
B	<u>14,000</u>	35,000	Cash		500
		<u>48,000</u>			<u>48,000</u>

A and B were sharing profit and losses in the ratio of 4: 1.

Following terms were agreed upon for the firm A and B.

- (1) Goodwill was valued at Rs. 8,000.
- (2) The value of Land & Building was to be raised by 10% and Bad Debts Reserve was to be created at 4% on debtors.
- (3) Furniture was not taken over by the new firm.
- (4) Stock was valued at Rs. 10,300.

Prepare necessary ledger Accounts in the books of Messrs. A and B

**Q-7**

**Attempt all questions**

**(14)**

**A**

On 1<sup>st</sup> October 2015 Jay and Vijay 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 purchased and sale. while joint venture expenses should be paid by each partner out of their private funds. Jay is to be annual salary of Rs. 10,000 for general administration and Vijay is to be paid commission at 10% on sales he affects.

Jay purchased goods worth Rs. 1,00,000 and paid for expenses Rs. 5000. Vijay sold some of the goods for Rs. 1,00,000 and paid selling expenses Rs. 2000. Unsold goods worth Rs. 34,000 were taken over by Jay.

Accounts were settled on 31<sup>st</sup> March, 2016. Prepare Joint Venture Account, Joint Bank Account, and the Accounts of the Co-ventures.

**B**

Rita, Gita and Nita are partners sharing profits and losses in the ratio of 2:2:1. They took out a Joint life Policy for Rs. 25,000 on 1-4-94 and paid the annual premium of Rs. 2000. The accounting year ends on 31<sup>st</sup> March.

Nita expired on 15<sup>th</sup> May, 1998. The premium is considered as a capital expense in the books of the firm. Insurance Company paid the amount of policy on 10-06-1998 with a bonus of Rs. 5000.

Write Journal entries in the books of the firm.

**Q-8**

**Attempt all questions**

**(14)**

**A**

Tejas, Kamal, and Manan are partners sharing profits and losses in the ratio of 8:7:3 on 1-4-2004 they took out joint life policy of Rs. 70,000, annual premium being Rs. 5,000. Their accounting year closes on 31<sup>st</sup> December each year on 15-01-2007 Manan expired and insurance Company paid claim of Rs. 90,000.

Policy A/c is prepared as surrender value and same reserve is maintained. Surrender value is as under.



<b>Year</b>	<b>Surrender Value (Rs.)</b>
2004	Zero
2005	1,200
2006	2,000

Prepare Joint Life Policy A/c and Joint Life policy Reserve A/c.

- B** X, Y, and Z enter into joint venture. X supplies goods worth Rs. 5,000 from his stock. Y and Z give him Rs. 6,000 and Rs. 8,000 respectively in cash towards their capitals. X also purchases goods of Rs. 10,000 at a trade discount of 5%. He pays Rs. 1,000 for expenses. He sold some of the goods for Rs. 5,000 on credit and Rs. 20,000 for cash. He received Rs. 4,800 towards full settlement on account of credit sales. The management of joint business was entrusted to X. X was entitled to a commission of Rs. 300. He remitted the amount due to other partners in cash and closed the joint venture business. **7**

Pass journal entries in the books of X.

