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BACHELOR OF COMMERCE (B.COM.)
EXAMINATION MAY 2022
SEMESTER - II**

Sub.: Financial Accounting (Paper II) (BCOM-116)

Date: 01/06/2022

Total Marks: 60

Time: 10.00 am to 12.30 pm

- Instructions:** 1) All questions are compulsory.
2) Figures to the right indicate full marks.

Q. 1 (a) Fill in the blanks (Any 5) (05)

1. Capital Expenditure is _____ in nature

a) Drawing	b) Revenue
c) Non - recurring	d) Fixed
2. Every debit has its own _____

a) Debit	b) Profit
c) Credit	d) Loss
3. A partnership firm is converted into a _____ company.

a) Limited	b) Partnership
c) Unlimited	d) Joint Stock company
4. Assets = Liabilities + _____

a) Capital	b) Profit
c) Loss	d) Reserve
5. Provisions of Indian Partnership Act _____

a) 1942	b) 1932
c) 1956	d) 1978
6. Depreciation is calculated on _____ asset

a) Fixed	b) Current
c) Purchase	d) Sold
7. Trading A/C is a _____ expenses.

a) Direct	b) Indirect
c) Carry forward	d) Balance

Q. 1 (b) State whether the following statement are true or false (any 5) (5)

1. Debit what comes in, Credit what goes out.
2. Book keeping starts where accountancy ends.
3. AS 2 stands for Valuation of Inventories.
4. Aim of every business is to earn profit.
5. Ledger recorded the daily transaction.
6. Income which is arises in the course of business operation are known as Revenue Income.
7. Trading account is prepared to find out Net Profit.

Q. 2 (a) The 'AJAY' Co .Ltd formed to acquire the business of A, B and C who share profit and losses in the ratio of 2:1:1 respectively. The balance sheet of the partnership firm 31st December ,2018 was as follows:

Balance Sheet

Liabilities	Amount	Assets	Amount
Capital Accounts:		Plant & Machinery	74,000
A	50,000	Stock	34,000
B	24,000	Motor Car	20,000
C	24,000	Debtors	38,000
Reserve Fund	10,000	Investments	20,000
Creditors	48,000	Cash	2,000
Bill Payable	32,000		
	1,88,000		1,88,000

The 'AJAY' co. Ltd took Plant and Machinery, Stock and Debtors at 10% less than the book value and agreed to pay Rs 20,000 for Goodwill. It is also agreed to pay the creditors at book value. The purchase consideration was satisfied in 800 shares of Rs 100 each and the balance in cash. (20)

'A' took the Motor Car at Rs .16, 000. Investments were sold in the market for Rs.18, 000. The partnership firm paid Bills payable at 10% discount .Realization expenses amounted to Rs 4,600.

The Partnership Firm sold the shares of 'X' at Rs 72,000.

Draw up Realization Account, AJAYCo Ltd. Partners Capital Account and Cash of M/s A, B, C.

OR

Q. 2 b) A and B were in partnership firm sharing profit and losses in the ration of 2:1 respectively. There balance sheet on 31st March 2021 was a follows:

Balance Sheet

Liabilities	Amount	Assets	Amount
Sundry Creditors	20, 0000	Plant & Machinery	10,000
Bills Payable	5, 0000	Bills Receivable	25,00
Mrs A's Loan	10,000	Stock	21850
Reserve Fund	3,000	Sundry Debtors 30,000	28500
		(-) R.D.D 1500	
Capital Accounts:		Cash in Hand	150
A	15,000		
B	10,000		
	63000		63000

On that date, they agreed to sell their Business to Y Ltd .Company.

- The company to take over the assets at valuation shown below: Plant and Machinery 8,000, Bills Receivable2500, Stock 39000, Sundry Debtors 23350
- The good was valued at three years purchases of the average profits of the last four years .Profit figures are:

2015	Profit	3,000
2016	Profit	2,000
2017	loss	1500
2018	Profit	500
- The company agreed to pay the creditors which were agreed at Rs.19500
- The expenses of realization mount to be Rs .150.
- The Bills Payable and Mrs. A's Loan are paid by the firm in full.
- The company paid 1800 equity shares of Rs 10 each and balances in cash as purchase consideration.
- The shares are to distributed in profit sharing ratio to the partners.

Prepare Realization Account, Partners Capital Account, Cash Account and Y Ltd Company Account.

Q. 3 a) On 1.1.2021 Raj delivered to Apple a machine on Hire –Purchase System. (10)
Rs 5,000 being paid on delivery and balance in 5 installments of Rs 5000 each, payable on 31st December every year. The cash price of the machine was Rs.25000. Show Machinery Account and Raj's Account in the books of Apple assuming that he close his books on 31st December every year and rate of depreciation is @10% p.a. on Diminishing Balance Method.

Q. 3 b) **Write short notes. (Any 2)** (05)
1) Book-Keeping
2) Ledger
3) Personal Account
4) Real Account

Q. 4 a) On 1.1.2021 the Sky Co. Ltd obtained wagon on the hire –purchase system .The (15)
cash price of the wagon was Rs 25,000 the payment was to be made as Rs 5,000 down and the balance by installments of Rs 4000per year with interest at 4%.
You are required to show the Wagon Account in the book of Sky Co. Ltd assuming depreciation is to written off at 5% annually.

OR

- Q. 4 b)** From the following Receipts and Payment account for the year ended December 2021 and additional Information of Akshya Sports Club Pune, prepare the Income and Expenditure and Balance sheet as on that date.

Receipt	Amount	Payment	Amount
To Opening Stock	8,600	By Sport Materials Purchased	16,000
To Donation	13,800	By Insurance	500
To Subscription	15,600	By Furniture	2,900
To Locker Rent	1,550	By Investments	5,000
To Entrance Fees	1,300	By Playground Expenses	1,700
		By Salaries	3,200
		By Postages	450
		By Printings	1,650
		By Repairs of Sports Material	830
		By Expenses of Matches	850
		By Sundry Expenses	1,470
		By Closing cash Balance	6,300
	40,850		40,850

Adjustment:

- The assets on 1st January 2021 were as follows:

Land & Building	3,00,000
Furniture	10,000
Playground	25,000
Sports Materials	22,000
Investments	8,000

- Subscription received included Rs 300 for 2020 and Rs 800 for 2021 where as subscription of Rs 2,500 are outstanding for 2021.
- Half of donation and full amount of entrance fees are to be capitalized.
- Outstanding Salaries amounted to be Rs 650 and Insurance of Rs 200 was prepaid.
- Depreciate Land and Building @2.5% Furniture 7.5% and Sport Material @12.5% on opening balances.