

GANPAT UNIVERSITY
B.Com. Examination, November 2013
B.Com. (General), Semester I (CBCS)

Time: 3 Hours.

IA03FA1: Financial Accounting -1

Total Marks: 70

Instructions:

- (1) Use separate answer books for Section I and Section II.
- (2) Q1 in Section I and Q4 in Section II are compulsory.
- (3) Figures to the right indicate marks of each question.

SECTION I

- Q1** Mrs. Shah Patel and Desai are partner in business They dissolved their partnership on 30-6-2013. The balance sheet of the company is as under: **(11)**

Liabilities	Rs.	Assets	Rs.
Creditor	10000	Land and building	20000
Patel's loan A/C	8200	Machinery	16000
Capital		Debtor	15000
Shah	25000	<i>Less:</i> B.D.R	2000
Patel	18000	Stock	20000
Desai	12000	Cash	4200
	73200		73200

They used to share profit and loss ratio at 5:3:2. Patel agree to take his loan with Rs. 300 Interest other assets realized as under Good will Rs. 10000, Land, Building 22,000, stock 19250, Machinery at book value subject to 10% depreciation Debtor as in the balance sheet subject to a provision doubtful debt of Rs. 1000 and allowance of 2.1/2 %for discount and cost of collection dissolution expenses Rs 5000, creditor paid by 25% Discount. **Draw up Realization Account, Capital Account and Cash Account.**

- Q2** A, B,C and D are partner They agreed to wind up the business on 31-12-12 when their position was as follows: **(12)**

Liabilities	Rs.	Assets	Rs.
Creditor	5540	Fixtures and fittings	620
Bills payable	4548	Machinery	7548
Capital: A.	12000	Capital: C	200
Capital: B	6000	Capital: D	1400
		Stock	5000
		Cash	400
		Debtor	7120
		Free hold Assets	5800
	28088		28088

The realization of assets was as follows

1. Debtor Rs. 5400, stock Rs. 3950, machinery Rs. 3700 and freehold Assets Rs. 5220.
2. Fixtures and fittings were taken over by A for Rs. 200.
3. Debtor Rs. 5400, stock Rs. 3950, machinery Rs. 3700 & freehold Assets Rs. 5220.
4. Fixtures and fittings were taken over by A for Rs. 200. Creditor accepted Rs. 5516 in full settlement Bills payable were fully met
5. Creditor accepted Rs. 5516 in full settlement Bills payable were fully met
6. An outstanding liability of Rs. 546 not included in the above balance sheet had to be paid in the course of dissolution
7. An outstanding liability of Rs. 546 not included in the above balance sheet had to be paid in the course of dissolution.
8. An outstanding liability of Rs. 546 not included in the above balance sheet had to be paid in the course of dissolution
9. D is insolvent and could not pay anything toward his dues.

Show necessary Account applying Garner v/s Murray decision

OR

Q2

O, P, Q and R were partner sharing P/L Account in the ratio of 3:3:2:2 respectively. The following is their Balance sheet as at 31-12-12: (12)

Liabilities	Rs.	Assets	Rs.
Creditor	62000	Furniture	16000
Q 's Loan	40000	Car	28000
Capital: O	80000	Capital: Q	24000
Capital: P	60000	Capital: R	64000
		Stock	40000
		Cash	8000
		Debtor 64000	
		Less: B.D.R. 2000	62000
	242000		242000

It was decided to dissolve the firm with effect from 31st December 2012. And P was appointed to liquidate the assets and pay the creditor He was entitled to receive 5% commission on the amount finally paid to other partners toward capital He was to bear the expenses of realization which amount to Rs. 1000. The assets realized Rs. 108000 excluding cash on hand Creditor was paid in full in addition a sum of Rs. 10000 was also paid to staff on their claim. R was insolvent and the partner accepted Rs. 14800 from his estate in settlement.

Applying the rule in the case of Garner v/s Murray, prepare the necessary account and close the books of the firm.

Q3 (A) Write journal Entries for the following transaction in the books of company (06)

1. X Ltd. converted its 600 Equity shares of Rs. 10 each into Equity stock of Rs. 6300.
2. Y Ltd. issued an equity stock of Rs. 5700 for every 600 equity shares of Rs. 10 each fully paid
3. Z Ltd. with share capital of 1400 Equity shares of Rs. 100 each fully paid up decided sub-divide the share in to 10000 Equity shares of Rs. 10 each and 4000 8% preference share of Rs. 10 each.

Q3 (B) Write journal Entries for the following transaction in the books of company: (06)

1. The authorized capital of company was 5000 shares of Rs. 100 each and it was increased to Rs. 8,00,000
2. The share capital of a company is divided in to 4000 fully paid equity shares each of Rs. 100 The company divided to sub-divide its equity share into 7 equity share of Rs.10 each and 3 preference share of Rs. 10 each
3. A company decided to issue equity stock in exchange of 5000 equity shares of Rs. 100 each fully paid up at the rate of Rs. 105 for each share. At the rate of Rs. 95 for each share.

OR

Q3(B) Write short note on: (12)

1. Potential Equity shares
2. Sweat Equity share
3. Book Building process
4. Bay Back

SECTION II

Q4 A, B and C are partner sharing P/L in ratio of 5:3:2 Their balance sheet as on 31st March 2012 is as under: (11)

Liabilities	Rs.	Assets	Rs.
Capital: A	75000	Advertisement campaign A/C	15000
Capital: B	45000	Plant	60000
Capital: C	65000	Investment	12000
Creditor	45000	Bills Receivable	5200
Bills payable	6500	Stock	9000
Unpaid Exp.	500	Cash & bank	12800
Reserve Fund	5000	Land & Building	128000
	242000		242000

The business of firm is sold to ABC Ltd. on following condition

1. Revalued assets are: plant Rs. 80000, stock Rs.12000, land & building Rs. 62800.
2. Other assets (except cash & investment) & liabilities to be considered at on book value.

3. Company agrees to pay Rs. 40000 as goodwill.
4. Company paid 10000 equity shares each of Rs.10 for purchase price & remaining amount paid in cash.
5. Partner sold investment at Rs.10000 and sold 7000 equity shares at Rs. 12 per share & remaining shares they took away at their profit and loss ratio

Prepare necessary account in books of firm.

- Q5** X,Y and Z are partner in firm sharing P & L in the ratio of 3:2:1 on 31-3-2010 they decided to dissolve the firm and realize assets in piecemeal and to distribution the same .balance sheet as on that date was as under (12)

Balance sheet

Liabilities	Rs.	Assets	Rs.
Loan: X	12000	Assets	162400
Loan: Y	8000	Cash	11200
Creditor	64000		
Capital: X	56000		
Capital: Y	28000		
Capital: Z	5600		
	173600		173600

Other Information:

Installment	1 st	2 nd	3 rd	4 th
Installment Rs.	33600	28800	49600	43600
Dissolution exp. Rs.	2800	2200	1960	3040

Prepare a statement showing piecemeal distribution of cash among partner as per **Surplus Capital Method** OR **Maximum Loss Method** which ever you like.

- Q6** Patel Ltd. Issued 10000 Equity share of Rs. 100 each at a premium of 10% to public (12)
Application were received for double. Amount payable per share was as under

On Application: Rs. 20 On 1st Call: Rs. 25
On Allotment: Rs. 30 (including Premium) On 2nd Call: Rs 15

Share was allotted as under

- ✓ To refuse allotment to application for 6000 share
- ✓ To give full allotment to application for 2000 share
- ✓ To allot the remaining shares pro-rata among remaining application.

R who was allotted 200 shares pro rata failed to pay the money due on allotment and first call So his shares were forfeited after first call and all the share were reissued at Rs. 70 per share as fully paid then the final call was made which was fully paid

Pass necessary journal in the book s of company.

OR

Q6(A) C Ltd. Forfeited 200 equity shares of Rs. 10 each (Rs. 8 called up) issued at 10% discount to Mr. A who failed to pay Rs. 3 per share. Out of these shares 150 shares were reissued to Mr. B as fully paid for Rs. 6 per share. **Pass necessary journal entry for forfeited and reissued of shares in the books of company.** (04)

Q6(B) K Ltd. issued several equity shares of Rs. 10 each at Rs.12 per share Rs.9 (including premium) per share paid up. One shareholder holding 400 shares had paid Rs. 7 (Including premium) per share his shares were forfeited. Out of these shares the company has reissued of 200 shares at Rs. 8 per share fully paid. **Pass necessary journal entry for forfeited and reissued of shares in the books of company.** (04)

Q6(C) The following is the share forfeited account in the books of K Ltd: (04)

Share Forfeited A/C

To share capital A/c	12000	By share capital	40000
To Capital Reserve	20000		
Balance/d	8000		
	40000		40000

The face value of a share was Rs. 100 and final call of Rs. 20 per share was not paid and hence shares were forfeited out of which some shares were re-issued. **Pass necessary journal entry for forfeited and reissued of shares in the books of company.**

END OF THE PAPER