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DIPLOMA EXAMINATION IN ENGINEERING/TECHNOLOGY/ MANAGEMENT/COMMERCIAL PRACTICE, APRIL – 2024

FINANCIAL ACCOUNTING IV

[Maximum Marks: **75**] [Time: **3** Hours]

PART-A

I. Answer '*all*' the following questions in one word or one sentence. Each question carries '*one*' mark.

(9 x 1 = 9 Marks)

		Module Outcome	Cognitive level
1.	Interest on capital will be paid to the partners if provided for in the partnership deed but only out of………………	M1.01	R
2.	If a partner withdraws an equal amount in the beginning of each month for a period of 10 months, what will be the average period for calculation of interest on drawings?	M1.01	R
3.	Any change in the relationship of existing partners which results in an end of the existing agreement and enforces making of new agreement is called………………	M2.01	R
4.	For the distribution of revaluation profit in case firm is following fixed capital accounts method is transferred to…………..accounts.	M2.02	R
5.	Dissolution of partnership among all the partners of a firm is called…………	M3.01	R
6.	……………is nominal account and prepared on the dissolution of a firm.	M3.01	R
7.	If the number of shares applied for is less than the number of shares issued for subscription is called……………..	M4.02	R
8.	…………….is the amount of nominal value of share capital that has been called by the company to be paid by the shareholders.	M4.03	R
9.	The amount received by the company from shareholders against the calls not yet made is………………	M2.02	R

PART-B

II. Answer any '*eight*' questions from the following. Each question carries '*three*' marks.

(8 x 3 = 24 Marks)

		Module Outcome	Cognitive level
1.	Define partnership.	M1.01	R
2.	A and B are partners in a firm. Their capital accounts showed the balance on 1st January 2010 as A ₹30,000 and B ₹20,000. During the year 2010 A introduced additional capital of ₹10,000 on 1st June 2010 and B brought in ₹1,50,000 on 1st July 2010. The interest on capital is allowed @6% p.a. Accounts are closed on December 31st every year. Calculate the interest on capital to be allowed to A and B for the year 2010.	M1.01	U

3.	R and S are partners sharing profits in the ratio of 4:3. They decided to admits T for 1/8 share. Calculate new ratio on the sacrificing ratio.	M1.03	R
4.	Maneesh and Mohan are partners in a firm. The partnership deed provided that interest on drawings will be charged @ 6% p.a. During the year ended, December 31st, 2002, Maneesh withdrew ₹5,000 in the beginning of each quarter and Mohan withdrew ₹5,000 at the end of each quarter. Calculate interest on the partner's drawings.	M1.01	A
5.	List the amount to be credited to the retiring partner's capital account.	M2.03	R
6.	Explain the principles laid down in Garner vs. Murray case.	M3.04	U
7.	State the meaning of calls in arrears.	M4.02	U
8.	X Ltd. offered 10,000 shares of ₹ 10 each at ₹ 12, payable as follows: On Application ₹2 On Allotment ₹ 5 (Including Premium). The balance when required. All the shares were applied for and duly allotted. Pass necessary journal entries.	M4.03	U
9.	Define authorised capital.	M4.01	R
10.	State the meaning of preference shares.	M4.01	R

PART-C

Answer '*all*' questions from the following. Each question carries '*seven*' marks.

(6 x 7 = 42 Marks)

		Module Outcome	Cognitive level
III.	Distinguish between fixed and fluctuating capital accounts.	M1.01	U
	OR		
IV.	Rohan and Monika are partners in a firm. Following information is provided as on 31st December, 2013. Rohan (₹) / Monika (₹) Capital (as on 1.01.2013): 40,000 / 30,000 Drawings: 3,000 / 2,000 Interest on Capital: 2,000 / 1,500 Interest on Drawings: 360 / 180 Share of Profit: 5,000 / 4,000 Prepare the capital account of each partner if capital is fixed.	M1.01	U
V.	Explain various methods of valuation of goodwill.	M2.03	R
	OR		
VI.	State the meaning and the occasions in which the reconstitution of the firm takes place.	M2.01	R
VII.	On 1st April, 2016, P retired from active partnership and his share of the following was ascertained: (₹) Goodwill: 20,000 Interest on Capital: 500 Salary: 1,500 Drawings: 20,000 Interest on Drawings: 2,000 Share of Profit: 25,000 Capital: 75,000	M2.04	U

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<td>The amount due to P was to be retained in the firm as a loan bearing interest @ 10% p.a. and was to be paid to P by annual installments of ₹50,000 each, interest being calculated @ 10% p.a. on the unpaid balances. The first installment was paid on 31st March, 2017.
You are required to prepare P’s Capital Account and also P’s Loan Account until the payment of the whole amount due to him was made.
OR</td>
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<td>VIII.</td>
<td>X, Y and Z are partners sharing profit in the ratio 1: 2: 3. X retires from the partnership. In order to settle his claim, the following revaluation of assets and liabilities was agreed upon:
(i) The value of Machinery is increased by ₹15,000.
(ii) The value of Investment is increased by ₹ 2,000.
(iii) A provision for outstanding bill standing in the books at ₹1,000 is now not required.
(iv) The value of Land and Building is decreased by ₹12,000.
Give journal entries and prepare Revaluation account.</td>
<td>M2.03</td>
<td>A</td>
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<td>IX.</td>
<td>Distinguish between dissolution of partnership and dissolution of firm.
OR</td>
<td>M3.01</td>
<td>U</td>
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<td>X.</td>
<td>Supriya and Monika are partners, who share profit in the ratio of 3:2. Following is the balance sheet as on March 31, 2020.
Balance Sheet of Supriya and Monika as on March 31, 2020
<table>
<tr><th>Liabilities</th><th>Amount (₹)</th><th>Assets</th><th>Amount (₹)</th></tr>
<tr><td>Supriya's Capital</td><td>32,500</td><td>Cash and Bank</td><td>40,500</td></tr>
<tr><td>Monika's Capital</td><td>11,500</td><td>Stock</td><td>7,500</td></tr>
<tr><td>Sundry Creditors</td><td>48,000</td><td>Debtors 21,500
Less: Provision for doubtful debts <u>500</u></td><td>21,000</td></tr>
<tr><td>General Reserve</td><td>13,500</td><td>Fixed Assets</td><td>36,500</td></tr>
<tr><td></td><td>1,05,500</td><td></td><td>1,05,500</td></tr>
</table>
The firm was dissolved on March 31, 2020. Close the books of the firm with the following information:
(i) Debtors realised at a discount of 5%,
(ii) Stock realised at ₹7,000,
(iii) Fixed assets realised at ₹42,000,
(iv) Realisation expenses of ₹l,500,
(v) Creditors are paid in full.
Prepare realisation account and partners' capital account.</td>
<td>M3.03</td>
<td>A</td>
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XI.	On 1st January 2010, Pappu & Co. Ltd. was incorporated with an authorized capital of ₹20, 00,000 divided into shares of ₹10 each. It offered to the public for subscription of 50,000 shares. payable as follows: On applications ₹4 per share On allotment ₹3 per Share On first call ₹2 per Share On second & final call Re 1 per share. Shares were fully subscribed. Application money was received on 15th January 2010. The directors made the allotment on 15 February 2010. Journalize the above transactions in the books of Pappu & Co. Ltd. **OR**	M4.02	U
XII.	From the following ledger balances of Sunshine Co. Ltd., prepare the Balance Sheet of the company as on 31st March 2014 as per Schedule VI of the Companies Act.	M4.06	U

Particulars	₹	Particulars	₹
Equity Share Capital	26,00,000	Advances to employees	1,50,000
General Reserves	30,000	Discount on issue of Debentures (unwritten off)	12,500
12% Debenture	4,00,000	Tools and equipment	3,75,000
Sundry Creditors	92,560	Bills Receivable	44,600
Mutual Fund	1,68,000	Prepaid insurance	25,000
Interest payable	32,400	Stores & Spares	1,77,800
Goodwill	10,00,000	Profit & Loss A/c (credit)	21,490
Land & Buildings	15,54,970	Debtors	1,38,520
Bank Overdraft	2,45,100	Gratuity Fund	3,00,000
Proposed Dividend	82,000	Cash at Bank	1,57,160

XIII.	X Ltd. issued 10,000 shares of ₹10 each at ₹12 payable as follows: On Application ₹2.50 On Allotment ₹4.50 (including Premium) On First Call ₹2.00 On Final Call ₹3.00 All the shares were applied for and allotted. All money was received with the exception of first and final call on 100 shares held by Mr. A. These shares were forfeited and re-issued at ₹ 9 per share. Give the journal entries relating to forfeiture and re-issue of forfeited shares. **OR**	M4.04	U
XIV.	X Co. Ltd. invited applications for 50,000 shares of ₹10 each Payable: On Application ₹3 On Allotment ₹2 And the balance when required 60,000 shares were applied for. The directors accepted applications for 50,000 shares and rejected the remaining applications. Allotment money was received on 49,000 shares. You are required to pass the necessary journal entries.	M4.03	A

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