

QUESTION PAPERS

B. COM. CBCS : 2018

FINANCIAL ACCOUNTING

Semester: I

Duration: 3 Hours

Maximum Marks: 75

Note : Answers may be written either in English or in Hindi; but the same medium should be used throughout the paper.

(Part A : 2 hours 30 Minutes; Part B : 30 Minutes)

(Part A : 55 Marks; Part B : 20 Marks)

(Write your Roll No. on the top immediately on receipt of this question paper.)

This question paper has two parts. Part A is compulsory for all the students. Part B is meant only for those students who have not offered Computerized Accounts. Show all workings clearly as part of the answer. Use of simple calculator is allowed.

PART A

Q1. What do you mean by Accounting Standards? What is legal status of accounting standards in India? 3

Q2. From the following Trial Balance of Ashwani you are required to prepare the Trading Account and Profit and Loss Account for the year ending 31st March, 2017 and the Balance-sheet as on that date;

	<i>Debit Amount (₹)</i>	<i>Credit Amount (₹)</i>
Stock	30,000	—
Capital	—	2,00,000
Drawings	10,000	—
Plant and Machinery	1,20,000	—
Property	75,000	—
Purchase and Sales	2,25,000	5,00,000

	Debit Amount (₹)	Credit Amount (₹)
Salaries	35,000	—
Office Expenses	5,000	—
Furniture	25,000	—
Discount	5,000	—
Loan to Manoj @ 10% p.a. on 1-4-2015	30,000	—
Wages	8,000	—
Postage	2,000	—
Insurance	5,000	—
Gas and Fuel	50,000	—
Bad Debts	15,000	—
Rent	10,000	—
Loose Tools	15,000	—
Provision for Doubtful Debts	—	20,000
Interest on Manoj Loan	—	1,000
Debtors and Creditors	45,000	34,000
Cash in hand	2,000	—
Cash at bank	3,000	—
Bills Receivable and Bills Payable	50,000	10,000
Total	7,65,000	7,65,000

Adjustments:

- Stock on 31st March, 2017 was valued at ₹ 55,000.
- A new machine was installed on 1-4-2016 costing ₹ 22,000. It was not recorded in the books as no payment was made for it. Wages ₹ 1,500 paid for its installation have been debited to wages account.
- Depreciate Plant and Machinery by 20% and Property by 10% p.a.
- Loose Tools are valued at ₹ 12,000 on 31st March, 2017.
- Write off ₹ 500 as further bad debts and maintain provision of 10% for doubtful debts.

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OR

From the following trial balance and necessary information given below for a public school, prepare Income and Expenditure Account for the year ending 31st December, 2017 and a Balance Sheet as on that date:

Debit Balance	₹	Credit Balance	₹
Building	2,50,000	Admission fees	5,000
Furniture & Fitting	40,000	Tuition fees collected	2,00,000
Library books	60,000	Creditors for supplies	6,000
Investment @ 9% (1-1-2017)	2,00,000	Rent for the Hall	4,000
Salaries	2,00,000	Miscellaneous receipts	12,000
Stationery	15,000	Govt. Grants	14,000
General exp.	8,000	General fund	4,00,000
Annual sports exp.	6,000	Donation for books	25,000
Cash at bank	20,000	Sale of old furniture	8,000
Cash in hand	1,000		
	8,00,000		8,00,000

Additional information:

- Fee yet to be received for the year is ₹ 11,000.
- Salaries yet to be paid amount to ₹ 12,000.
- Furniture costing ₹ 15,000 was purchased on 1-7-2017. The book value of the furniture sold on 1st July, 2017 was ₹ 20,000 on 1-1-2017.
- Depreciation is to be charged @ 10% per annum on furniture and fittings; 15% p.a. on library books and 5% p.a. on buildings.
- Assume further that donation for library books is fully utilized during the year.

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Ans. 2. Gross Profit : ₹ 2,43,500; Net Profit : ₹ 1,45,350; Balance Sheet total : ₹ 401,350; Depreciation on Plant and Machinery : ₹ 28,700; Creditors for Machinery : ₹ 22,000; Plant and Machinery closing balance : ₹ 1,20,000 + ₹ 22,000 + ₹ 1500 - ₹ 28,700 = ₹ 1,14,800.

OR

Deficit : ₹ 11,750; Balance sheet total : ₹ 5,57,250; Opening balance of Furniture and Fittings : ₹ 25,000; Closing Balance of Furniture and Fittings : ₹ 18,750; Depreciation on Furniture : ₹ 1,000 + ₹ 1250 = ₹ 2250; Loss on Sale of Furniture : ₹ 11,000.

Q3. Akshita limited started its business on 1st January, 2015. It purchased and used raw material during the month of January in 2015 as follows:

- 1 January: Opening stock 500 kgs @ ₹60 per kg
 5 January: Purchased 800 kgs @ ₹ 62 per kg
 10 January: Issued 600 kgs
 12 January: Purchased 1,200 kgs.@ ₹ 57 per kg

18 January:	Issued 1000 kgs
21 January:	Issued 500 kgs
25 January:	Purchased 900 kgs @ ₹ 65 per kg
28 January:	Issued 800 kgs

Calculate the value of closing stock according to LIFO, FIFO and Weighted Average basis, using perpetual inventory system.

OR

Machine account of Anvi limited showed a debit balance of ₹ 32,400 on 1st January, 2015, depreciation being provided at 10% p.a. On 1st July, 2015, a part of the machine purchased for ₹ 10,000 on 1st January, 2013 was sold for ₹ 7,000 and on the same date new machine was purchased for ₹ 20,000. On 31 December, 2015, the company decided to change the method of depreciation from w.d.v. method to straight line method with retrospective effect; depreciation rate remaining same at 10% p.a. Prepare machine account for the year 2015.

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Ans. 3. Value of Closing Stock : FIFO : ₹ 30,500; LIFO ₹ 32,500; WAC : ₹ 31,506

Q4. A, B and C jointly undertake to construct a building for a company at a contract price of ₹ 15,00,000 to be paid as ₹ 12,00,000 in cash and ₹ 3,00,000 in fully paid shares of the company. They agreed to share profit or loss equally. They open a joint bank account and contribute : A ₹ 1,80,000; B ₹ 2,00,000 and C ₹ 1,30,000. A get the plan prepared and pays ₹ 20,000 for it. B brings into the joint venture machinery of ₹ 60,000 and C brings into the venture a truck of the value of ₹ 50,000. They also purchased materials worth ₹ 7,50,000 and wages paid were ₹ 4,95,000. On completion of the venture, A takes over unused materials of the value of ₹ 35,000; B takes back machinery at ₹ 70,000 and C agrees to take back the truck at a valuation of ₹ 20,000. A also agreed to take over shares of the company at a valuation of ₹ 2,60,000.

Show the necessary ledger accounts assuming that a separate set of account books is maintained.

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OR

(a) 100 toys, costing ₹ 150 each, were consigned to the agent at Mumbai. Expenses incurred on sending them were ₹ 1,000. On the way 5 toys were damaged due to bad handling and insurance claim of ₹ 700 was accepted. Consignee took delivery of the rest and incurred direct expenses of ₹ 285 and indirect expenses of ₹ 150. He sold 80 toys at ₹ 200 per toy. Prepare consignment account when consignee gets 5% commission on gross sales. Also show how abnormal loss and stock at the end is to be calculated. Prepare Abnormal Loss Account.

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(b) Explain the types of commission which are given to consignee.

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Ans. 4. Profit of Joint Venture : ₹ 2,10,000; Total of Joint Bank A/c : ₹ 17,35,000.
Amount received from A : ₹ 25,000; Amounts paid to B and C ₹ 2,60,000 and
₹ 2,30,000 respectively.

OR

Consignment Profit : ₹ 2010; Balance in Consignee's Account : ₹ 14,765 (Dr.);
Net Abnormal Loss : ₹ 750 + ₹ 50 - ₹ 700 = ₹ 100; Consignment Stock at the
end : ₹ 2,445.

Q5. Magnum Ltd. has a branch in Agra. Goods are sent to branch at 25%
profit on cost. Following information is available by Head Office in Delhi in
connection with this branch:

	₹
<i>Opening Balances:</i>	
Stock (Invoice Value)	20,000
Branch Debtors	10,000
Furniture	10,000
Petty Cash	500
<i>Transactions during the year:</i>	
Goods sent to branch at invoice price	1,20,000
Goods in transit	10,000
Goods returned by branch	10,000
Goods returned by branch customer	5,000
Cash sale	65,000
Credit sales	60,000
Bad Debts	500
Discount allowed	500
Collection from debtors	44,000
Petty expenses	1,100
Cash sent by Head office for	
Rent	2,000
Salary	2,500
Petty cash	1,000
	5,500
<i>Closing balances :</i>	
Stock (Invoice value)	25,000
Depreciation charged on furniture 10% p.a.	

Calculate profit or loss at Agra branch; 13

OR

- (a) What is the difference between accounting concepts and accounting standards?
- (b) What is the difference between cash discount and trade discount?
- (c) What are the objectives of charging depreciation?

Ans. 5. Net Profit at Branch : ₹ 36,400; Closing Balance of Branch Debtors : ₹ 20,000;

PART B

Q6. (a) What do you mean by dissolution of firm and what are the reasons for dissolution of firm?

(b) A, B and C sharing profits in the ratio of 3:1:1 decided to dissolve their firm. On 31st March, 2017, their position was as follows:

Liabilities		₹	Assets		₹
Creditors		6,000	Cash at Bank		3,500
Loan		1,500	Debtors	24,200	
Capital:			(-) Reserve for Doubtful Debts	1,200	23,000
A	27,500		Stock		8,300
B	11,000		Furniture		1,200
C	10,000	48,500	Sundry Assets		20,000
		56,000			56,000

It is agreed that:

- A is to take over all the furniture at ₹ 1,000 and Debtors amounting to ₹ 20,200 at ₹ 18,000. A also agrees to pay the creditors.
- B is to take over all the stock at book value and some of the Sundry Assets at ₹ 7,200 (being book value less 10%).
- C is to take over the remaining Sundry Assets at 90% of the book value and assume responsibility for the discharge of the loan.
- The remaining debtors were taken over by a debt collecting agency at 80% of book value.
- The expenses of dissolution amounted to ₹ 200.

Prepare Realisation account, Bank account and Capital accounts of the partners.

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OR

Aditya, Sooraj and Prakash were partners in a firm sharing profit and loss equally. Following is the balance sheet of the firm as on 31st March, 2017 :

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Liabilities		₹	Assets		₹
Creditors		15,000	Stock		20,000
Bills payable		10,000	Debtors	20,000	
Mortgage Loan on Land & Building		45,000	Prov. for doubtful debts	2,000	18,000
Mrs. Aditya's loan		8,000	Bills receivable		10,000
Sooraj's Loan		10,000	Cash in hand		5,000
Capital:			Land and Building		50,000
Aditya	20,000		Plant & Machinery		25,000
Sooraj	30,000	50,000	Prakash's capital		10,000
		1,38,000			1,38,000

Firm was dissolved on the above date. Aditya was appointed as liquidator to realize assets and for payment of liabilities. For this, Aditya was to receive ₹ 2,000. Stock realized ₹ 18,000; all debtors were good; land and building realized ₹ 60,000 out of which bank loan was paid off along with interest of ₹ 5,000. Plant of ₹ 10,000 was taken over by Mrs. Aditya and remaining plant was taken over by Sooraj in full consideration of their loans. Bills receivable of ₹ 4,000 were not recovered and proved bad.

One creditor, who was not recorded, of ₹ 4000, claimed his due on the firm. On behalf of the firm this creditor was paid by Aditya from his personal wealth. Prakash became insolvent and nothing was recovered from his private assets. You are required to close the books of this firm by applying Garner v. Murray rule.

Ans. 6. (b) Realisation Loss : ₹ 4,200; Total of cash Account : ₹ 12,180; Cash Paid to A : ₹ 11,980; Cash paid by B : ₹ 5,340; C : ₹ 140.

OR

Realisation Loss : ₹ 12,000; Deficiency of P ₹ 14,000 shared by A and S in the ratio of 2 : 3 i.e. ₹ 5,600 and ₹ 8,400; Final payments A : ₹ 20,400 and S ₹ 21,600.