

QUESTION PAPERS

B. COM. CBCS : 2019

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. Distinguish between accounting concepts and accounting standards. 3

OR

Q1. Write a note on Matching Concept. 3

Q2. The following is the Receipts and Payments Account of a Sports Club for the year ended 31st December, 2018:

<i>Receipts</i>	<i>Rs.</i>	<i>Payments</i>	<i>Rs.</i>
To Balance b/d Cash at Bank	22,500	By Salaries	14,000
To Subscriptions	40,000	By Match Expenses	28,000
To Donations	15,000	By 12% Investments on 1-1-2018 (Donation received for Building Fund invested)	40,000
To Life Membership Fees	35,000	By Sports Material	15,000
To Sale of Furniture at Book Value	5,000	By Printing and Stationery	12,000

<i>Receipts</i>	<i>Rs.</i>	<i>Payments</i>	<i>Rs.</i>
To Interest on 10% Investments for the full year	20,000	By Honorarium	5,000
To Match Fund	40,000	By Furniture	15,000
To Donation for Building Fund	40,000	By Magazines and Journals	10,000
To Sale of Newspapers	2,500	By Books	35,000
		By Municipal Taxes	6,000
		By Balance c/d Cash at Bank	40,000
	2,20,000		2,20,000

Additional Information:

	As on 1st January, 2018 Rs.	As on 31st December, 2018 Rs.
Subscriptions due	3,000	12,750
Subscriptions received in advance	1,000	750
Furniture	10,000	?
Books	20,000	46,000
Building	1,25,000	1,25,000
Stock of Sports Material	4,500	4,000
Creditors for Printing	2,500	Nil

Municipal Taxes paid every year on 1st April for the Financial Year.

Prepare Income and Expenditure Account for the year ended 31st December, 2018 and Balance Sheet as on that date. **13**

OR

Q2. From the following Trial balance and additional information, prepare Trading and Profit and Loss Account of Ankit for the year ended 31.03.2019 and a Balance Sheet as on that date:

TRIAL BALANCE

As at 31st March, 2019

<i>Particulars</i>	<i>Debit Balances (Rs.)</i>	<i>Credit Balances (Rs.)</i>
Opening Stock	30,000	--
Purchases	5,00,000	--
Sales	--	9,75,000
Land and Building	1,50,000	--
Machinery	4,00,000	

Particulars	Debit Balances (Rs.)	Credit Balances (Rs.)
Accumulated Depreciation on Land and Building		25,000
Accumulated Depreciation on Machinery		80,000
Capital		1,55,000
Bad Debts	5,000	
Provision for Bad and Doubtful Debts		5,000
Salaries	40,000	
Rent, Rates and Taxes	20,000	
Trade Expenses	5,750	
Depreciation on Land and Building	6,250	
Depreciation on Machinery	20,000	
Life Insurance Premium	15,000	
Income Tax	5,000	
Insurance charges	5,000	
Sundry Debtors and Sundry Creditors	70,000	50,000
Carriage Inwards	18,000	
	12,90,000	12,90,000

Additional Information:

1. Closing Stock valued at Rs. 35,000 on 31st March, 2019.
2. Goods withdrawn by the proprietor Rs. 2,000.
3. Goods of Rs. 7,000 were distributed as free samples for advertisement.
4. Goods costing Rs. 5,000 were destroyed by fire and insurance company accepted a claim for Rs. 4,000, not yet received.
5. Insurance charges prepaid at the end of the year Rs. 2,000.
6. Write off Rs. 2,000 as further bad debts and maintain a provision for bad and doubtful debts equal to 5% of the sundry debtors.

Ans. 2. Surplus : ₹ 18,500; Balance Sheet total : ₹ 4,94,050; Opening Capital Fund : ₹ 3,83,000.

OR

Gross profit : ₹ 4,76,000; Net Profit : ₹ 3,67,600; Balance Sheet total : ₹ 5,50,600.

Q3. (a) On 1st April, 2016, a firm purchased a machinery for Rs. 4,00,000. On 1st October in the same accounting year, additional machinery costing Rs. 2,00,000 was purchased. On 1st October, 2017, the Machinery purchased on 1st April, 2016, having become obsolete, was sold off for Rs. 1,80,000. On 1st October, 2018, new

Machinery was purchased for Rs. 5,00,000 while the Machinery purchased on 1st October, 2016 was sold for Rs. 1,70,000 on the same day. The firm provides depreciation on its Machinery @ 10% per annum on the written down value of the machinery. Accounts are closed on 31st March every year. Show Machinery Account and Provision for Depreciation Account for three financial years ending on 31st March, 2019. 8

Q3. (b) Distinguish between Periodic and Perpetual Inventory record systems. 5

OR

Q3. (a) ABC Ltd. purchased on 1 January 2015, certain machinery for Rs. 1,94,000 and spent Rs. 6,000 on its installation. On 1 July 2015 additional machinery costing Rs. 1,00,000 was purchased. On 1 July 2017, the machinery purchased on 1 January 2015 having become obsolete was sold for Rs. 1,00,000 and on the same date, new machinery was purchased at a cost of Rs. 1,50,000. Depreciation was provided annually on 31 December at the rate of 10% p.a. on the original cost of the machinery.

On 1st January, 2018, however the Company has changed the method of providing depreciation and adopted the method of providing depreciation @ 15% p.a. on the written down value of Machinery with effect from 1st January, 2018. Show the Machinery Account for the calendar years 2015 to 2018. 8

Q3. (b) Following transactions took place in respect of an item of material in the month of March, 2019:

Date	Quantity Received	Rate per unit Rs.	Quantity Issued
March 02	200 units	2.00	---
March 10	300 units	2.40	---
March 15	---	---	250 units
March 22	250 units	2.60	---
March 30	---	---	200 units

Prepare a Store ledger card and calculate the value of closing stock of material using - weighted average method under perpetual system of inventory valuation. 5

Ans. 3. (a) Loss on sale of machinery : ₹ 1,62,000; Balance of Machinery Account : ₹ 5,00,000, Balance of Provision for Depreciation Account : ₹ 25,000.

OR

Ans. 3. (a) Loss on sale of machinery : ₹ 50,000 ; Balance of Machinery Account ₹ 1,84,875 (i.e. ₹ 63,750 + ₹ 1,21,125)

OR

Ans. 3. (b) Value of Closing Stock : ₹ 726

Q4. (a) On 1st April 2017, Mohan purchased from Delhi Motors 5 cars costing Rs. 1,00,000 each on hire purchase system. The payment was to be made - Rs. 1,00,000 as cash down and remainder in four equal annual instalments of Rs. 1,00,000 each together with interest at the rate of 12% p.a. at the end of each financial year. Mohan, writes off depreciation at the rate of 10% p.a. on original cost.

Mohan paid the first instalment on time but could not pay the second instalment due on 31st March 2019. After negotiation, Delhi Motors agreed to leave 2 cars with the purchaser. The value of 3 cars repossessed was taken at cost less depreciation @ 20% p.a. on diminishing balance.

Delhi Motors after spending Rs. 15,000 on repairing of repossessed cars resold the three cars for Rs. 2,20,000.

Show Cars on Hire Purchase Account and Delhi Motors Account in the books of Mohan and Goods Repossessed Account in the books of Delhi Motors. 10

Q4. (b) What are the salient features of an Operating Lease? 3

OR

Q4. (a) X purchased 3 machines costing Rs. 1,90,000 each from Y on hire purchase system on 1st April, 2017. Total hire purchase price for these machines was Rs. 6,00,000. The payment was to be made as - Rs. 1,50,000 cash down and three instalments of Rs. 1,50,000 each at the end of each financial year. X depreciates machine at 10% p.a. on written down value method.

Because of financial difficulties, X after having paid cash down payment and first instalment due on 31st March, 2018, could not pay second instalment due on 31st March, 2019 and the seller took back two machines leaving one machine with the purchaser. Y took back two machines after depreciating them at 20% p.a. on written down value basis.

Prepare the Machines on Hire Purchase Account and Y's Account in the books of X and X's Account in the books of Y. 10

Q4. (b) What are the salient features of a Financial Lease? 3

Ans. 4. Loss on Default : ₹ 48,000; Profit on Sale of goods repossessed ₹ 13,000; Balance in Cars on H.P. Account : ₹ 1,60,000.

OR

Loss on Default : ₹ 64,600; Balance of machine on H.P. Accounts : ₹ 1,53,900; Balance in Y's Account : ₹ 57,800

Q5. Ashoka Ltd. has its branches in Delhi and Agra. Goods are invoiced to the branches at cost plus 50%. Branches remit all cash received to the Head Office and all expenses at the branches are met by the Head Office. From the following particulars of Delhi Branch, prepare following Accounts of Delhi Branch in the books of Head Office:

(i) Branch Stock Account

- (2) Branch Debtors Account
- (3) Branch Adjustment Account
- (4) Branch Profit and Loss Account
- (5) Stock Reserve Account

for the year ended 31st March, 2019 :

<i>Particulars</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Rs.</i>
Branch Stock on April 1, 2018 at invoice price	37,200	Goods returned by Debtors	4,800
Branch Debtors on April 1, 2018	27,200	Goods returned by Branch to H.O. at invoice price	6,000
Goods sent to Branch at cost	1,36,000	Goods transferred from Agra branch to Delhi branch at invoice price	8,400
Cash Sales	1,00,040	Shortage of Stock at invoice price	1,800
Credit Sales	1,24,000	Discount allowed to Debtors	800
Cash collected from Debtors	1,21,600	Expenses at Branch	21,600

OR

Q5. (a) Misha Ltd. has one Branch at Mumbai and other at Kolkata. Prepare Mumbai Branch Account in the books of Misha Ltd. from the following particulars related to Mumbai Branch and find out the profit earned by the branch for the year ending on 31st March, 2019:-

<i>Particulars</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Rs.</i>
Branch Stock on 1-4-2018 at invoice price	28,000	Goods returned to H.O. at invoice price	2,500
Branch Debtors on 1-4-2018	12,000	Returns by Customers to Branch	3,100
Petty Cash on 1-4-2018	750	Transfer of Good from Kolkata Branch to Mumbai Branch at invoice price	13,000
Goods sent to Mumbai Branch at invoice price	92,500	Petty Expenses by Branch	450
Cash Sales	46,000	Invoice Value of Goods stolen	4,000
Credit Sales	68,000	Cash received from Insurance Company by Branch	1,800
Collection from debtors	61,400	Branch Debtor on 31-3-2019	12,900

Particulars	Rs.	Particulars	Rs.
Bad Debts	2,600	Branch Stock on 31-3-2019 at invoice price	13,700
Rent and Salaries	12,200		

Goods are supplied to Branch at Cost plus 25%. All expenses of the Branch except petty cash expenses (which are met by Branch Manager) are met by Head Office and Branch sends all cash received to Head Office.

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Q5. (b) You are given the following particulars of a business having two departments. You are requested to prepare Departmental Trading and Profit and Loss Account for the year ended, 31st March, 2019 on the basis of the following information:

Particulars	Department A (Rs.)	Department B (Rs.)
Opening Stock (01.04.2018)	25,000	20,000
Purchases	2,30,000	1,90,000
Sales	6,33,000	4,92,000
Sale Returns	3,000	2,000
Closing stock (31.03.2019)	30,000	18,000
Wages	80,000	60,000
Salaries	40,000	25,000

Other common expenses are as follows:

Rent - Rs. 15,000; Electricity - Rs. 6,000; Depreciation - Rs. 18,000; Selling Expenses - Rs. 8,000.

Some other relevant informations are given below:

Particulars	Department A	Department B
Light Points (Numbers)	18	9
Value of assets (Rs.)	1,50,000	1,20,000
Floor Area Occupied (sq.ft)	300	200

5

Ans. 5. Gross Profit at Delhi Branch : ₹ 73,080; Net Profit at Branch : ₹ 49,480

OR

Ans. 5. (a) Net Profit at Mumbai Branch : ₹ 3,610; Closing Stock at Branch : ₹ 24,000

Ans. 5. (b) Departmental Net Profit : Deptt. A : ₹ 2,57,500 ; Deptt. : ₹ 1,93,500

PART B

- Q6. (a) Briefly explain the rules laid down in the leading case of Garner Vs. Murray and also explain the situations when these rules can't be applied. 5
- (b) W, X, Y and Z were partners sharing profits and losses in the ratio of 3 : 3 : 2 : 2 respectively. The following is their Balance Sheet as at 31st March, 2019.

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	31,000	Cash at Bank	4,000
W's Loans	20,000	Sundry Debtors	32,000
		Less : Provision for bad debts	(1,000)
			31,000
Capital Account		Stock	20,000
W	40,000	Furniture	8,000
X	30,000	Machinery	14,000
	70,000	Capital Accounts	
		Y	12,000
		Z	32,000
	1,21,000		44,000
			1,21,000

It was decided to dissolve the firm w.e.f. 31st March, 2019 and X was appointed to realise the assets and pay off the creditors. He was entitled to receive Rs. 2,000 as his remuneration. He was to bear the expenses of realisation which amounted to Rs. 500. These expenses were paid by X from his personal account. The assets realised Rs. 56,000. Creditors were paid in full. In addition a sum of Rs. 5,000 was also paid to staff on retrenchment in full settlement of their claims. Z was insolvent and the partners accepted Rs. 7,400 from his estate in settlement. Apply the rule in case of Garner Vs. Murray. Prepare necessary ledger accounts to close the books of the firm. 15

OR

- Q6. (a) There are two partners A and B sharing profits and losses equally and having capitals of Rs. 1,20,000 and 60,000 respectively. After paying off all the creditors, two further instalments are collected - one for Rs. 80,000 and the other for Rs. 40,000. Prepare a Statement showing distribution of cash between partners applying Proportionate Capital Method of Piecemeal Distribution. 5

- Q6. (b) A, B and C are partners in a business sharing profits and losses equally. Their balance sheet as at 31st March 2019 was as follows:

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
A's capital	1,60,000	Machinery	4,00,000
C's capital	1,00,000	Furniture	1,60,000