

**1/H-76 (iii) (Syllabus-2015)**

**2019**

**( October )**

**COMMERCE**

**( Honours )**

**( BC-103 )**

**( Financial Accounting )**

*Marks : 75*

*Time : 3 hours*

*The figures in the margin indicate full marks  
for the questions*

1. (a) What is depreciation? Explain briefly  
any three methods of calculating  
depreciation. 9
- (b) Write notes on any *two* of the following:  
3×2=6
- (i) Accounting cycle
  - (ii) IFRS
  - (iii) Materiality concept
  - (iv) Going-concern concept

**Or**

From the following balances and  
information extracted from the books of

( 2 )

Mr Y. You are required to prepare Trading and Profit and Loss Account for the year ended 31st March, 2019 and a Balance Sheet as on that date :  $4+5+6=15$

	Dr. ₹	Cr. ₹
Capital		2,04,000
Drawings	20,000	
Land and Building	1,50,000	
Plant and Machinery	90,000	
Sales		5,60,800
Purchases	2,05,400	
Returns	2,800	1,400
Stock (1.4.2018)	30,500	
Salaries	34,000	
Commission		8,100
Discount		1,800
Loan to K (31.7.18 @ 18% p.a)	50,000	
Rent	12,800	
Legal Charges	7,200	
Debtors	1,20,000	
Creditors		48,600
Bills Receivable	31,000	
Bills Payable		19,650
Wages	25,000	
Bad Debts	1,000	
Carriage	4,000	
Prepaid Insurance	1,500	
Outstanding Salaries		1,700

20D/40

( Continued )

( 3 )

	Dr. ₹	Cr. ₹
Accrued Commission	800	
Furniture	15,000	
Cash in Hand	1,850	
Bank Overdraft		10,700
Motor Vehicle	75,000	
Loan from B (1.1.2019 @ 6% p.a)		30,000
Depreciation on Motor Vehicle	7,500	
Prepaid Rent	1,400	
	<u>8,86,750</u>	<u>8,86,750</u>

Additional Information :

- (i) Closing stock on 31.3.2019 was ₹ 1,60,000, market value ₹ 1,50,000
- (ii) Wages include ₹ 10,000 for installation of machinery on 1.4.2018.
- (iii) Provide depreciation on Plant and Machinery @ 10% p.a., Land and Building @ 6% p.a. and Furniture @ 8% p.a.
- (iv) Make a provision for Doubtful Debts at 5% of Debtors
- (v) Commission to Manager @ 10% of net profit
- (vi) Goods purchased on 31.3.2019 for ₹ 20,000 was not recorded in the books but was added with closing stock

20D/40

( Turn Over )

( 4 )

2. Payal runs a retail business, she does not keeps her books on double entry basis. The following information is available from her books :

	31.3.18	31.3.19
	₹	₹
Sundry Creditors	50,000	1,20,000
Inventory	2,60,000	?
Sundry Debtors	1,20,000	4,30,000
Furniture	50,000	50,000
Cash at Bank	10,000	?

The Bank Pass Book shows the following information :

	₹
Collection from Debtors	6,15,000
Payment to Creditors	6,80,000
Salaries paid	1,30,000
Loan from Ghosh (1.10.18 @ 12% p.a.)	2,00,000
Wages	40,000
Sales	2,50,000
Drawings	20,000
Rent	18,000

Goods are sold at a profit of 30% on sales.

Prepare Trading and Profit and Loss Account for the year ended 31.3.2019 and a Balance Sheet as on that date. Working should form part of your answer.

15

20D/40

( Continued )

( 5 )

Or

- (a) Give three points of distinction between Receipts and Payments Account and Income and Expenditure Account.

3

- (b) A summary of receipts and payments of Shillong Sports Club for the year ended 31.12.2018 is given below :

Receipts	₹	Payments	₹
To Balance b/d	5,600	By Sports equipments	30,000
To Subscription :		By Tournament expenses	7,000
2017 3,000		By Salaries	6,400
2018 34,000		By Electricity	4,000
2019 2,000	39,000	By Repairs	1,600
To Life membership fees	6,000	By Printing and stationary	3,500
To Entrance fees	8,000	By Furniture	8,000
To Interest on fixed deposits	2,000	By Balance c/d	12,100
To Tournament fund	12,000		
	<u>72,600</u>		<u>72,600</u>

Additional Information :

- (i) Fixed assets of the club on 1.4.2018 :

Sports Equipments—₹ 20,000

Fixed Deposits—₹ 20,000

20D/40

( Turn Over )

( 6 )

(ii) Subscription outstanding as on 2017—₹ 5,000; 2018—₹ 6,000

(iii) Outstanding salaries—₹ 1,500

(iv) Depreciate Sports Equipments @ 10% and Furniture @ 5%

Prepare Income and Expenditure Account for the year ended 31.3.2019 and a Balance Sheet as on that date.

6+6=12

3. (a) Alok and Bijoy entered into a joint venture to buy and sell second hand computers. They share profits and losses equally. On 1.4.2019 Alok purchased 10 laptops for ₹80,000 and spent ₹20,000 for repairs. On 15.4.2019 Bijoy purchased 8 laptops for ₹56,000 and spent ₹12,000 for repairs.

On 20.4.2019 Alok sold all the laptops for ₹1,68,500 and on 30.4.2019, Bijoy sold 7 laptops for ₹91,000 and the balance he kept for his personal use at cost price plus 10%.

The venture was closed on 31.5.2019. Prepare Memorandum Joint Venture Account and Joint Venture with Bijoy in the books of Alok.

6+5=11

- (b) Distinguish between Joint Venture and Partnership.

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( 7 )

Or

X, Y and Z are partners sharing profits and losses in proportion to their capitals. Their Balance Sheet as at 31.3.2019 is as follows :

Liabilities	₹	Assets	₹
Capitals :		Land and Building	90,000
X 90,000		Plant and Machinery	50,000
Y 60,000		Furniture	20,000
Z 30,000	1,80,000	Stock	30,000
General Reserve,	36,000	Debtors	50,000
Workmen's		Less :	
Compensation Fund 24,500		Provision 2,000	48,000
Creditors	21,000	Bills Receivable	5,000
		Cash at Bank	18,500
	<u>2,61,500</u>		<u>2,61,500</u>

Y decided to retire on 31.3.2019 subject to the following conditions :

- (i) Land and Building revalued at ₹1,30,000, Plant and Machinery reduced to ₹45,000, Stock was found overvalued by ₹3,000
- (ii) Provision for bad and doubtful debts is to be calculated at 5% on debtors

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- (iii) Unrecorded Investment ₹5,000 to be taken into account
- (iv) Outstanding salaries ₹3,500 to be recorded
- (v) Included in creditors ₹3,000 to be written back
- (vi) Goodwill of the firm is valued at ₹24,000
- (vii) Y is to be paid ₹10,000 by cheque and the balance to be transferred to his Loan Account
- (viii) X and Z will share future profits in the ratio of 2 : 1 and their capitals are to be adjusted in profit sharing ratio

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of X and Z.

4+6+5=1

4. (a) Mention any four circumstances under which a partnership firm is dissolved.
- (b) Distinguish between Revaluation Account and Realisation Account.
- (c) Write notes on the following :
- (i) Sale of a firm
- (ii) Piecemeal distribution

4+4=8

( 9 )

Or

A, B and C were partners in a firm sharing profits and losses in the ratio of 9 : 6 : 5. Their Balance Sheet as on 31.3.2019 was as follows :

Liabilities	₹	Assets	₹
Capital Accounts :		Goodwill	20,000
A 1,50,000		Freehold Property	1,20,000
B 1,00,000	2,50,000	Machinery	70,500
A's Loan Account	42,500	Inventory	30,500
Mrs. B's Loan Account	22,000	Book Debts	84,000
Creditors	70,600	Less: Provision	4,000
		Bills Receivable	3,400
		Bank	20,700
		Profit and Loss A/c	10,000
		C's Capital	30,000
	<u>3,85,100</u>		<u>3,85,100</u>

On this date, they decided to dissolve the firm. The assets realised as Freehold Property 120% of book value; Machinery ₹30,000; Inventory ₹15,000; Book Debts 60% of book value.

Bills receivable was taken by B for ₹2,300. Contingent liability of ₹6,000 were paid. Creditors was settled after a discount of ₹2,000. Realisation expenses amounted to ₹2,000. C is insolvent but his estate pays a sum of ₹8,000 only.

Prepare Realisation Account, Partners' Capital Accounts and Bank Account. Apply the principles laid down in Garner vs. Murray case.

5+6+4=1

5. (a) Distinguish between Hire Purchase and Instalment Purchase.

(b) Madhu Ltd. had purchased a machinery on hire purchase system from Rohan Ltd. on 1.1.2016. The term was that Madhu Ltd. would pay ₹30,289 down on signing the agreement and three annual instalments of ₹22,000 each commencing from the beginning of 1.1.2017. Madhu Ltd. charged depreciation at the rate of 15% p.a. on cost under diminishing balance system. Rohan Ltd. charged interest at the rate of 10% p.a. in their hire purchase contract. Prepare Machinery Account and Rohan Account for 4 years in the books of Madhu Ltd.

6+6=1

Or

- (a) On 1.2.2019 Amar of Delhi consigned 100 TV sets to Bicky of Shillong. Each TV set costing ₹12,000 but were charged at proforma invoice price to show 25% profit on cost. On the same date, Amar paid ₹10,000 as freight and insurance. On 10.2.2019 Bicky send a bankdraft for ₹3,00,000 to Amar as

advance. On 31.3.2019 consignee sent an account sale informing that 90 TV sets has been sold for ₹18,000 each. Consignee incurred the expenses as— Unloading charges ₹2,000; Godown rent ₹15,000; Insurance ₹5,000. With the account sale, the consignee sent remittance for the balance due to the consignor after deducting 10% ordinary commission and 3% del credere commission on gross sale proceeds.

Prepare Consignment Account and Consignee Account in the books of the consignor.

7+5=12

- (b) Write a note on Dependent and Independent Branches.

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