

B. Com-I
Financial Accounting
Paper-BC- 103

Time :- 3 Hours

M.Marks-80

Note:-Attempt Five questions in all selecting at least One but not more than Two questions from each unit. All questions carry equal marks.

UNIT-I

- Q1. What is meant by Accounting? What are the types of Accounting? Also explain the advantages and disadvantages of Accounting.
- Q2. What are Accounting Principles? Explain the different types of Accounting Principles.
- Q3. From the information given below, you are required to prepare trading, profit and loss account for the year ended on 31st December 2021 and a balance sheet as on that date:-

| Name of Accounts | Dr. | Cr. |
|----------------------------|----------|----------|
| Cash at Bank | 4,900 | |
| Capital | | 1,00,000 |
| Wages | 45,000 | |
| Opening Stock | 1,00,000 | |
| Purchases and Sales | 2,52,000 | 3,50,000 |
| Returns | 10,000 | 2,000 |
| Repairs | 3,000 | |
| Interest on Loan | 2,000 | |
| Loan at 12% (on 1st April) | | 1,00,000 |
| Bad-debts | 5,000 | |
| Salaries | 25,000 | |
| Income Received in advance | | 70,000 |

| | | |
|-----------------|----------|----------|
| Sales Tax | 2,000 | |
| Octroi | 1,000 | |
| Rent | 6,000 | |
| Insurance | 4,000 | |
| Machinery | 50,000 | |
| Debtors | 71,000 | |
| Discount | | 2,000 |
| Long Term Debts | | 4,000 |
| Patents | 7,500 | |
| Copy Rights | 18,600 | |
| Goodwill | 21,000 | |
| | 6,28,000 | 6,28,000 |

Adjustments:

1. Closing Stock was ` 1,00,000.
2. Prepaid Rent was ` 1,000.
3. Insurance unexpired was ` 1,000.
4. Provide 4% depreciation on Machinery.
5. Wages include ` 5,000 for the erection of New Machinery on 1st January, 2021.
6. Outstanding salaries were ` 5,000.
7. Create a provision at 5% on other Debts.
8. Debtors including Naman for dishonoured bill of ` 2,000. Half the amount of Naman's bill was irrecoverable.
9. Write off Patents, Copy rights and Goodwill by $33\frac{1}{3}\%$ each.

Q4. Differentiate the following:-

- (i) Booking and Accountancy.
- (ii) Journal and Ledger.
- (iii) Cash Discount and Trade Discount.
- (iv) Capital Expenditure and Revenue Expenditure.

UNIT-II

Q 5. What do you mean by Depreciation? What are the main causes of Depreciation? Also explain the different methods of providing Depreciation.

Q6. Sohan of Delhi consigned 1,000 kgs of ghee to Mohan of Mumbai. The cost of each kg of ghee was Rs.55. Sohan paid Rs.500 as carriage, Rs.700 as freight and Rs.800 as insurance in transit. During transit 100 kgs of ghee were destroyed due to accident for which the insurance company paid directly to consignor Rs.3200 in full settlement of the claim.

After three months from the date of consignment of goods, Mohan reported that 750 kgs of ghee was sold @ Rs.70 per kg. and the expenses incurred on godown rent Rs.1,000 and on marketing Rs.1,800. Mohan is entitled to a commission of 6% on sales. Mohan also reported a loss of 20 kgs of ghee due to leakage. Prepare necessary accounts in the books of both the parties.

Q7. Samsung Ltd. has a branch at Chandigarh. Goods are invoiced to branch at cost plus 25%. Branch is instructed to deposit cash every day in the Head Office Account in the bank. All expenses are paid by cheque by the Head Office except petty expenses which are paid by the branch manager. From the following particulars, prepare branch account in the books of Head Office:-

| | |
|---------------------------------------|--------|
| Name of Account | \ |
| Stock on 1 st April, 2016 | 40,000 |
| Stock on 31 st March, 2017 | 52,000 |

| | |
|--|-----------|
| Sundry Debtors on 1 st April, 2016 | 22,000 |
| Sundry Debtors on 31 st March, 2017 | 29,000 |
| Cash Sales for the Year | 1,95,000 |
| Credit Sales for the Year | 1,15,000 |
| Cash remitted to Head Office | 2,52,000 |
| Computer purchased by Branch | 39,000 |
| Goods invoiced from the Head Office | 2,87,0000 |
| Expenses paid by the Branch | 1,700 |
| Expenses paid by the Head Office | 25,000 |
| Head Office sent cash to purchase Furniture for the Branch | 15,000 |

UNIT-III

Q 8. On 1st January, 2017 Sapna Ltd. purchased from Karnal Motors 5 Cars costing ` 1,00,000 each on hire purchase system. The payment was to be made ` 1,00,000 down and the remainder in four equal instalments of ` 1,00,000 each together with interest at 12% p.a. Sapna Ltd. write off depreciation at 10% p.a. on original cost method.

Sapna Ltd. could not pay the instalment due on 31st December, 2018. After negotiations, Karnal Motors agreed to leave 2 Cars with the purchaser, adjusting the value of other three Cars against the amount due at 20% p.a. on diminishing balance method.

Karnal Motors after spending renovation expenses of ` 15,000 resold the three Cars for ` 2,20,000 on 31st, May, 2019.

Show the necessary ledger accounts in the books of both the parties.

Q 9. Following is the Balance Sheet of X and Y who share profits and losses in the ratio of 4:1 as at 31st March, 2009.

| Liabilities | ₹ | Assets | ₹ |
|-----------------------------|----------|------------------------|--------------|
| Sundry Creditors | 8,000 | Bank | 20,000 |
| Bank Overdraft | 6,000 | Debtors | 17,000 |
| X's Brother's Loan | 8,000 | Less: Provision | <u>2,000</u> |
| Y's Loan | 3,000 | Stock | 15,000 |
| Investment Fluctuation Fund | 5,000 | Investment | 25,000 |
| Capitals: | | Furniture | 6,000 |
| X | | Building | 19,000 |
| Y | 90,000 | Goodwill | 10,000 |
| | | P&L A/c | 10,000 |
| | 1,20,000 | | 1,20,000 |

Firm was dissolved on the above date and the following arrangements were decided upon:

- (i) X agreed to pay off his Brother's Loan.
- (ii) Provision for doubtful debts on debtors increased to ₹ 5,000.
- (iii) Other assets realised: Investment 20% less; and Goodwill at 60%.
- (iv) Building were auctioned for ₹ 30,000 and the auctioneer's commission amounted to ₹ 1,000.
- (v) Y took over part of Stock at ₹ 4,000 (Being 20% less than the book value), Balance Stock realised 50%.
- (vi) Realisation expenses amounted to ₹ 2,000.

Prepare (i) Realisation A/c (ii) Partners Capital A/c (iii) Bank A/c.

Q10. What is the meaning of Goodwill? What are the factors affecting Goodwill? Also explain the various methods of valuation of Goodwill.

