Revision Paper (2015-16)
Class-B.Com-I
Sub: Financial Accounting
Paper-III
Time: 3 Hours Maximum Marks: 80

Note: Attempt five questions in all, selecting at least one question but not more than two questions from any unit. All questions carry equal marks.

UNIT – I

1. Discuss the meaning and role of Journal and Ledger in preparation of Financial Statements.

2. "Capital Expenditures are different from Revenue Expenditures". Explain with examples.

3. Following is the wrong trial balance. Prepare correct Trial Balance.

Name of Acts	Dr Balance	Cr Balance
Cash in Hand		2000
Purchase Returns	4000	
Wages	8000	
Establishment Exp	12000	
Sales Returns	-	8000
Capital	22000	-
Carriage out ward	-	2000
Discount Received	1200	-
Commission Earned	800	-
Machinery	-	20000
Stock	-	10000
Debtors	8000	-
Creditors	-	12000
Sales	-	44000
Purchases	28000	-
Bank overdraft	14000	-
Manufacturing Exp	-	14000
Loan from Ashok	14000	-
Carriage Inward	1000	-
Interest on Investment	----	1000

4. The cost of the machinery in use with a firm on Ist April, 2002 was Rs 6,25,000 against which the depreciation provision stood at Rs 2,62,500 on that date; the firm provided depreciation at 10% of the diminishing value. On 31st December, 2002, two machines costing Rs 15,000 and Rs 12,000 respectively, both purchased on Ist October, 1999 had to be discarded because of damage and had to be replaced by two new machines costing Rs. 50,000 and Rs 37,500 respectively. One of the discarded machines was sold for Rs 20,000 against the other it was expected that Rs 7,500 would be realizable. Show the relevant accounts in the Ledger of the firm for the year ended 31st March, 2003.

5. What is depreciation? Explain the different methods of providing depreciation.

6. The Net Income of Mr. Mohan for the year ended 31st December, 2002 under cash basis, was Rs 10,875. From the following particulars, pass journal entries to convert his income from cash basis to accrual basis and ascertain his income under accrual basis:-

	1.1.2002	31.12.2002
	Rs.	Rs.
Accrued fees	350	450
Fees received in advance	100	50
Expenses outstanding	200	150
Prepaid expenses	100	175

7. What is consignment? State the accounting treatment in the books of consignor.

UNIT –III

8. X and Y are partner, sharing profits and losses in the ratio of 3:2. Thy admitted Z into partnership for 1/5th share of profits which he acquires from X and Y in the ration of 2:1. Z brings Rs 5,10,000 as capital and Rs 75,000 as goodwill. 50% of the amount of goodwill is withdrawn by the old partners. Pass necessary journal entries and find out new profit- sharing ratio

9. What is Goodwill? Explain factors affecting the value of goodwill.

10. The following Balance sheet of A, B and C sharing profits and losses in the proportion of 6:5:3 respectively:-

	Rs		Rs
Creditors	18,900	Cash	1,890
Bills Payable	6,300	Debtors	26,460
General Reserve	10,500	Stock	29,400
A's Capital	35,400	Furniture	7,350
B's Capital	29,850	Land and Building	45,150
C's Capital	14,550	Goodwill	5,250
	1,15,500		1,15,500

They agreed to take D into partnership and give him 1/8th share on the following terms:-

(i) That furniture be depreciated by Rs 920
(ii) That stock be depreciated by 10%
(iii) That a provision of Rs l,320 be made for outstanding repair bills.

(iv) That the value of Land buildings having appreciated be brought upto Rs 59,850

(v) That the value of goodwill be brought upto Rs 14,070

(vi) That D should then bring in Rs 14,700 as his capital.

(vii) That after making the above adjustments the capital accounts of the old partners be adjusted on the basis of the proportion of D's capital to his share in the business, i.e , actual cash to paid off or brought in by the old partners as the case may be.

Pass the necessary Journal entries and prepare Revaluation Accounts, Capital Accounts and Balance sheet of the new firm.