B.Com. Part—I (Semester—II) Examination

COMMERCE

(Financial Accounting)

Time : Three Hours] [Maximum Marks : 80

Note :— (1) There are ***three*** sections (A, B and C).

(2) Section A—20 marks, Section B—20 marks, Section C—40 marks.

(3) All questions are compulsory.

(4) Section B and Section C comprises of short and long questions respectively ***one*** each from respective unit having internal choice from the same unit.

(5) Show necessary working notes wherever necessary.

(6) In Section 'A' first solved MCQ will be taken into consideration.

SECTION—A

Choose an appropriate option :

1. A non-trading institution is also known as a non-business entity on non profit :

   (a) Legal entity (b) Illegal entity

   (c) Entity (d) None of the above 1

2. In concern of non trading organisation opening cash in hand is written at :

   (a) Credit side of the Receipt and Payment Account

   (b) Debit side of Income and Expenditure Account

   (c) Debit side of the Receipt and Payment Account

   (d) Credit side of the Income and Expenditure Account 1

3. It is a major source of revenue income for non trading institutions :

   (a) Subscription (b) Donation

   (c) Legacie (d) Life membership 1

4. Non cash items are not recorded in :

   (a) Income and Expenditure A/c (b) Receipt and Payments A/c

   (c) Balance Sheet (d) Profit and Loss Account 1

5. DCB stands for :
   (a) Development Co-op. Bank (b) District Co-op. Bank
   (c) District Commercial Bank (d) Developmental Co-op. Branch 1

6. One man one vote principles was recommended by ______ Committee.
   (a) Gorwala (b) Mac Logan
   (c) Minto Morley (d) Monague Chelmsford 1

7. Which of the following organizational structure is followed by co-operatives in India ?
   (a) Unitary structure (b) Centralized structure
   (c) Federal structure (d) None of the above 1

8. According to Co-op. Society Act statutory fund is kept from net profit ______.
   (a) 3/4 (b) 1/4
   (c) 2/4 (d) 4/3 1

9. A farmer having less than one hectare of irrigated the land is known as :
   (a) Small farmers (b) Marginal farmers
   (c) Big farmers (d) None of the above 1

10. ________ an application of the accounting principles to the business of farming.
   (a) Farm planning (b) Farm budgeting
   (c) Farm accounting (d) Marketing 1

11. A farmer, which has holding between 1 to 2 hectare known as :
   (a) Small farmer (b) Marginal farmer
   (c) Optional farmer (d) None of the above 1

12. One of below is not regarding to agriculture account :
   (a) Poetry (b) Farm
   (c) Co-operative (d) Dairy 1

13. Under the Hire purchase agreement the ownership of goods is transferred to buyer only when paid :
   (a) Last instalment (b) First instalment
   (c) Advance instalment (d) Cash price of the creditors 1

14. Depreciation on assets is calculated on :
   (a) Cash price of the asset (b) Cash price of the liabilities
   (c) Cash price of the capital (d) Cash price of the creditors 1

15. Under the Hire purchase system, interest is calculated on :
    (a) Cash price
    (b) Outstanding balance
    (c) Retail price
    (d) MRP 1
16. In the books of Hire, the interest and depreciation account will be transferred :
    (a) Trading Account
    (b) Profit and Loss Account
    (c) Balance Sheet
    (d) P & L Appropriation A/c 1
17. The Adjudicating Authority shall appoint interim resolution professional within ______ days of the insolvency commencement date.
    (a) 10
    (b) 12
    (c) 30
    (d) 14 1
18. Balance Sheet insolvency involves having negative ______ where liabilities exceed assets.
    (a) Net asset
    (b) Gross asset
    (c) Net liabilities
    (d) Gross liabilities 1
19. The Presidency Town Insolvency Act was made in :
    (a) 1920
    (b) 1942
    (c) 1918
    (d) 1909 1
20. The nature of statement of affairs is like _____.
    (a) Profit & Loss Account
    (b) Trading Account
    (c) Balance Sheet
    (d) Trial Balance Sheet 1

SECTION—B

1. Following are the "Receipts and Payments" of Devanshu Sports Club in respect of the year ended 31^{st} March 2016 :

'Receipts and Payments Account'

Receipts	Rs.	Payments	Rs.
Opening Balance	18,750	Printing Exp.	37,760
Subscription		Salary	1,72,000
2014-15, 39,000		Stationery	56,940
2015-16, 2,40,000	2,79,000	Rent and Tax	18,930
Income from Sports	42,000	Repairs	12,500
Income on Advertisement	29,000	Purchase Furniture	50,000
Bank Interest	1,250	Closing Balance	21,870
	3,70,000		3,70,0000

Adjustment :

(1) Outstanding salaries Rs. 12,000

(2) Subscription receivable Rs. 20,000

(3) Provide depreciation @10% on purchase furniture,

Prepare "Income and Expenditure Account". 4

OR

Prepare "Receipts and Payments" Account from the following details for the year 31st March 2016 :

Receipts	Rs.	Payments	Rs.
Rent	18,000	Investment	20,000
Sale of Old Newspapers	2,000	Repairs, Renewals	12,500
Sundry Income	8,000	Stationery	5,900
Subscription	50,000	Rent and Taxes	7,500
Life Membership Fees (Revenue)	1,50,000	Salary and Wages	25,000
		Purchase of Building	1,60,000

Cash in hand :

On 1st April 2015 30,000

On 31st March 2016 ?

Additional Information :

(1) There are 1600 life member of the club required to pay the membership fees of Rs. 100 each

(2) Outstanding salary and wages Rs. 5,000. 4

2. From the following particulars prepare "Profit and Loss Appropriation Account" of Washim Co.-op. Society Ltd. for the year ended 31-3-2015 :

Last year Profit Rs. 1,00,000

Current year Profit Rs. 3,50,000

Transfer to dividend equilisation fund Rs. 75,000 share capital Rs. 5,00,000. Make provision for dividend 12% and make provision for statutory reserve as per Maharashtra State Co-operative Society Act, 1960. 4

OR

Prepare the "Balance Sheet" of Neha Co-op. Society Ltd. for the year 31st March 2015 from the following information :

	Rs.		Rs.
Share Capital	6,00,000	Bank Overdraft	1,80,000
Outstanding Salary	30,000	Debtors	3,00,000
Creditors	3,00,000	Bill Payable	2,00,000
Cash	15,000	Depreciation Fund	40,000
Bank Balance	75,000	Prepaid Insurance	10,000
Building	7,50,000	Furniture	2,00,000

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3. From the following figures prepare "Crop Account" for the year ending 31st March 2018, in the Book of Ajay :

	Stock on 31st March 2017	Stock on 31st March 2018
	Rs.	Rs.
Growing Crop	5,500	8,000
Crop	7,500	9,000
Seeds	4,000	5,000
Fertilizers	8,000	6,000

Purchase during the year

Seeds Rs. 2,000

Fertilizer Rs. 6,000

Sales during the year

Crop Rs. 41,000

Proprietor consumed

Crop Rs. 6,500

Crop Expenses Rs. 20,000 4

OR

From the following figures prepare 'General Profit & Loss A/c' year ending 31-3-2018 :

Gross Profit :— Crops Rs. 42,500

Poultry Rs. 28,000

Dairy Rs. 42,500

	Rs.		Rs.
Salary	45,000	Depreciation	3,000
Insurance	3,000	Office Exp.	8,900
Legal Exp.	7,300	Interest on Loan	4,500
Directors Fees	2,500		

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4. On 1st January 2011 Mrs. Monika purchased a machine from Amit and Co. on Hire purchase system. The cash price of the machine was Rs. 7,450 and the payment was to be made as follows :—

Rs. 2,000 was to be paid on signing of the agreement and the balance in three instalments of Rs. 2,000 each. At the end of each year 5% interest is charged by Amit & Co. per annum. Mrs. Monika has decided to write of depreciation of 10% annually on the diminishing balance of the cash value of the machine.

Prepare "Machine Account" in the books of Mrs. Monika. 4

OR

Continuing above illustration prepare "Amit & Co. Account" in the books of Mrs. Monika. 4

5. Show how the following items will appear in "Statement of Affairs" :

	Rs.		Rs.
Creditors for Goods	60,000	Taxes due	5,000
Bills Payable	40,000	Mortgage on Building	40,000
Value of Building	60,000	Mortgage on Stock	25,000
Value of Stock	15,000	Discounted Bills	5,000
(Expected to dishonoured bill Rs. 2,000)			

4

OR

Prepare "Deficiency Account" from the information given below :

	Rs.		Rs.
Capital	45,000	Profit on Sale of Stock	5,000
Interest on Capital	7,500	Liability Bills Discounted	4,000
Loss in Business	33,500	Drawing	22,500
Deficiency (as per list H)	31,000	Loss on Realisation of Assets	42,500

Excess of Personal Assets over the personal liabilities Rs. 14,000. 4

SECTION—C

1. From the following Trial Balance on 31st March 2017 prepare 'Income and Expenditure and Balance Sheet' as on that date :

Trial Balance
as on 31st March 2017

Particulars	Dr. Rs.	Cr. Rs.
Salaries	2,200	—
Rent	800	—
Printing and Stationery	200	—
General Expenses	1,000	—
Subscriptions	—	5,000
Sale of Drama ticket	—	4,540
Drama Expenses	4,000	—
Locker Rent	—	200
Bank Interest	—	60
Capital Fund	—	14,200
Furniture	3,800	—
Library	8,000	—
Investment	1,600	
Cash in Hand	400	
Bank Balance	2,000	
	24,000	24,000

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OR

From the following information prepare "Balance Sheet" as on 31st March 2016 of Monali Cricket Club, Amravati :

	Rs.		Rs.
Capital Fund	2,67,900	Bank Balance	200
Surplus (31.3.2016)	12,300	Building	2,00,000
Donation for Building	5,000	Furniture	10,000
Books	50,000	Investment	38,000
Subscription Arrear	5,000	Salary Outstanding	4,000
Rent Received in Advance	1,000	Subscription Received in Advance	2,000

Adjustment :

Depreciate furniture 10%, Books 10% and Building $2\frac{1}{2}$%. 8

2. Trial Balance of the Akola sales purchase co-op society as on 31st March 2017 is given below :

Particulars	Dr. Rs.	Cr. Rs.
Purchase	5,50,000	—
Carriage	9,000	—
Wages	2,000	—
Furniture	20,000	—
Salary	29,800	—
Rent	1,700	—
Opening Stock	40,400	—
Bills Receivable	15,000	—
Advertisement	2,400	—
Interest Paid	25,800	—
Cash at Bank	6,200	—
Machinery	6,800	—
Sales	—	5,40,000
Commission Received	—	42,000
Loan from Bank	—	65,000
Creditors	—	20,000
Share Capital	—	40,000
Depreciation Fund	—	2,100
	7,09,100	7,09,100

Adjustment :

(i) Closing Stock Rs. 1,60,000

(ii) Depreciation on furniture 10% and on machinery 5%

(iii) Unpaid salary Rs. 2,000

(iv) Prepaid advertisement Rs. 400

Prepare "Trading A/c" "Profit & Loss A/c" and "Balance Sheet". 8

OR

Following were the Balances from the Akola Books of Consumer's Co-op. Society Ltd. as on 30 June 2017 :

Particulars	Rs. Dr.	Particulars	Rs. Cr.
Opening Stock	20,000	Share Capital	22,000
Building	30,000	Sundry Creditors	40,000
Furniture	7,000	Sales	75,000
Sundry Debtors	20,000	Bills Payable	1,000
Cash in Hand	1,000		
Cash at Bank	15,000		
Purchase	30,000		
Rent	3,200		
Insurance	500		
Printing	800		
Bills Receivable	2,000		
Wages	2,000		
Salaries	6,500		
	1,38,000		1,38,000

(1) Closing stock Rs. 10,000

(2) Depreciation building and furniture by 10%

(3) Create reserve for doubtful debt at 5%

(4) Provision of Rs. 600 is to be made for secretary honorarium

(5) Make provision for statutory reserve by Act

(6) Provide for dividend @ 9%

Prepare final account of the Akola Consumer Co.-op. Society Ltd. for the year ending 30 June 2017. 8

3. From the following information given below prepare "Crop Account" of Minal Form Ltd. Chikhali as on 31st March 2018 :

Opening Stock		**Closing Stock**
	Rs.	**Rs.**
Grains	8,000	3,700
Seeds	600	300
Fertilizer	3,000	400
Purchase :		
Seeds	18,000	
Fertilizers	8,000	
Sale of Grain	82,000	
Grain as Wages	3,300	
Wages in Cash	3,700	

Grain used by proprietor Rs. 4,300

Grain consumed by livestock section Rs. 2,700

Repairs farm machinery Rs. 1,900

Depreciation on farm machinery Rs. 2,500

Crop Insurance Rs. 600 8

OR

The following is the 'Trial Balance' of Mr. Sunil Farm House, Buldana as on 31st March 2018 :

Trial Balance

Particulars	Dr. Rs.	Cr. Rs.
Capital	—	2,50,000
Land	1,50,000	—
Farm Building	50,000	—
Farm Machinery	1,10,000	—
Sundry Debtors	40,000	—
Office Expenses	7,900	—
Bank Loan Mortgage	—	50,000
General Exp.	12,000	—
Cash in Hand	14,000	—
Sale of Livestock	—	75,000
Sale of Crop	—	35,000
Sundry Creditors	—	75,000
Profit & Loss A/c (31/3/17)	—	30,000
Crop Loan SBI	—	16,600
Growing Crop Exp.	20,000	—
Livestock Purchase	30,000	—
Manager Salary	70,000	—
Farm Labour	6,000	—
Bank Overdraft	—	5,000
Farm House Exp.	4,700	—
Crop Expenses	15,000	—
Opening Stock		
Growing Crop	7,000	
Livestock	43,000	
Purchase		
Seeds	5,000	
Fertilizers	15,000	
	5,36,600	5,36,600

Additional Information :

(1) Provide 10% depreciation on farm machinery and farm building 2%

(2) Stock on 31st March 2018
Growing Crop Rs. 10,000
Livestock Rs. 40,000

(3) Office Exp. and General Exp. are purely administrative.

Prepare Crop Account, Profit & Loss Account and Balance Sheet as on 31st March 2018. 8

4. The Madras Transport Company purchased a lorry on instalment basis on 1st January 2014 paying Rs. 20,000 cash and agreeing to pay three further instalments of Rs. 20,000 each on 31st December each year. The cash price of lorry was Rs. 74,500 and lorry co. charge interest at 5% p.a. The Madras Transport Company charge depreciation at 10% p.a. on cash value of the lorry on diminishing balance method.

Prepare in the books of Madras Transport Company :

(1) Lorry Account

(2) Venders Accounts. 8

OR

Continuing above illustration prepare "Madras Transport Company Account" and Interest Suspense A/c, Interest A/c in the Books of Vender. 8

5. Mr. Vijay Nipane declared insolvent on 31st December 2015. His position on that date was as follows :

Particulars	**Rs.**
Cash in hand	100
Furniture (estimate to realise Rs. 2,000)	5,500
Stock (estimate to realise Rs. 14,000)	15,000
Sundry creditors	30,000
Bill payable	6,000
Loan from Mrs. Nipane (out of stridhan)	2,000
Bills receivable	5,400
Sundry debtors :	
Good	5,700
Doubtful (estimate to produce 40%)	1,000
Bad	4,300
Taxes due	1,000
Capital (on 1.1.2014)	30,000
Profit for 2014	4,000
Drawing for two year's (including jewellery Rs. 5,000 purchase for his wife)	16,000
Loss for business 2015	20,000

Prepare "Statement of Affairs" and "Deficiency Account". 8

OR

The assets of Prakash Marchant on June 30, 2016 as shown by his books were Rs. 56,000 and his liabilities were Rs. 44,000. He filed his petition in the insolvency court and estimated his deficiency to be Rs. 30,000. After making the above estimate he found that following items were not passed through his account books.

Interest @ 6% on his capital Jan 1 : 2016. A contingent liability of Rs. 2,500 on bills discount by him for Rs. 10,000.

Amount due as wages Rs. 300, as salaries Rs. 700, as rent Rs. 300 and as taxes Rs. 200.

Prepare his "statement of affairs" and his deficiency account. 8