AS - 0645

B.Com. Part - I

Financial Accounting

P. Pages : 15

Time : Three Hours | Max. Marks : 70

Notes :
1. Attempt all questions.
2. All questions carry equal marks.

1. a) Explain the meaning of 'Book-Keeping and Accountancy'. **3**

   b) Explain 'Cost Concept'. **3**

   c) Record the following transactions in Journal of Mr. Sagar. **4**

		₹
2015-		
Jan. 5.	Mr. Sagar started the business with cash	10,000
Jan. 10	Purchase Goods in Cash	5,000
Jan. 11	Purchased furniture from Mr. Pravin	1,000
Jan. 15	Sold Goods in Cash	4,000
Jan. 20	Sold Goods on Credit to Deepak	2,000

d) From the following particulars, prepare a cash Account of Avinash. **4**

2014-		₹
Dec. 1	Balance in hand	10,000
Dec. 3	Purchased goods for Cash	7,000
Dec. 7	Further capital introduced	12,000
Dec. 10	Spent for private use	5,000
Dec. 15	Cash sales	1,000
Dec. 20	Received from Ritesh	7,000
Dec. 26	Paid to Akash	7,000
Dec. 31	Received rent from Nilesh	2,000

OR

e) Explain 'Materiality convention. **3**

f) What are the objectives of Accounting? **3**

g) Record the following transactions of June 2014 in the sales book of Ravi. **4**

June-5 Sold goods to Vinay & Co	₹ 600
June-8 Sold goods to Chandak Brothers	₹1,000
June-10 Sold goods to Ram & Co	₹1,200

3) Wages ₹ 500, salaries ₹ 1,500 and Taxes ₹ 520.

are outstanding each are preference liability. Prepare a statement of Affairs and the Deficiency Account of Shri. Dinesh.

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Doubtful [estimated to realise ₹ 200]	500
Bad	100
Local Taxes outstanding	450
Rent (Preferential)	400
Preferential creditors for wages and salaries	350

On 1st April 2012. he commenced his business with a capital of ₹ 34,000. His total drawings were ₹ 1,100. His profit for first year was ₹ 300 and for the year 2014 his loss was ₹ 500. He was charged interest on capital per year is ₹ 500.
Prepare his statement of Affairs and Deficiency Account.

OR

Shri Dinesh has been declared insolvent on 1st April 2014 on which date his total assets were ₹ 92,000 and Liabilities ₹ 68,000. He estimated deficiency of ₹ 48,000. Before taking the following items into consideration, which were not passed through his account books. **14**

1) Interest on his capital at 6% for one year.

2) A contingent liability for ₹ 5,480 on bills-discounted by him.

h) Prepare a 'Trial Balance' from the following balance as on 31st March 2014. **4**

	₹		₹
Purchases	2,21,600	Commission Received	1,600
Sales	2,20,000	Sundry Creditors	48,400
Salaries	46,120	Sundry Debtors	14,600
Returns Inward	15,000	Capital	80,000
Returns Outward	11,200	Drawings	8,800
Rent	9,680	Furniture	24,000
Bank Overdraft	51,100	Cash in hand	9,400

2. a) Why the rectification of errors is necessary? **3**

b) Prepare 'Trading Account' for the year ended-31st March, 2014 from the following balances: **3**

	₹
Opening Stock	7,000
Purchase	22,000
Sales	32,700
Purchase Return	500
Sales Return	650
Carriage	1,280
Coal and Gas	3,595
Salary	1,375
Closing Stock	14,479

c) Prepare 'Profit and Loss Account' for the year ending 31st March 2014. **4**

	₹
Salary	20,000
Audit Fee	625
Bad debts	3,750
Interest (Cr.)	2,500
Rent Received	620
Contribution to provident Fund	11,000
Gross Profit	45,000
Depreciation on building	12,000
Commission (Cr.)	1,750

d) Prepare 'Balance Sheet' as on 31st March, 2014 with the help of following information. **4**

	₹
Land and Building	40,000
Bank Overdraft	23,000
Bank Balance	9,000
Unpaid expenses	1,000
Capital	28,000
Net Profit	2,000
Drawings	5,000

5) Charge 10% depreciation of Farm and Dairy-Machinery on their opening Balance.

5. Mr. Sanjay find himself insolvent on 31st March 2014. His position was as follows:- **14**

	₹
Creditors	20,000
Bills payable	30,000
Liability for bills discounted [Expected to dishonour ₹ 2,500]	5,000
Stock [estimated to realise ₹ 20,000]	40,000
Machinery [estimated to realise ₹ 25,000]	35,000
Bank-Overdraft	2,000
Loan on Mortgage [Mortgage on securities ₹ 40,000]	30,000
Furniture [estimated to realise ₹ 2,000]	5,000
Partly secured creditors [second preference upto ₹ 500. on the mortgaged securities with the fully secured creditors]	4,500
Cash in hand	200
Debtors:-	
Good	600

Dairy machinery	2,00,000		
Joint expenditure for Farm and Dairy	90,000		
General Expenses	25,000		
Interest	24,000		
Cash Balance	16,000		
Bank Balance	26,000		
Land	5,00,000		
	15,72,000		15,72,000

Adjustments :-

1) Closing stock on 31st March 2014.
   Live Stock ₹ 95,000
   Paddy ₹ 70,000
   Cattle Foods ₹ 5,000
   Manure ₹ 2,000
   Firm equipment ₹ 7,000
   Dairy equipment ₹ 8,000

2) Joint expenses is divided as follows:-
   Farm A/c 3/5 & Dairy A/c 2/5.

3) Shri. Patil has distributed the milk of ₹ 9,000 to his relatives at free of cost.

4) Shri. Patil has withdrawn the following product for his own use.
   Milk ₹20,000 & Paddy ₹7,000

OR

e) Explain Meaning and Objectives of Manufacturing Account. **3**

f) Prepare 'Profit and Loss Account' for the year ended 31st March, 2014 with the help of following balances. **3**

	₹
Gross Profit	1,07,000
Rent Paid	4,000
Salaries	31,000
Interest Paid	600
Stationary	1,400
Other Expenses	5,300
Good will	38,000
Commission received	2,000
Discount (Cr.)	1,800

g) Prepare 'Balance Sheet' as on 31st March, 2014 with the help of following information. **4**

	₹
Cash at Bank	3,000
Creditors	2,800
Outstanding Rent	100

Debtors	5,400
Closing Stock	1,200
Capital	20,000
Net Loss	4,800
Prepaid Wages	400
Machinery	6,300
Drawing	1,800

h) Pass the rectifying entries for the following errors: **4**

i) Wages paid for installation of machinery ₹ 500 were debited to the Wage Account.

ii) ₹ 350 paid for the purchase of office furniture were charged to office expenses Account.

3. a) Explain the main features of Receipt and payment Account. **3**

b) From the following information find out the amount of depreciation:- **3**

i) Cost price ₹ 48,000

ii) Installation charges ₹ 4,000

iii) Expected Life 4 years

iv) Scrap value ₹ 6,000.

OR

From the following Trial Balance prepare Dairy A/c, Farm A/c, General profit and Loss A/c and Balance-sheet in the books of Shri Patil as on 31st March 2014. **14**

Trial Balance
As on 31st March, 2014

Debit Balance		₹	Credit Balance		₹
Opening Stock (1-4-2013)					
Live Stock	1,80,000		Sundry Creditors		30,000
Paddy	60,000		Outstanding Expenses		4,000
Cattle Food	15,000		Sales:-		
Manure	8,000		Live Stock	70,000	
Seed	7,000		Paddy	3,80,000	
Farm equipment	9,000		Milk	3,60,000	8,10,000
Dairy Equipment	10,000	2,89,000			
Purchases:-			Sales of Dairy		
Live Stock	40,000		Machinery		87,000
Cattle Food	1,90,000		[Depreciated of		
Fertilizers	20,000		₹ 60,000]		
Dairy			Capital of Shri Patil		6,41,000
Equipment	12,000				
Seeds	5,000	2,67,000			
Sundry Debtors		15,000			
Farm Machinery		1,20,000			

Reserve Fund		Commission	
Investment	11,000	Received	1,500
Advertisement	5,000		
Sundry Expenses	7,500		
Office Expenses	25,000		
Sundry Debtors	32,000		
Wages	8,750		
Carriage Expenses	10,000		
Salaries	19,750		
Interest	4,350		
Machinery	1,00,000		
Purchases	1,73,000		
	4,50,000		4,50,000

Adjustments:-

1) Closing stock was valued at ₹ 50,000.

2) Make provision of ₹ 2,000 for dividend equalisation fund.

3) Unpaid salary is ₹ 1,500.

4) To make provision to distribute dividend at the rate of 9% to the share holders.

From the above information Prepare Trading Account, Profit and Loss Account, Profit and Loss Appropriation Account and Balance sheet.

c) On 1st April a machine was purchased for ₹ 26,000 and ₹ 4,000 were spent on its installation. It was decided to charge 10% p.a. depreciation under the diminishing balance method. At the end of the second year, the machine was sold for ₹ 14,000. **4**

Prepare a 'Machine Account' for two years. Financial year closed on 31st March.

d) Below is given the Receipts and Payments Account for the year ended 31st March 2014. Prepare an Income and Expenditure Account:- **4**

Receipts and Payments Account

Receipts	₹	Payments	₹
To opening Balance	12,380	By General Expenses	5,420
To Subscriptions	16,300	By Salaries & Wages	5,500
To Membership Fees	2,500	By Furniture	8,000
To Entrance Fees	2,400	By Rent	5,600
To Interest on		By Printing Expenses	1,250
Securities	1,800	By Repairs	1,500
To Sundry Receipts	530	By Closing cash	8,640
	35,910		35,910

Additional Information:-

The subscription in arrears amounted to ₹ 3,500, General expenses outstanding ₹ 400, Secretary's salary ₹ 1,500 had not been paid

₹ 1,000 is to be written off as depreciation on furniture.

OR

e) Explain the advantages of Written Down Value method. **3**

f) A company purchased machinery for ₹ 2,40,000. on 1st April 2012 and spent ₹ 15,000 on its installation. It was decided to charge 10% P.A. depreciation under the 'Straight Line Method'. Prepare Machinery Account for first two years. **3**

g) Following cash transaction given for 2013-14. Prepare Receipt and Payment account. **4**

Receipt :- Cash balance [1st April 13] ₹ 100,- Subscription ₹ 2,500, Interest on- Securities ₹ 475, Received Entrance- Fees ₹ 500, Receipts from – Entertainment ₹ 1,000, sales of old chair ₹ Rs. 100, Donation ₹ 800.

Payment:- Rent ₹ 600, Printing ₹ 150, Tax ₹ 100, Advertisement ₹ 200, Miscellaneous- ₹ 55, Govt. Securities ₹ 2,500, Furniture ₹ 400, Library books ₹ 300, - Entertainment expenses ₹ 750.

h) Following are the receipts and payments of City Cricket club in respect of the year ended 31st March 2014. **4**

Receipts:- Subscriptions ₹ 1,50,000 Income on Sports ₹ 30,000. Interest on Securities ₹ 40,000, Souvenir Advertisements ₹ 50,000.

Payments:- Salaries ₹ 30,000, Rates & Taxes ₹ 15,000, Stationary ₹ 5,000 & Souvenir printing ₹ 30,000.

Adjustment:- Subscription received in advance ₹ 20,000 and outstanding salaries ₹ 10,000

Prepare Income & Expenditure A/c for the year ended 31st March 2014.

4. Following balances are appeared in the books of Gajanan Co-operative Society Ltd. as on 31st March 2014. **14**

Dr. Balance	₹	Cr. Balance	₹
Opening Stock	38,250	Sales	2,87,500
Cash in hand	3,000	Share Capital	1,00,000
Cash at Bank	3,500	Creditors	38,500
Rent	850	Reserve Fund	11,000
Bad debts	2,050	Bad debt Reserve	1,500
Bills Receivable	6,000	Bank Loan	10,000