

VI/COM (xviii)

2014

(6th Semester)

COMMERCE

Paper : BC-618

(**Financial Accounting—II**)

Full Marks : 75

Time : 3 hours

(**PART : B—DESCRIPTIVE**)

(*Marks : 50*)

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

Answer **one** question from each Unit

UNIT—I

1. Explain the salient features of single-entry system of book-keeping. Briefly describe the limitations of single-entry system. 4+6=10
2. Mr. A kept his books under single-entry system and commenced his business on 01.04.2013 with ₹ 1,00,000 as his capital.

14G—400/547a

(*Turn Over*)

He also took a loan of ₹ 50,000 from SBI. On 31.03.2014 his books disclosed the following position :

	₹
Sundry Creditors	60,000
Plant and Machinery	1,20,000
Stock	80,000
Sundry Debtors	90,000
Cash at Bank	20,000

He withdrew from the business at the end of each month ₹ 2,000. On 01.01.2014 he introduced further capital of ₹ 40,000. He also withdrew goods costing ₹ 6,000 from the business.

You are required to prepare a Statement of Profit and Loss for the year ended 31.03.2014 and a Statement of Affairs as at that date after taking into account the following : 10

- (i) 5% of Sundry Debtors proved to be bad
- (ii) Provide depreciation on Plant and Machinery at 10%
- (iii) Provide for Bad and Doubtful Debts @ 2.5% on Sundry Debtors

UNIT—II

3. Distinguish between Receipts & Payments Account and Income & Expenditure Account. 10

4. Following is the State's Library Cash Account for the year ending 31st December, 2013 :

Receipts		₹	Payments		₹
To	Balance	50,000	By	Salary	66,000
"	Entrance Fees	30,000	"	Rent	88,000
"	Subscriptions		"	Investments	40,000
	from Members	2,00,000	"	Postage & Stationery	10,000
"	Lecture Hall		"	Electric Charges	7,200
	hire charges	20,000	"	Books Purchased	60,000
"	Sale proceeds		"	Outstanding	
	of Old Papers	1,500		Expenses paid	7,000
"	Interest on		"	Balance	31,300
	Investments	8,000			
		<u>3,09,500</u>			<u>3,09,500</u>

You are required to prepare an Income and Expenditure Account for the year 2013 and a Balance Sheet as at 31.12.2013. The following further information are also made available to you :

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(i) On 31.12.2012, the Library had the following assets and liabilities :

	₹
Electrical Fittings	1,50,000
Furniture	50,000
Books	4,00,000
Investments	1,50,000
Cash	50,000
Expenses payable	7,000

(ii) Subscription from members included ₹ 10,000 received in advance

(iii) Outstanding Liabilities on 31.12.2013 are for Salary—₹ 3,000 and for Rent—₹ 4,000

(iv) 75% of the Entrance Fees is to be capitalized

(v) Books to be depreciated @ 10% including additions. Electric Fittings and Furniture are also to be depreciated at the same rate

UNIT—III

5. Differentiate between Joint Venture and Consignment. 10

6. Mr. A of Aizawl consigned 200 boxes of patent medicines of the value of ₹ 1,200 each to Mr. B of Champhai. The consignor incurred by way of freight, insurance and sundry expenses a sum of ₹ 3,500 on the consignment. Mr. B sent an advance of ₹ 1,90,000 against the consignment. In due course, an account sales was received from Champhai. It disclosed that the consignee's expenses in various accounts amounted to ₹ 2,500. The goods were sold for ₹ 2,400 per box. The consignee charged ordinary commission at 2½% and del credere commission at 7½% on gross sale proceeds. A bank draft for the balance due was received from the consignee along with the account sales.

You are required to show the Journal Entries and consignment to Champhai Account in the books of Mr. A of Aizawl. 6+4=10

UNIT—IV

7. Distinguish between Branch Account and Departmental Account. How do you record inter-departmental transfer of goods? 4+6=10
8. The Kolkata Shoes Ltd. is having its branch at Aizawl. Goods are invoiced to give a profit of 20% of selling price. From the details given below relating to Aizawl branch for the year ending 31st March, 2014, prepare Aizawl Branch Account and Branch Debtors Account in the books of Head Office : 7+3=10

	₹
Stock on 01.04.2013	5,000
Debtors on 01.04.2013	2,000
Furniture on 01.04.2013	1,000
Petty cash on 01.04.2013	200
Insurance prepaid on 01.04.2013	50
Salaries due on 01.04.2013	1,000
Goods sent to branch	40,000
Cash sales	55,000
Total sales	70,000
Cash received from debtors	16,000
Goods returned by the branch	500
Goods returned by the debtors	200
Cash sent to the branch for :	
Rent	3,600
Salaries	10,200
Petty cash	600
Insurance (up to June 2014)	400
Petty cash expenses incurred by the branch	500
Stock on 31.03.2014	3,000
Depreciate furniture by 20%	

UNIT—V

9. What are the uses and limitations of Cash Flow Statements? 7+3=10

10. The following are the summaries of the Balance Sheets of Liana & Sons Pvt. Ltd. as on December 31, 2012 and 2013 :

Liabilities	2012 ₹	2013 ₹	Assets	2012 ₹	2013 ₹
Equity Share	2,00,000	2,50,000	Land and		
General Reserve	50,000	60,000	Building	2,00,000	1,90,000
Profit and Loss			Plant	1,50,000	1,74,000
Account	30,500	30,600	Stock	1,00,000	74,000
Bank Loan			Debtors	80,000	64,200
(Short-term)	70,000	—	Cash	500	600
Creditors	1,50,000	1,35,200	Bank	—	8,000
Provision for Tax	30,000	35,000			
	<u>5,30,500</u>	<u>5,10,800</u>		<u>5,30,500</u>	<u>5,10,800</u>

Additional Information :

- (i) Depreciation was written off Plant—
₹ 14,000 in 2013
- (ii) Dividend of ₹ 20,000 was paid during 2013
- (iii) Income-tax Provision made during the year was ₹ 25,000
- (iv) A piece of Land has been sold during the year at cost

You are required to prepare a statement showing sources and application of funds for the year 2013 and a schedule of change in working capital. 5+5=10

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2014

(6th Semester)

COMMERCE

Paper : BC-618

(**Financial Accounting—II**)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

Answer **all** questions

SECTION—A

(Marks : 10)

1. State whether the following statements are *True (T)* or *False (F)* by putting a Tick (✓) mark : 1×5=5

(a) Frauds are common under single-entry system.

(T / F)

(b) Receipts and Payments Account is just like Cash Account of a trading concern.

(T / F)

- (c) Under memorandum joint venture method, each party opens only one account which is of the nature Nominal Account.

(T / F)

- (d) Branch Stock Account reveals the shortage or surplus of stock at branch under stock and debtors system.

(T / F)

- (e) There will be a flow of funds when both transactions are non-current.

(T / F)

2. Choose the correct answer and put its code in the brackets provided : 1×5=5

- (a) Given the opening and closing balances of debtors and the figure of credit sales, the balancing figure of total debtors account will give

(i) bills retained during the year

(ii) cash received from debtors

(iii) closing balance of bills receivable

(iv) None of the above ()

(3)

(b) Donations received by a sports club for conducting a tournament should be shown in

(i) Balance Sheet

(ii) Income and Expenditure Account

(iii) Both of the above

(iv) None of the above

()

(c) If X takes away goods for personal use under memorandum joint venture method, then the account to be debited will be

(i) Personal Account

(ii) Purchase Account

(iii) Joint Venture Account

(iv) None of the above

()

(d) Petty expenses paid by the branch out of petty cash maintained on imprest system are shown on the

3

(i) debit side of the Branch Account

(ii) debit side of the Head Office

(iii) credit side of the Branch Account

(iv) None of the above ()

(e) Depreciation of machinery is

(i) application of funds

(ii) source of funds

(iii) no flow of funds

(iv) None of the above ()

(5)

SECTION—B

(Marks : 15)

3. Answer/Write notes on the following : 3×5=15

(a) Calculate the missing figure :

	₹
Profits made during the year	24,000
Capital at the end	80,000
Capital introduced during the year	20,000
Drawings	12,000
Capital in the beginning	?

(b) Non-trading concern

3. Answer/Write notes on the following :
(c) Calculate the missing figure :

Profit made during the year	24,000
Capital at the end	80,000
Capital introduced during the year	20,000
Drawings	12,000
Capital in the beginning	?

(7)

(c) Del credere commission

(8)

(d) Foreign branch

(9)

(e) Concept of funds

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