

COM/VI/18

2016

(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. What is single-entry system? Discuss briefly the distinctions between single-entry system and double-entry system. 2+8=10
2. Mr. P keeps his books on single-entry system. From the following information provided by him, prepare a Trading, Profit & Loss Account for the year ended

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(Turn Over)

31st December, 2012 and Balance Sheet as
on that date :

10

	31.12.2011	31.12.2012
	(₹)	(₹)
Furniture	10,000	12,000
Stock	6,000	2,000
Debtors	12,000	14,000
Prepaid Expenses	—	4,000
Creditors	4,000	?
Outstanding Expenses	1,200	2,000
Cash	2,200	600

Receipts and payments during the year were
as follows :

	₹
Receipts from debtors	42,000
Paid to creditors	20,000
Carriage inwards	4,000
Drawings	12,000
Sundry expenses	14,000
Furniture purchases	2,000

Additional information :

There were considerable amount of cash sales. Credit purchases during the amounted to ₹ 23,000. Provide provision for doubtful debts to the extent of 10% on debtors.

UNIT—II

3. What are the special features of Receipts and Payments Account? What are its limitations?

6+4=10

4. Aizawl Football Club prepared the following Receipts and Payments Account for the year ended 31st December, 2015 :

Receipts and Payments Account

Dr.	Receipts	₹	Payments	₹	Cr.
To Balance b/d		3,800	By Sports Equipment		
" Subscription for :			(Purchase on		
2015	18,500		01.09.2015)	10,000	
2014	1,000		" Salary and Wages	3,000	
2016	1,200		" Printing and		
" Interest on Govt.			Stationery	300	
Securities @ 5%			" Electricity Charges	500	
of cost	500		" Tournament		
" Entrance Fees	2,500		Expenses	6,500	
			" Balance c/d	7,200	
		<u>27,500</u>		<u>27,500</u>	

The fixed assets of the club on 01.01.2015 included the following :

	₹
Sports Equipment	15,500
Club Ground	7,000
Furniture	2,000

You are required to prepare the Income and Expenditure Account for the year ended 31st December, 2015 and a Balance Sheet as on that date after considering the following :

5+5=10

- (i) Subscription for 2015 collected in 2014—
₹ 500

(ii) Subscription for 2015 still to be collected—₹ 300

(iii) Depreciation to be provided @ 20% p.a. on Sports Equipment and @ 5% p.a. on Furniture

UNIT—III

5. What is consignment? Discuss the main features of joint venture. 4+6=10

6. Kamal of Kolkata consigned goods on 01.01.2015 at invoice value of ₹ 12,500 which was made up by adding 25% on cost to Mawia of Aizawl. Kamal paid ₹ 300 as freight and ₹ 200 as insurance on these goods.

On 30.06.2015 Kamal received a remittance of ₹ 7,000 with an account sales from Mawia showing that he had—

(i) sold $\frac{3}{5}$ th of goods for ₹ 9,000;

(ii) paid ₹ 150 as landing charges and ₹ 250 as selling expenses;

(iii) retained his commission of 10% on gross sales.

You are required to write up—

- (a) the consignment to Aizawl Account;
- (b) Mawia's Personal Account, as they would appeared in the books of Kamal for the period ended 30.06.2015 which is the end of the accounting year. 6+4=10

UNIT—IV

7. Distinguish between wholesale profit and retail profit at branch with examples. What are the bases of apportionment of common expenses and incomes under Departmental Accounting? 5+5=10

8. A Ltd. invoices goods to its branch at selling price which is cost plus 50%. From the following particulars, prepare Branch Account for the year ended 31.03.2016 : 10

Stock at branch on 01.04.2015	
at invoice price	4,80,000
Branch debtors on 01.04.2015	4,27,500
Branch furniture on 01.04.2015	4,00,000

Transaction during the year 2015-2016 :

Invoice price of goods sent to branch	60,00,000
Cash sales at branch	43,20,000
Credit sales at branch	12,48,000
Cash expenses of branch met by HO	3,25,200
Discount allowed to branch debtors	12,000

	₹
Bad debts written off	7,500
Stock at branch on 31.03.2016	
at invoice price	6,72,000
Branch debtors on 31.03.2016	2,16,000

Depreciate furniture @ 15% per annum.

UNIT—V

9. Define Cash Flow Statement. Discuss in brief the uses and significance of Cash Flow Statement. 3+7=10

10. The balance of Z Ltd. as on 31.12.2014 and 31.12.2015 were as follows :

Assets	31.12.2014	31.12.2015
	₹	₹
Fixed Assets	93,400	1,66,000
Stock	22,000	26,000
Debtors	36,000	39,000
Bank	4,000	5,000
Preliminary Expenses	2,000	1,000
	<u>1,57,400</u>	<u>2,37,000</u>

Liabilities	31.12.2014	31.12.2015
	₹	₹
Equity Share Capital	90,000	1,30,000
General Reserve	10,000	15,000
Profit and Loss Account	20,000	30,000
15% Debentures	—	20,000
Creditors	37,400	42,000
	<u>1,57,400</u>	<u>2,37,000</u>

(7)

Additional Information :

Depreciation written off on Fixed Assets
was ₹ 23,400

Dividend of ₹ 20,000 was paid on equity
capital

Prepare—

- (a) schedule of changes in working capital;
- (b) Funds Flow Statement. 5+5=10

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2016

(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—I

(Marks : 10)

1. Indicate whether the following statements are True (T) or False (F) by putting a Tick (✓) mark :

1×5=5

- (a) Under single-entry system, Net Income =
(Capital at the end + Drawings – Addl. Capital) –
Capital in the beginning.

(T / F)

- (b) All receipts of capital nature are not entered in
Receipts and Payments Account.

(T / F)

(2)

- (c) If the consignee is authorized to get the del credere commission, he is liable for all losses on account of non-recovery of debts.

(T / F)

- (d) Profit or loss is ascertained by the head office in the case of dependent branches, by preparing Branch Adjustment Account, under stock and debtors system.

(T / F)

- (e) Cash from operations and funds from operations mean the same thing.

(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, and cash received on account of bills receivable, balance in Bills Receivable Account will show

(i) credit purchases

(ii) credit sales

(iii) bills receivable issued during the year

(iv) None of the above

()

(b) Interest receivable on investment by a club will be shown on

- (i) assets side of the Balance Sheet
- (ii) liabilities side of the Balance Sheet
- (iii) debit side of Income and Expenditure Account
- (iv) None of the above ()

(c) When goods are purchased for joint venture, the account to be debited is

- (i) Purchases Account
- (ii) Joint Venture Account
- (iii) Venturer's Capital Account
- (iv) None of the above ()

(4)

(d) Under debtors system, profit is calculated by preparing one account for one branch, called

(i) Branch Account

(ii) Trading Account

(iii) Profit and Loss Account

(iv) None of the above ()

(e) Decrease in creditors is an

(i) inflow of cash

(ii) outflow of cash

(iii) inflow of funds

(iv) None of the above ()

(5)

SECTION—II

(Marks : 15)

3. Write notes on the following in not more than
5 sentences each : 3×5=15

(a) Advantages of Single-entry System

(6)

(b) Features of Income and Expenditure Account

(7)

(c) Commission

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(8)

(d) Branches vs. Departments

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(9)

(e) Concept of Funds

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