

2017

(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 do you mean by Single Entry System of Bookkeeping? Discuss briefly the advantages and disadvantages of Single Entry System. 3+7=10
2. Mr. Liana does not maintain complete double entry books of accounts. From the following details, determine profit for the year and

prepare a Statement of Affairs as at the end of the year. ₹ 1,000 (cost) furniture was sold for ₹ 5,000 on 1.1.2016. 10% depreciation is to be charged on furniture. Mr. Liana has draw ₹ 1,000 per month. ₹ 2,000 was invested by him in 2016 :

10

| | 1.1.2016 | 31.12.2016 |
|----------------------|----------|-------------------|
| | (₹) | (₹) |
| Stock | 40,000 | 60,000 |
| Debtors | 30,000 | 40,000 |
| Cash | 2,000 | 1,000 |
| Bank | 10,000 | 5,000 (overdraft) |
| Creditors | 15,000 | 25,000 |
| Outstanding Expenses | 5,000 | 8,000 |
| Furniture (cost) | 3,000 | 2,000 |

Bank balance on 1.1.2016 is as per Cash Book, but the Bank Overdraft on 31.12.2016 is as per Bank Statement. ₹ 2,000 cheques drawn in December, 2016 have not been encashed within the year.

UNIT—II

3. Define an Income and Expenditure Account. How does it differ from Receipts and Payments Account?

2+8=10

4. From the following, prepare an Income and Expenditure Account for the year ended 31st March, 2017 and the Balance Sheet as on that date : 5+5=10

Receipts and Payments Account

| <i>Receipts</i> | ₹ | <i>Payments</i> | ₹ |
|-------------------|--------------|-------------------------|--------------|
| To Balance : | | By Salaries | 3,600 |
| Cash at Bank | 455 | " Rent | 600 |
| Cash in hand | 55 | " Printing & Stationery | 145 |
| " Subscriptions | 3,000 | " Postage | 25 |
| " Interest on | | " Bicycle Purchased | 95 |
| Investments | | " Plan Bonds | 680 |
| (cost of | | " By Balance : | |
| Invests ₹ 30,000) | 1,500 | Bank | 113 |
| " Bank Interest | 10 | Hand | 12 |
| " Sale of Scooter | 250 | | |
| | <u>5,270</u> | | <u>5,270</u> |

Subscription include ₹ 120 for 2015-2016 and ₹ 200 for 2017-18. Also rent includes ₹ 50 paid for March, 2016. Subscriptions amounting to ₹ 150 have still to be collected for the year 2016-2017. Rent for March, 2017 has still to be paid and ₹ 25 is outstanding against a stationery bill. The book value of the Scooter was ₹ 320.

UNIT—III

5. What is joint venture? Discuss the main features of consignment. 3+7=10

6. A and B enter into a joint venture for the purchase and sale of second-hand motor cars, and to share profits and losses in the ratio of 3 : 2.

On January 15, 2017 A bought five cars for ₹ 43,000 and on January 20, 2017, he paid taxes and insurance ₹ 1,600. On January 31, 2017, he sold these cars for ₹ 58,000 out of which he remitted ₹ 11,000 to B, paying the balance into his own Bank Account.

On January 20, 2017, B bought three cars for ₹ 36,000 and on January 25, 2017, he paid taxes and insurance ₹ 1,400 and repairing charges amounting to ₹ 2,000. He sold one car on February 2, 2017 for ₹ 14,000 which he paid into his own bank Account. A then took over the other cars at a valuation of ₹ 26,000, and the venture was closed on February 10, 2017.

Prepare the Memorandum Joint Venture Account and the account of the Joint Venture with B in the books of A. 5+5=10

UNIT—IV

7. What do you understand by inter-branch transactions? What entries are to be passed in the books of head office and branch for inter-branch transactions? 4+6=10

8. A Ltd. of Kolkata invoices goods to its Branch at Aizawl at selling price which is cost plus 25%. From the following particulars, prepare Aizawl Branch Account for the year ended 31.03.2017 in the books of Head Office. 10

| <i>Balances at Branch :</i> | <i>Opening</i> | <i>Closing</i> |
|-----------------------------|----------------|----------------|
| | (₹) | (₹) |
| Stock | 5,000 | ? |
| Debtors | 3,200 | 4,880 |
| Cash | 400 | 400 |

| <i>Transaction during the year 2016-2017</i> | ₹ |
|---|--------|
| Goods sent to Branch | 40,000 |
| Goods returned to Head Office | 2,000 |
| Credit sales at Branch | 32,000 |
| Cash sales at Branch | 8,000 |
| Cash received from customers at Branch | 28,000 |
| Bills Receivable accepted by customers at Branch | 2,000 |
| Cash sent to Branch for expenses | 4,800 |
| Shortage in stock at Branch | 500 |
| Discount allowed to Branch customers | 320 |

UNIT—V

9. What are the importance and limitations of Funds Flow Statement? 6+4=10

10. The following are the Balance Sheet of Z Ltd. as on 31st December, 2015 and 2016 :

| <i>Assets</i> | <i>31.12.2015</i> | <i>31.12.2016</i> |
|-------------------------|-------------------|-------------------|
| | ₹ | ₹ |
| Land | 1,00,000 | 1,50,000 |
| Stock | 2,46,000 | 2,13,000 |
| Goodwill | 50,000 | 25,000 |
| Cash and Bank Balance | 45,000 | 39,000 |
| Debtors | 71,000 | 85,000 |
| | <u>5,12,000</u> | <u>5,12,000</u> |
| | | |
| <i>Liabilities</i> | <i>31.12.2015</i> | <i>31.12.2016</i> |
| | ₹ | ₹ |
| Share Capital | 3,50,000 | 3,70,000 |
| Profit and Loss Account | 50,400 | 52,800 |
| 9% Debentures | 60,000 | 30,000 |
| Creditors | 51,600 | 59,200 |
| | <u>5,12,000</u> | <u>5,12,000</u> |

Additional Information : 10

- (a) Dividend declared and paid during the year ₹ 17,500
- (b) Land was revalued during the year at ₹ 1,50,000
- (c) The profit on revaluation of land was transferred to Profit and Loss Account

You are required to prepare a Cash Flow Statement for the year ended 31st December, 2016 10

2017

(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) Single entry system is an adjustment of double entry system to suit the convenience of a person.

(T / F)

- (b) Subscription received in advance is not shown in the Receipts and Payments Account.

(T / F)

(c) When X spends ₹7,000 on account of joint venture, joint bank account will be debited if separate set of books are maintained.

(T / F)

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

(T / F)

(e) Income-tax return is a source/inflow of cash.

(T / F)

2. Choose the correct answer and put its code in the brackets provided :

1×5=5

(a) Bills receivable endorsed are debited to

(i) Bills Receivable Account

(ii) Debtors Account

(iii) Creditors Account

(iv) None of the above

()

(b) Non-trading concern prepare

(i) Receipts and Payments Account

(ii) Income and Expenditure Account

(iii) Balance Sheet

(iv) All of the above ()

(c) The balance of consignment stock would be shown

(i) on the liabilities side of the Balance Sheet

(ii) on the assets side of the Balance Sheet

(iii) on the credit side of Trading Account

(iv) None of the above ()

(d) The Branch Stock Account, under stock and debtors system, is always prepared at

(i) invoice price

(ii) cost price

(iii) selling price

(iv) None of the above ()

(e) Any transaction that increases working capital is

(i) application of funds

(ii) source of funds

(iii) outflow of cash

(iv) None of the above ()

(5)

SECTION—II

(Marks : 15)

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

(a) Calculate the missing figure :

| | |
|------------------------------------|----------|
| Drawings | ₹ 20,000 |
| Capital in the beginning | ₹ 30,000 |
| Profits made during the year | ₹ 35,000 |
| Capital at the end | ₹ 70,000 |
| Capital introduced during the year | ? |

(b) Treatment of donations in a non-trading concern

(c) Memorandum Joint Venture Account

(d) Dependent branches

(9)

(e) Concept of 'flow' of funds
