

BCOM/I/CC/01 (CBCS)

2016

(CBCS)

COMMERCE

(Fundamentals of Accounting)

Full Marks : 75

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 50)

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

UNIT—1

1. What do you mean by accounting? Discuss the functions of accounting. 3+7=10

OR

2. Explain in brief the following : 2½×4=10
- (a) Personal account
 - (b) Money measurement concept
 - (c) Scope of accounting
 - (d) Features of accounting

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(Turn Over)

(2)

UNIT—2

3. XYZ company purchased machinery for ₹ 38,000 and spent ₹ 2,000 for installation on 01.07.2013. On 01.10.2013 the company purchased another machine for ₹ 20,000. On 30.06.2014 it sold the machine purchased on 01.07.2013 for ₹ 25,000 and purchased another machine for ₹ 30,000 on the same date. Prepare machinery account for two years assuming accounts are closed on 31st March every year under fixed installment method after charging 10% depreciation. 10

OR

4. What do you mean by provisions? What are the different types of reserves? 3+7=10

UNIT—3

5. From the following Trial Balance of Obama as on March 31, 2015, prepare Trading and Profit & Loss Account for the year ending March 31, 2015 and a Balance Sheet as on that date : 10

Particulars	Dr. (₹)	Cr. (₹)
Stock	40,000	
Purchases	90,000	
Sales		2,00,000
Bills Payable		15,000
Sundry Creditors		33,000
Plant and Machinery	50,000	

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(Continued)

(3)

<i>Particulars</i>	<i>Dr. (₹)</i>	<i>Cr. (₹)</i>
Furniture and Fixtures	15,000	
Debtors	45,000	
Cash in Hand	5,000	
Cash at Bank	10,000	
Wages	35,000	
Bills Receivables	6,000	
Return Inwards	10,000	
Drawings	15,000	
Rent	7,500	
Factory Lighting	2,500	
Telephone Charges	1,000	
Bad Debts	2,000	
Provision for Bad Debts		2,500
Return Outwards		5,000
Discount Received		3,000
Capital		85,000
Insurance	2,000	
Advertising	5,000	
Discount Allowed	2,500	
	<u>3,43,500</u>	<u>3,43,500</u>

Adjustments :

- (i) Closing stock was valued at ₹ 35,000
- (ii) Rent due but not paid ₹ 500
- (iii) Unexpired insurance ₹ 250
- (iv) Provision for bad and doubtful debt to be increased to ₹ 3,000
- (v) Provide for 2% discount on debtors and creditors

(4)

OR

6. What is Balance Sheet? Describe different methods of arranging the assets and liabilities in the Balance Sheet. 3+7=10

UNIT—4

7. What is partnership deed? Explain the essential characteristics of partnership. 3+7=10

OR

8. A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. Their Balance Sheet as on 31.12.2015 was as under :

Liabilities	₹	Assets	₹
Capitals :		Land & Building	35,000
A 35,000		Plant & Machinery	25,000
B 25,000	60,000	Furniture	10,500
Profit & Loss A/c	14,500	Stock	12,500
Reserve	11,000	Debtors	23,500
Creditors	11,500	Cash	6,500
Outstanding Salaries	7,500		
Bills Payable	8,500		
	<u>1,13,000</u>		<u>1,13,000</u>

On this day they agreed to admit C on the following terms :

- (i) C will bring ₹ 30,000 as his capital and ₹ 20,000 as his share of goodwill

(5)

- (ii) A revaluation of assets will be made by reducing plant and machinery to ₹ 20,000 and stock by 10%. The value of land and building will be increased by ₹ 1,050
- (iii) The new profit sharing ratio will be 2 : 1 : 1 respectively for A, B and C
- (iv) Provision of ₹ 1,000 is to be created for bad debt

Prepare Partners' Capital Account and Balance Sheet.

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UNIT—5

9. A, B and C were carrying on partnership business sharing profits in the ratio of 3 : 2 : 1 respectively. On 31.12.2014 the Balance Sheet of the firm stood as follows :

Liabilities		₹	Assets		₹
Capitals :			Building		1,20,000
A	80,000		Debtors		40,000
B	60,000		Stock		60,000
C	<u>60,000</u>	2,00,000	Cash		36,000
Sundry Creditors		<u>80,000</u>	Profit & Loss A/c		<u>24,000</u>
		<u>2,80,000</u>			<u>2,80,000</u>

B retires on the above mentioned date on the following terms :

- (i) Building is to be valued at ₹ 1,46,000
- (ii) Provision for doubtful debt is to be created at 5% on debtors

(6)

(iii) Goodwill of the firm is valued at ₹ 72,000 and the adjustment in this respect to be made in the continuing partners capital account without raising goodwill account

(iv) ₹ 12,000 to be paid to *B* immediately and the balance in his capital account to be transferred to his loan account

Prepare Revaluation Account and Balance Sheet after *B*'s retirement.

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OR

10. *A*, *B* and *C* were partners carrying on business sharing profit and losses in the ratio of 4 : 3 : 2. Their Balance Sheet as on 31.12.2013 was as under :

Liabilities	₹	Assets	₹
Capitals :		Land & Building	55,000
<i>A</i> 40,000		Furniture	15,000
<i>B</i> 20,000		Stock	20,000
<i>C</i> 10,000	70,000	Debtors	18,000
Sundry Creditors	40,000	Cash	2,000
	<u>1,10,000</u>		<u>1,10,000</u>

They agree to dissolve the partnership on that date. *A* agreed to take over stock and debtors at a discount of 10%. *B* took over furniture for ₹ 16,000. Land and Building was sold for ₹ 75,000 and the realization expenses amounted to ₹ 1,600. Creditors were settled at a discount of 1.5%.

Show necessary accounts.

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