

VI/COM (xviii)

2015

(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 a Statement of Affairs? How does it differ from a Balance Sheet? 3+7=10
- 2.** A and B are partners in a firm sharing profits and losses as 3 : 2 respectively. Their Capital A/cs on 1st April, 2014 are in proportion of 3 : 1. They do not keep their

books under Double-entry System and their position on 31st March, 2014 and 31st March, 2015 are given below :

	31.03.2014 ₹	31.03.2015 ₹
Plant and Machinery	1,00,000	1,20,000
Sundry Creditors	90,000	80,000
Sundry Debtors	60,000	90,000
Stock	50,000	75,000
Prepaid Expenses	900	1,500
Outstanding Expenses	2,500	3,000
Furniture and Fittings	35,000	45,000
Cash at Bank	10,000	24,000
Insurance Policy		
Premium paid	5,000	—

You are required to ascertain the profit and loss made by partners during 2014-15 and prepare a detailed statement of affairs as at 31st March, 2015 after taking into consideration the following provisions : 5+5=10

- (i) Plant & Machinery and Furniture & Fittings are to be depreciated at 10% and 6% p.a. respectively
- (ii) Insurance Policy matured during the year for ₹ 8,000
- (iii) A Bad Debts Reserve is to be created at 2½%
- (iv) Interest on Capital is given at 5% p.a.

During the period, A and B withdrew from business ₹ 12,000 and ₹ 8,000 respectively.

UNIT—II

3. What is an Income & Expenditure A/c? What are its chief features? 3+7=10
4. From the following Receipts & Payments A/c of Young Boys' Club and information given below, prepare the Income & Expenditure A/c for the year ended 31st December, 2014 and a Balance Sheet as on that date : 5+5=10

Receipts & Payments A/c

<i>Receipts</i>		₹	<i>Payments</i>		₹
To	Balance b/d	2,000	By	Furniture	
"	Subscriptions :			(purchased	
	2013	500		on 01.07.2014)	2,000
	2014	4,500	"	Printing and	
	2015	700		Stationery	250
"	Entrance Fees	200	"	Salaries	2,000
"	Profit on		"	Rent	400
	Entertainment	1,200	"	Electric Charges	150
"	Interest on		"	Investments	
	Investment	200		@ 12% p.a.	
				on 01.04.2014	3,000
			"	Other Expenses	500
			"	Balance c/d	1,000
		<u>9,300</u>			<u>9,300</u>

Information :

- (i) Depreciate Furniture @ 10% p.a.
- (ii) On 31st December, 2014, amount owing on account of salary is ₹ 400

(iii) On 31st December, 2014, subscriptions outstanding are ₹ 300

(iv) On 1st January, 2014, the Club possessed Furniture worth ₹ 3,000 and owed ₹ 200 on account of salary

UNIT—III

5. Differentiate between Joint Venture and Partnership.

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6. A, B and C enter into a Joint Venture to divide profits equally. They bought goods from D for ₹ 2,50,000 and from A for ₹ 50,000. A contributed ₹ 60,000, B ₹ 80,000 and C ₹ 1,80,000 which amounts were banked in a joint bank account. They settled their account with D by cheque and paid for carriage and other expenses ₹ 15,000. They sold goods for cash ₹ 1,30,000 and to E on credit for ₹ 2,80,000 who accepted a draft for the amount. The acceptance was cashed and realized ₹ 2,74,000. A was allowed 5% commission on sales for effecting the transactions.

Prepare necessary Ledger A/cs in the books of the venturers, which were separately kept for this purpose, assuming that the final settlement between parties was made by cheque.

4+3+3=10

UNIT—IV

7. What do you mean by Branch Accounting?
Differentiate with Departmental Accounting.

6+4=10

8. A Head Office in Kolkata has a Branch in Aizawl to which goods are invoiced at cost price. The following are the transactions between the Head Office and the Branch for the year ending 31st December, 2014 :

	₹	
Stock at Branch as on 01.01.2014	12,500	
Debtors at Branch as on 01.01.2014	12,000	
Petty Cash at Branch as on 01.01.2014	300	
Goods sent to Branch	45,000	
Remittances from Branch :		
Cash Sales	16,000	
Money received from Debtors	29,500	45,500
Goods returned to HO		3,000
Bad Debts at Branch		500
Discount allowed to Branch Debtors		1,300
Goods returned by customers to Branch		2,000
Cheques sent to Branch :		
For Salaries and Wages	9,000	
For Insurance	3,000	
For Petty Cash	510	12,510
Stock at Branch as on 31.12.2014		15,000
Debtors at Branch as on 31.12.2014		22,500
Petty Cash at Branch as on 31.12.2014		200

Write up the Ledger A/cs in the books of HO
to record the above transactions.

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UNIT—V

9. What is a Funds Flow Statement?
Distinguish between Funds Flow Statement
and Cash Flow Statement. 3+7=10

10. The following are the summaries of the
Balance Sheets of Sony & Sons Pvt. Ltd. as
on 31st December, 2013 and 2014 :

Liabilities	2013	2014	Assets	2013	2014
	₹	₹		₹	₹
Share Capital	70,000	74,000	Cash	9,000	7,800
Debentures	12,000	6,000	Debtors	14,900	17,700
Reserve for Bad Debts	700	800	Stock	49,200	42,700
Trade Creditors	10,360	11,840	Land	20,000	30,000
Profit & Loss A/c	10,040	10,560	Goodwill	10,000	5,000
	<u>1,03,100</u>	<u>1,03,200</u>		<u>1,03,100</u>	<u>1,03,200</u>

In addition, you are given :

- (i) Dividend paid total—₹ 3,500
- (ii) Land was purchased for ₹ 10,000
- (iii) Amount provided for amortization of
goodwill—₹ 5,000
- (iv) Debentures paid off—₹ 6,000

Prepare Cash Flow Statement, showing your
workings in detail. 10

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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) Limited Companies are free to choose either single-entry system or double-entry system.

(T / F)

- (b) Income and expenses for the current year only are entered in Income & Expenditure A/c.

(T / F)

(2)

- (c) Any profit or loss on goods sold on consignment basis belongs to the consignor only.

(T / F)

- (d) Full set of account books is kept on the principles of double entry by the branch.

(T / F)

- (e) Any transaction that decreases working capital is a source of funds.

(T / F)

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

- (a) Cash received from debtors needed for the preparation of Cash A/c can be had from

(i) Total Creditors A/c

(ii) Balance Sheet

(iii) Analysis of Cashbook

(iv) None of the above

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(3)

(b) Subscription received in advance by a club are 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 the Income & Expenditure A/c

(iv) None of the above ()

(c) The abnormal loss on consignment is credited to

(i) Consignment A/c

(ii) Consignee's Personal A/c

(iii) Profit & Loss A/c

(iv) None of the above ()

(4)

(d) Under stock and debtors system, the Head Office opens

(i) Profit & Loss A/c

(ii) Trading and Profit & Loss A/c

(iii) Branch Adjustment A/c

(iv) None of the above

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(e) Stock in the beginning results in

(i) source of funds

(ii) application of funds

(iii) no flow of funds

(iv) None of the above

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(5)

SECTION—II

(Marks : 15)

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

(a) Single-entry system

- (b) Treatment of admission fees in a non-profit organization

(7)

(c) Account sales

(8)

(d) Independent branch

(9)

(e) Limitations of cash flow statement
