

(SECTION : C—DESCRIPTIVE)

(Marks : 50)

Answer the following questions :

10×5=50

UNIT—I

1. What is Single-entry System? Distinguish between Single-entry System and Double-entry System. 3+7=10

OR

Mr. A 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 : 10

₹ 1,000 (cost) furniture was sold for ₹ 5,000 on 1st January, 2009. 10% depreciation is to be charged on furniture. Mr. A has drawn ₹ 1,000 per month. ₹ 2,000 was invested by Mr. A in 2009 :

	01.01.2009	31.12.2009
	₹	₹
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 1st January, 2009 is as per cashbook, but the bank overdraft on 31st December, 2009 is as per bank statement. ₹ 2,000 cheques drawn in December 2009 have not been encashed within the year.

UNIT—II

2. What is a Receipts and Payments Account? What are the uses and limitations of Receipts and Payments Account?

2+4+4=10

OR

Following is the Sailo's Library Cash Account for the year ending 31st December, 2019 :

<i>Receipts</i>		<i>Payments</i>	
To	₹	By	₹
Balance	4,500	Salary and Wages	6,800
" Admission Fees	3,500	" Rent	8,250
" Subscriptions from Members	19,500	" Investments	3,500
" Lecture Hall Hire Charges	2,500	" Postage and Stationery	1,250
" Miscellaneous	350	" Electric Charges	730
" Interest on Investments	600	" Books	6,000
" Life Subscriptions	2,000	" Outstanding Expenses	700
		" Balance	5,720
	<u>32,950</u>		<u>32,950</u>

You are required to prepare an Income and Expenditure A/c for the year 2019 and a Balance Sheet as at 31.12.2019. The following further information is also made available to you :

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- (i) On 31.12.2018, the library had the following assets also : Furniture—₹ 5,500; Books valued at ₹ 45,000 and Investments at a cost of ₹ 20,000
- (ii) Subscriptions realized in advance this year amounted to ₹ 600 and outstanding liabilities on 31.12.2019 are for salary and wages ₹ 1,200 and for rent ₹ 750
- (iii) 60% of the admission fees and the whole of life subscriptions should be capitalized
- (iv) Furniture and library books are to be depreciated at 6% and 10% p.a. respectively

UNIT—III

3. Define joint venture. What are the three methods of recording transactions relating to joint venture? 3+7=10

OR

Mr. A of Ahmedabad consigns two refrigerators costing ₹ 2,000 each to Mr. B of Surat and incurs ₹ 120 as freight, ₹ 100 for insurance and ₹ 50 towards handling charges. Mr. B is entitled to a commission of 10% and also to 5% as del credere commission. Mr. B spent ₹ 150 towards godown charges and ₹ 100 for miscellaneous expenses. Mr. B sells one refrigerator for ₹ 6,250 and remits ₹ 5,000 to Mr. A. The other refrigerator was sold for ₹ 7,550 but ₹ 1,500 remained unrealized and subsequently became a bad debt. The consignee remitted the balance due from him along with the account sales.

Show the necessary Ledger A/cs as they would appear in the books of Mr. A and Mr. B. 10

UNIT—IV

4. Discuss the different characteristics of independent branch. Distinguish between Branch Accounting and Departmental Accounting. 4+6=10

OR

A Champhai Trading Firm has a branch at Aizawl to which goods are charged out at cost plus 25%. Branch keeps its own sales ledger and remits daily all cash received to the Head Office. All expenses are paid from the Head Office. The transactions for the branch for the year 2019 are given below :

	₹
Stock on 01.01.2019	55,000
Sundry Debtors on 01.01.2019	550
Petty Cash Balance on 01.01.2019	450
Cash Sales	13,250
Goods sent to Branch	1,00,000
Collections on Ledger A/cs	1,05,000
Goods returned to Head Office	1,500
Bad Debts	1,500
Allowances to Customers	1,250
Returns Inward	2,500

Cheques sent to Branch :

For Rent	₹ 2,500
For Wages	1,500
For Salary and other Expenses	4,500
Stock on 31.12.2019	60,000
Sundry Debtors on 31.12.2010	15,000
Petty Cash on 31.12.2010	500

(Including miscellaneous income ₹ 50 not remitted within the year)

Prepare Branch A/c and Branch Trading and Profit & Loss A/c for the year 2019 in the Head Office books.

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UNIT—V

5. The Summarized Balance Sheets of Sam Ltd. as on 31st March, 2020 and 31st March, 2021 are as follows :

Liabilities	2020 ₹	2021 ₹	Assets	2020 ₹	2021 ₹
Share Capital	12,00,000	15,00,000	Buildings	8,00,000	7,60,000
14% Debentures	6,00,000	4,00,000	Machinery	5,00,000	7,20,000
Profit & Loss A/c	1,00,000	1,50,000	Short-term		
General Reserve	3,00,000	3,50,000	Investments	3,00,000	4,50,000
Creditors	4,90,000	5,60,000	Inventories	4,00,000	4,70,000
Proposed Dividend	1,20,000	1,80,000	Debtors	6,70,000	5,30,000
Provision for Taxation	1,00,000	1,30,000	Cash at Bank	2,20,000	3,30,000
			Prepaid Expenses	20,000	10,000
	<u>29,10,000</u>	<u>32,70,000</u>		<u>29,10,000</u>	<u>32,70,000</u>

Additional Information :

- Debentures were redeemed at a premium of 10%
- Taxes paid during the year amounted to ₹ 1,40,000
- A machine which appeared at a written-down value of ₹ 80,000 was sold for ₹ 1,30,000 and new machine worth ₹ 3,60,000 were acquired during the year

Prepare Funds Flow Statement.

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OR

Define cash flow statement. Describe the usefulness and advantages of cash flow statement.

3+7=10