



UNIVERSITY OF NORTH BENGAL

B.Com. Honours Part-I Examination, 2019

B.COM.

PAPER-1H1 (Revised New Syllabus)

FINANCIAL ACCOUNTING

Time Allotted: 4 Hours

Full Marks: 100

*The figures in the margin indicate full marks.**Candidates are required to give their answers in their own words as far as practicable.**All symbols are of usual significance.*

GROUP-A

Answer any four questions from the following

15×4 = 60

1. Amal and Bimal agreed to enter into a joint venture to buy and sell second-hand toto vehicles and to share profits and losses in the ratio of 5:3 respectively. It was agreed that Amal would record all details of the venture in his books of accounts. On 15th December 2018, Bimal purchased two toto vehicles and paid cash Rs. 20,000. On 2nd Jan. 2019, he spent sum of Rs. 2500 on repairs and Rs. 500 as Drivers' wages. He sold the vehicles a week later for Rs. 30,000. He paid the proceeds of sale into his bank account on 10th January 2019. On 31st January 2019, Bimal purchased five vehicles for Rs. 50,000, of which he managed to sell three for Rs. 45,000 same day without incurring any expenses. The fourth vehicle was sold for Rs. 10,000 on 6th February 2019. On 31st March 2019, the fifth vehicle was still unsold and it was agreed that Bimal should take over this vehicle at a valuation of Rs. 6000.
- On 31st March, 2019, the parties made a settlement between each other, and agreed that they would be entitled to a commission at 10% as the respective sales effected by them.

9+6 = 15

You are required to prepare

- (a) The Joint Venture Account, and
(b) Bimal Account as they would appear in the books of Amal.

2. The balance sheet of Sunil and Debashis as on 31st December, 2018 is set out below; they share profits and losses in the ratio 2:1.

4+4+4+3
= 15

Balance Sheet as at 31.12.2018

Liabilities	Rs.	Assets	Rs.
Capitals		Freehold property	20,000
Sunil	40,000	Furniture	6,000
Debashis	30,000	Stock	12,000
		Debtors	60,000
General Reserves	24,000	Cash	6,000
Creditors	16,000	Profit & Loss A/c	6,000
	<u>1,10,000</u>		<u>1,10,000</u>

They agreed to admit Kalyan into the firm on 1st January, 2019 subject to the following terms and conditions:

- (a) Kalyan will bring in Rs. 21,000 of which Rs. 9,000 will be treated as premium for goodwill to be retained in the business.
- (b) He will be entitled to $\frac{1}{4}$ th share of the profits of the firm.
- (c) 50% of the general reserve is to remain as a reserve for bad and doubtful debts.
- (d) Depreciation is to be provided on furniture @ 5%
- (e) Stock is to be revalued at Rs. 10,500.

Prepare necessary ledger accounts and a new balance sheet after the admission of Kalyan on 1st January, 2019.

3. On 1st January 2018 Ray & Co. purchased a motor car from Automobile Co. on the hire purchase system. At the time of agreement, a sum of Rs. 24,000 was paid out of the cash down price of the car and the balance would be payable in 3 equal annual instalments together with interest @ 5% p.a. The amount of last instalment including interest was Rs. 33,600. Depreciates was to be provided at 10% p.a. on the reducing balances. 8+7 = 15

Prepare the

- (a) Motor car account and
- (b) Automobile Co. account in the books of Roy & Co.

4. On 1st January 2015 the Jalpaiguri Mines took lease some land bearing coal for a minimum rent of Rs. 6,000 for the first year, Rs. 10,000 for second year and Rs. 20,000 thereafter, merging into a royalty of Rs. 0.50 per ton of coal raised with power to recoup shortworking over two years after the occurrence of short-workings. The outputs were as follows: 5+5+5=15

2015	6000 tons
2016	17200 tons
2017	44000 tons
2018	1,00,000 tons

Show necessary ledgers accounts for the years from 2015 to 2018 in the books of Jalpaiguri Mines.

5. A firm purchased on 1st January 2014, certain machinery for Rs. 19,40,000 and spent Rs. 60,000 on its erection. On 1st July in the same year additional machinery costing Rs. 10,00,000 was acquired. On 1st July 2016 the machinery purchased on 1st January 2014 having become obsolete was auctioned for Rs. 8,00,000 and on the same date fresh machine was purchased at a cost of Rs. 15,00,000. 9+6 = 15

Depreciation was provided for annually on 31st December @ 10% p.a. on the original cost of the assets. In 2017, however, the firm changed this method of providing depreciation and adopted the method of writing off 20% on the written down value.

Give the Machinery Account and Depreciation Account as it would appear at the end of each year from 2014 to 2018.

6. Following is the trial balance of Satyen Traders as on 31.03.2017:

7+8 = 15

Debit balances	Rs.	Credit balances	Rs.
Debtors	16,000	Capital	42,000
Bills receivables	4,800	Creditors	12,000
Furniture	3,000	Bills payable	6400
Plant & Machinery	20,000	Wags outstanding	3000
Salaries	4,000	Rent outstanding	8000
Goodwill	10,000	Gross profit	13,700
Electricity	1200		
Advertisement	1600		
Closing Stock	3000		
Trade Marks	5200		
Investments (12% interest)	12,000		
Bank	4300		
	<u>85,100</u>		<u>85,100</u>

Additional information:

- (a) Depreciate Plant & Machinery and Furniture @10% p.a. and 5% p.a. respectively
- (b) Write off Goodwill for Rs. 1000 and Trade Marks Rs. 500
- (c) Bad Debts Rs. 1000 and provide a provision for bad debts @ 5% on Debtors.
- Prepare a Profit & Loss Account for the year ended 31.3.2017 and a Balance Sheet as on that date.

7. (a) "Accounting is often treated as a language of business". — Explain. 6+(4+5)
- (b) What is business entity concept? Discuss its salient features.
8. (a) What is Capital Expenditure and Revenue Expenditure? Distinguish between Capital Expenditure and Revenue Expenditure. 9+6 = 15
- (b) What is Deferred Revenue Expenditure? How is it treated in accounts? Give examples.

GROUP-B**Answer any four questions**

5×4 = 20

9. (a) State the objectives of Government Accounting. 5
- (b) Which transactions are recorded in Journal Proper? 5
- (c) Distinguish between Partnership and Joint Venture. 5

- (d) Distinguish between Reserves and Provisions. 5
- (e) P and Q are partners in a firm sharing profits and losses in the ratio 4:1. They admit R into the firm, R paying a premium of Rs. 30,000 for $\frac{1}{3}$ rd share of profits; as between themselves, P and Q agree to share further profits and losses equally. Draft journal entries for the effect of premium for goodwill. 5
- (f) Distinguish between Bill of Exchange and Promissory note. 5
- (g) What is 'Account Sales'? Prepare an Account Sales with imaginary data. 2+3
- (h) Why is bad debt provided for? How are they treated in accounts? 5

GROUP-C

10. Answer any *ten* questions: 2×10 = 20

- (a) What is minimum rent?
- (b) What is indemnity period?
- (c) What is proforma invoice?
- (d) What is delcredere commission?
- (e) Distinguish between Depreciation and Amortization.
- (f) What is petty cashbook?
- (g) What is premium for goodwill?
- (h) What is noting charge?
- (i) Is cashbook a journal or a ledger?
- (j) How is capital reserve created?
- (k) Distinguish between Real Account and Nominal Account.
- (l) What is deferred revenue expenditure?
- (m) What is self-balancing ledger?
- (n) What is days of grace? Are 'days of grace' allowed on all bills?
- (o) What is suspense account?

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