



UNIVERSITY OF NORTH BENGAL
B.Com. Honours 1st Semester Examinations, 2018

CC1-COMMERCE

FINANCIAL ACCOUNTING

Time Allotted: 2 Hours

Full Marks: 60

The figures in the margin indicate full marks.

Candidates should answer in their own words and adhere to the word limit as practicable.

All symbols are of usual significance.

GROUP-A

Answer any *two* questions from the following

12×2 = 24

1. N.B. Transport Agency purchased three trucks from Hindustan Automobiles Ltd. on 01.01.2012, under hire purchase agreement. The cash price of each truck is ₹1,50,000. According to the terms and conditions of Hindustan Automobiles Ltd., 10% of cash price is to be paid on delivery and balance cash price in three equal installments payable at the end of each year together with interest @10% p.a. N.B. Transport Agency writes off 20% depreciation on straight-line method. N.B. Transport Agency paid the first and second installment in due time but failed to pay the last installment due on 31.12.2014. Hindustan Automobiles Ltd. agreed to leave two trucks with N.B. Transport Agency and take back the third one, adjusting the value against amount due. The returned truck being valued @30% depreciation on diminishing balance method. Hindustan Automobiles Ltd. sold the re-possessed truck for ₹45,000 in cash on 07.01.2015 after incurring repairing expenses of ₹8,000. Show Truck Account and Hindustan Automobiles Ltd. Account in the books of N.B. Transport Agency and Re-possessed Truck Account in the books of Hindustan Automobiles Ltd. to give effect to the above transactions. 5+5+2
2. Red & Co. of Mumbai started a branch at Bangalore on 01.04.2014 to which goods were sent at 20% above cost. The branch makes both cash sales and credit sales. Branch expenses are met from Branch cash and balance money returned to 12

H.O. The branch does not maintain double entry books of account and necessary accounts relating to branch are maintained by H.O. Following further details are given for the year ending on 31.03.2015:

Cost of goods sent to Branch	₹1,00,000
Goods received by Branch till 31.03.15 at invoice price	₹1,08,000
Credit sales for the year	₹1,16,000
Closing debtors on 31.03.2015	₹41,600
Bad debts written off	₹400
Cash remitted to H.O.	₹86,000
Closing Cash on Hand at Branch on 31.03.2015	₹4,000
Cash remitted by H.O. to Branch during the year	₹6,000
Closing stock in hand at Branch at invoice price	₹12,000
Expenses incurred at Branch	₹ 24,000

Draw up the necessary ledger accounts like Branch Debtors Accounts, Branch Stock Account, Goods Sent to Branch Account, Branch Cash Account, Branch Expense Account and Branch Adjustment Account for ascertaining gross profit and Branch Profit and Loss Account for ascertaining branch profit.

3. The following was the Balance Sheet as at 31st March, 2015 of M/s ABC Infrastructure in which A, B and C were partners sharing profits and losses in the ratio of 6:3:5. 12

Balance Sheet as at 31.03.2015

Liabilities	₹	Assets	₹
A's Capital A/c	25,000	Land & Building	10,000
C's Capital A/c	15,000	Furniture	5,000
A's Current A/c	1,000	Stock in trade	23,100
C's Current A/c	500	Sundry Debtors	30,000
Sundry Creditors	30,000	Cash at Bank	2,500
Loan on mortgage of Land & Building	4,000	B's Current A/c	4,900
	75,500		75,500

It was decided to dissolve the partnership as on the date of the Balance Sheet. The assets of the firm is realised as under:

Land & Building ₹6,000; Furniture ₹2,000; Stock-in-trade ₹15,000 and Sundry Debtors ₹20,000. The expenses of realisation amounted to ₹2,000. The Sundry Creditors agreed to receive 75 paise in a rupee in full satisfaction of their claim. Loan on mortgage was paid. It was ascertained that B had become insolvent. B's estate had contributed only 50 paise in a rupee.

Write up the Realisation Account, Bank Account, Capital Account of the partners following the rules given in Garner Vs. Murray.

4. Rahim of Bombay consigned to Raju of Madras goods to be sold at invoice price which represents 125% of cost. Raju is entitled to a commission of 10% as sales at invoice price and 25% of any excess realised over invoice price. The expenses on freight and insurance incurred by Rahim were ₹10,000. The Account-Sales received by Rahim shows that Raju effected sales aggregating to ₹1,00,000 in respect of 75% of the consignment. His selling expenses to be reimbursed were ₹8,000, 10% of the consignment goods of the value of ₹12,500 were destroyed by fire at the Madras godown and the insurance company paid ₹12,000 net of salvage. Raju remitted the balance in favour of Rahim. Prepare the Consignment Account and the account of Raju in the books of Rahim along with necessary working. 8+4

GROUP-B

5. Answer any *four* questions from the following: 6×4 = 24
- (a) Mono and Anusua entered into a joint venture and agreed to share profits and losses in the ratio of 2:3. They opened a Joint Bank Account in which Mono and Anusua contributed ₹8,000 and ₹10,000 respectively. They purchased 10 condemned television set at ₹1,500 each. They met the reconditioning cost ₹3,000 from the joint bank account. Carriage and other expenses of ₹2,000 were borne by Anusua. Anusua received a cheque of ₹1,000 from Mono. Nine sets were sold @ ₹2,500 each and the rest was taken over by Anusua at cost. 6
- Pass necessary journal entries to close the accounts of the Venture.
- (b) State briefly the steps involved in conversion of Consignment into Joint Venture. 6
- (c) Show by means of journal entries how the following items be adjusted when preparing the final accounts of a firm for the year ended 31st March, 2017. 6
- (i) Closing stock at market price as on March 31, 2017 was ₹1,00,000 (cost ₹80,000). Stock is being valued on a consistent basis of cost or market price whichever is lower.
- (ii) Legal charges include ₹20,000 for cost of stamp and registration of a new building acquired during the year.
- (iii) Patents and trademarks were acquired at a cost of ₹28,000 in 2016 and every year $\frac{1}{10}$ th is being written off.
- (iv) Proprietor had withdrawn for personal use goods for which the cost was ₹3,500 but the market value on the date of withdrawal was ₹4,500. Sales were credited by ₹3,000.
- (v) An amount of ₹25,000 received in respect of new capital introduced by the proprietor was wrongly credited to Sundry debtors account.
- (vi) Goods costing ₹8,000 were despatched out on 29th March, 2017. The sale, however, took place on 2nd April 2017, when an invoice of ₹9,000 was raised against the customer.
- (d) Distinguish between Hire Purchase System and Installment Payment System. 6
- (e) State briefly the purpose of preparing a Balance Sheet for a business organisation. 6
- (f) Explain briefly the concepts of (i) Conservatism (ii) Dual Entity. 3+3

GROUP-C

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| 6. | Answer any <i>four</i> questions from the following: | 3×4 = 12 |
| (a) | Why is accounting considered as information system? | 3 |
| (b) | Distinguish between Gross Profit and Net Profit. | 3 |
| (c) | Differentiate between Cash basis and Accrual basis of accounting. | 3 |
| (d) | What do you understand by Going Concern concept? | 3 |
| (e) | Distinguish between a Trial Balance and Balance Sheet. | 3 |
| (f) | What is deferred revenue expenditure? Give two examples. | 3 |

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