



Shiksha Mandal, Wardha's
G. S. College of Commerce & Economics, Nagpur

An Autonomous Institution

(Affiliated to Rashtrasant Tukadoji Maharaj Nagpur University)

Second Semester Bachelor of Commerce (Computer Application) Examination
(CBCS)

FINANCIAL ACCOUNTING-II

(BCCAC 2.1)

Time: 3 Hours

Maximum Marks: 80

Note: All Questions are compulsory.

Q.1 A) Following is the Trial Balance of Mr. Ravish as on 31st March, 2018.

10

Trial Balance as on 31-03-2018			
Dr. Balances	₹	Cr. Balances	₹
Cash in hand	30,000	Sales	3,29,000
Sundry Debtors	1,16,500	Sundry Creditors	75,000
Bills Receivable	50,000	Bank Loan	1,00,000
Opening Stock	80,000	Purchase Return	18,500
Purchases	1,89,500	Bills Payable	40,000
Sales Return	4,000	Discount Received	12,500
Salaries	55,000	Capital as on 01/04/2017	2,75,000
Wages	10,000		
Advertisement	16,000		
Discount Allowed	5,000		
Machinery	2,00,000		
Carriage	12,500		
Insurance	9,000		
Drawings	12,500		
Octroi Duty	4,000		
Furniture	40,000		
Office Rent	16,000		
	<u>8,50,000</u>		<u>8,50,000</u>

Adjustments:

- 1) Closing stock of goods as on 31/03/2018 was valued at ₹ 1,05,000.
- 2) Interest is to be charged at 2% p.a. on capital as 01/04/2017.
- 3) Depreciate furniture by 5% and Machinery by 10% per annum.
- 4) Outstanding Salary ₹ 5,000 and wages ₹ 2,500.
- 5) Prepaid insurance ₹ 1,500.

Prepare Trading and Profit & Loss Account for the year ending 31/03/2018 and Balance Sheet as on that date.

OR

B) Given below is the Trial Balance of Mr. Sukhram as on 31st March, 2018.

Trial Balance		
Particulars	Dr. (₹)	Cr. (₹)
Capital		2,00,000
Stock on 01/04/2017	80,000	
Bills Receivable	12,000	
Machinery	1,00,000	
Purchase and Sales	1,60,000	2,36,000
Reserve for Doubtful Debts		2,000
Furniture	52,000	
Investments	28,000	
Return Outwards		2,000
Sundry Debtors and Creditors	60,000	1,10,000
Salaries	16,000	
Wages	16,000	
Insurance	10,000	
General Expenses	6,000	
Advertisement (for 3 years)	6,000	
Interest		4,000
Trade expenses	4,000	
Prepaid Wages	4,000	
Total	5,54,000	5,54,000

Adjustments:

- 1) Stock on 31/03/2018: Cost Price ₹ 50,000. Market Price was ₹ 56,000.
- 2) Insurance included ₹ 4,000 paid for Life Insurance Premium.
- 3) Interest ₹ 3,000 due but not received on investment.
- 4) Depreciate Machinery by 10% and Furniture by 5%.
- 5) Provide for R.D.D. at 5% on debtors and discount on creditors at 2%.

Prepare Trading and Profit & Loss A/c for the year ended 31/03/2018 and Balance Sheet as on that date.

Q.2 A) Mr. Rahul keeps his books as per single entry system. Following information is given by him:

10

Particulars	Balance on 1 st Jan, 2018	Balance on 31 st Dec, 2018
	₹	₹
Cash in Hand	330	190
Cash at Bank	830	1,140
Stock	28,900	32,600
Debtors	12,000	15,000
Bills Receivable	600	1,800
Creditors	9,000	13,900

Find out his profit or loss for 2018 taking into consideration the following additional information:

- i) Bills receivable includes two dishonored bills of ₹ 500 and ₹ 300 respectively. The amount of second bill is irrecoverable.
- ii) Charge R.D.D. @ 5% on debtors.
- iii) Stock includes goods worth ₹ 2,000 sold but not sent.
- iv) He drew ₹ 100 per week for his household expenses.
- v) He went on pilgrimage in July, 2018 with family. He withdrew ₹ 1,200 from his business for the same.
- vi) During the year he won ₹ 3000 in lottery and the amount was invested in business.

OR

B) Shri Ganesh keeps his books by single entry system. This financial position was as follows:

Assets & liabilities	31/03/2017	31/03/2018
	₹	₹
Cash	1,250	1,150
Cash at Bank	5,000	-
Bank Overdraft	-	4,300
Stock	19,850	24,500
Furniture	3,000	3,000
Debtors	20,800	28,000
Equipments	9,500	9,500
Creditors	12,450	10,900
Investments	-	5,000
Loan from Shankar	-	2,000
Prepaid Insurance	-	100

Additional Information:

- During the year 2017-18 Shri Ganesh withdrew from business various sums amounting to ₹ 8,600 for his private use.
- On 1st July, 2017 he introduced additional capital of ₹ 7,500.
- Provide interest on capital (in the beginning) 10% p.a.
- During the year his loss from horse race was ₹ 2,000 which was paid from business.
- Goods taken for personal use of ₹ 3,000.

Prepare a statement showing his Profit & Loss for the year ended 31st March, 2018 after writing off depreciation at 10% p.a. on furniture and 15% p.a. on Equipments and making a 5% Reserve for Bad and Doubtful debts on Sundry Debtors.

Q.3 A) Following is the summary of cash book of Janta Nursing Society for the year ended 31/12/2018.

10

Receipts	₹	Payments	₹
To balance at Bank		By Salary	7,150
i) Building fund	19,000	By Medicine	2,100
ii) Current A/c	1,260	By Rent & Taxes	900
To Subscriptions	12,900	By Electricity	600
To Fee from non members	1,200	By Telephone & Postage	400
To Grant from Local Authority	2,500	By General Expenses	1,700
To Donation from Building fund	5,000	By Car Expenses	350
To interest on deposit on building fund	1,140	By cost of 2 nd hand Car	3860
		By balance at Bank:	
		i) Building fund	25,140
		ii) Current A/c	800
	<u>43,000</u>		<u>43,000</u>

- In 2016, the society purchased a plot of freehold land costing ₹ 8,000.
- Fees from non members include ₹ 50 as fees received in advance for 2019.
- Rent of ₹ 50 for January, 2019 was paid on 15th Dec, 2018.
- Salaries for ₹ 650 for Dec 2018 was not paid until 7th January, 2019.
- Member subscription include ₹ 200 as subscription due in 2017.

Taking the above information into account, prepare Income and Expenditure Account of the society for the year ended 31st Dec. 2018.

OR

B) From the following Receipts and Payments Account of a Charitable Institution and the further information supplied, prepare an Income and Expenditure Account for the year ended 31st December, 2018.

Receipts	₹	Payments	₹
To balance b/d		By Charities	10,000
Cash	300	By Staff Salaries	5,600
Bank	<u>7,400</u>	By Rent, three quarters	1,200
To Donations	8,000	By Postage and Stamps	100
To Subscriptions	9,000	By Electric Installation Expense	275
To Endowment fund receipts	10,000	By Help to needy Students	5,000
To Legacies	5,000	By Furniture	500
To Grant from Government	9,500	By Fixed Deposit at 10% p.a. on 1/10/2018	20,000
		By balance c/d	
		Cash	725
		Bank	<u>5,800</u>
	<u>49,200</u>		<u>49,200</u>

It was decided to treat one-half of the total amounts received on account of donations as income. Subscriptions include ₹ 500 received on account of 2017 and ₹ 1,000 for Life Membership Fees ₹ 300 were owing to staff salaries at the end of the year. The value of unused postage and stamps were ₹ 90 on 01/01/2018 and ₹ 95 on 31/12/2018.

Q. 4 A) Bhakti Corporation consigned to their agent Shola Bros, 1000 Clocks costing ₹ 300 each. On the same day they paid for carriage ₹ 2,000, freight ₹ 5,000 and Insurance ₹ 5,000.

10

When consignment was received, it was found that 50 Clocks were totally damaged in transit and later on Insurance Company paid ₹ 12,000 for the same. Shola Bros. took the delivery of remaining consignment and incurred the following expenses:

Carriage	₹ 1,200
Other expenses	₹ 2,000
Customs duties	₹ 60,000
Selling Expenses	₹ 4,000

An account sales were received showing that 600 clocks were sold on credit at ₹ 500 and 250 were sold at ₹ 1,12,500 for cash. Shola Bros. is entitled to a commission of 5% on gross sale proceeds and 2% del-credere commission on credit sales. They remitted the amount due by Bank Draft.

Prepare consignment A/c, goods sent on consignment A/c and Shola Bros. A/c in the books of Bhakti Corporation.

OR

B) The Bombay Watch Company consigned 1000 watches costing ₹ 60 each to Mohan of Nagpur. The consignor has paid freight ₹ 400, Packing ₹ 150 and Insurance ₹ 450. The Proforma Invoice Price to the agent was ₹ 90,000 and remuneration was fixed 5% on sales. The agent accepted a bill for ₹ 20,000 as advance.

On receipt of the consignment, consignee paid for octroi ₹ 2,000. The agent sold 600 watches for 60,000 and paid for ₹ 4,050 as selling expenses. He paid balance amount after deducting commission and advance.

100 watches were totally damaged while in the agents warehouse. The consignor received ₹ 5,000 from Insurance company for 100 watches damaged.

Prepare following Accounts in the books of consignor:

a) Consignment A/c b) Consignee's A/c

- Q.5 Answer the following questions in about 75-100 words: (Any Two) 08
- A) What do you understand by the term 'Final Account of Sole Trading Concern'? Explain features of Sole Trading concern.
 - B) Explain important points that are to be kept in mind while preparing Trading Account.
 - C) Differentiate between Direct and Indirect expenses with examples.
- Q.6 Answer the following questions in about 75-100 words: (Any Two) 08
- A) What is Single Entry System of Accounting? Explain the features of Single Entry System of Accounting.
 - B) Differentiate between Double Entry and Single Entry System of Accounting.
 - C) Differentiate between Balance Sheet and Statement of Affairs.
- Q.7 Answer the following questions in about 75-100 words: (Any Two) 08
- A) What are Non- Profit organizations? Explain the features of Non- Profit organizations.
 - B) Differentiate between Receipts and Payments Account and Income and Expenditure Account.
 - C) Write features of Receipts and Payments Account.
- Q.8 Answer the following questions in about 75-100 words: (Any Two) 08
- A) What is Consignment? Differentiate between Consignment and Sale.
 - B) State different types of commission given to Consignee by Consignor.
 - C) Write any four journal entries in the books of Consignor with respect to consignment.
- Q.9 Answer the following questions in 3-4 sentences. 08
- A) State the effect of Depreciation on Final Accounts of a Sole Trader.
 - B) Write any two advantages of Single Entry System.
 - C) State whether following statement is true or false: "Only capital income and revenue expenses are shown in Income and Expenditure Account"
 - D) What is an Account Sale?
