



G. S. College of Commerce & Economics, Nagpur

An Autonomous Institution

(Affiliated to Rashtrasant Tukadoji Maharaj Nagpur University)

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

FINANCIAL ACCOUNTING-I (BCCAC 1.1)

Time: 3 Hours

Maximum Marks: 80

Q.1 A) Journalise the following transactions.

1. Goods worth Rs. 5,000 given as charity.
2. Received Rs. 9,750 from Ramkrishna in full settlement of his account for Rs. 10,000.
3. Received a first and final dividend of 60 paise in the rupee from the official receiver of Mr. Rajesh, who owed us Rs. 10,000.
4. Sold to Mohan goods worth Rs. 10,000 less 3% cash discount and received Rs. 9,700 net on account by cheque.
5. Bought from Raman & Co. goods worth Rs. 50,000 at 10% trade discount and 2% cash discount term and paid them half the amount in cash.
6. Paid Rs. 500 in cash as wages on installation of machine.
7. Supplied goods costing Rs. 1,000 to Mohan; issued invoice at 20% above cost less 5% trade discount.
8. Goods worth Rs. 20,000 were used by the proprietor for personal use.
9. Goods worth Rs. 8,000 were destroyed by fire.

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OR

Q.1 B) Prepare a journal from the following transactions.

1. Acquired the running business of X & Co. for cash Rs. 40,000 by taking over the following assets and liabilities at values stated against them:
Stock of goods Rs. 15,000 Furniture Rs. 10,000
Debtor Rs. 7,000 Machinery Rs. 8,000
Creditor Rs. 12,000
- Out of Rs. 40,000 payable to X & Co. Ltd. Rs. 10,000 borrowed from B.
2. Approached M for loan of Rs. 10,000 but he paid the amount after deducting interest in advance for one year at 6% p.a.
 3. Bought from D & Co. goods worth Rs. 6,000 at 15% trade discount and 2% cash discount term and paid them half the amount in cash.
 4. Sold goods to L worth Rs. 600 less 2.5% cash discount, and received from him Rs. 585 net on account by cheque.
 5. Paid to D & Co. Rs. 2,500 in full settlement of their account.
 6. Withdrew cash Rs. 500 and goods worth Rs. 200 gross out of those bought from D & Co. for personal use.
 7. L is declared insolvent and only 40 paise in the rupee is received from his estate.

8. Sold private car for Rs. 4,000 and bought a new one with the proceeds for business plus Rs. 5,000 from office cash.
9. Goods worth Rs. 600 were shop-soiled and sold to M for Rs. 300 only.
10. Old furniture appearing in the books at Rs. 6,000 exchanged for new furniture of Rs. 10,000. The old furniture has been valued at Rs. 4,000 for exchange purpose. 10

Q.2 A) From the following information provided by Mr. K prepare his Bank Reconciliation Statement as on 31st March, 2011.

1. Bank overdraft as per the Pass Book Rs. 16,500.
2. Cheques issued to the suppliers but not presented to the Bank Rs. 8,750.
3. Cheques deposited with the Bank but not credited Rs. 10,500.
4. Cheque recorded in the Cash book but not sent to the Bank for collection Rs. 2000.
5. Customer directly deposited into the Bank A/c Rs. 3,500.
6. Pass-Book shows debit entry for Bank charges Rs. 200.
7. As per standing advice to the Bank, Bank paid Insurance premium Rs. 1,980.
8. A Bill of Exchange for Rs. 3,000 discounted with Bank in February, 2011 dishonoured in March, 2011 and noting charges paid by Bank Rs. 100. 10

OR

Q.2 B) An accountant while balancing the books of account found a difference of Rs. 1,069 in the trial balance on its debit side which was short by this amount. The difference for the time being was placed in the Suspense Account. Subsequently, the following errors were traced out:

1. Goods worth Rs. 100 returned by Manoj were not posted to his account.
2. The total discount received was overcast by Rs. 100
3. The credit balance of interest account Rs. 200 was placed on the debit side of the trial balance.
4. An amount of Rs. 734.50 appearing in the cash book as paid to Mewad Stores was credited to the letter account.

Make entries to rectify the above errors and draw up the suspense account. 10

Q.3 A) A and B entered into a Joint Venture for construction of a building. A contributed Rs. 5,00,000 and B Rs. 3,50,000 and deposited the same in a joint Bank Account with the State Bank of India. In addition, A provided building material of Rs. 2,00,000 and B paid construction wages of Rs. 3,00,000.

Total wages for construction amounted to Rs. 5,50,000 and total building material amounted to Rs. 4,00,000. They paid Rs. 50,000 to an architect for preparing design and map.

An advance of Rs. 2,50,000 was received against the contract of construction. The total contract price was Rs. 17,50,000. The balance of contract price was received in full after completion of construction work.

The construction material in stock was valued at Rs. 50,000 and the same was taken over by A.

Pass the Journal Entries to record the transactions of Joint Venture. 10

OR

Q.3 B) Manohar of Nagpur and Ranjeet of Pune entered into a Joint Venture and agreed to share profits and losses in the ratio of 3:1

Manohar purchases 4000 kgs of material X @ Rs. 50 kg and sends it to Narayan of Akola for processing. He pays transportation cost amounting to Rs. 8,000.

Ranjeet purchases 3000 kgs of material Y @ Rs. 100 per kg and sends it to Narayan of Akola and pays Rs. 15,000 towards transportation charges.

Narayan carries out the work of processing and manufactures 6500 units of finished product 'Z'. Narayan prepares a 'Conversion Cost Bill' on the Joint Venture at Rs. 20 per unit. Manohar pays this bill.

The finished goods are sent to Babubhai of Mumbai by Manohar who pays transportation cost of Rs. 20,000.

Babubhai sells 90% of the goods at Rs. 200 per unit. He take over the remaining goods at Rs. 125 per unit. After deducting his own commission @ 10% of the sales proceeds, he remits the amount to Manohar. Co-venturers agree to settle the Account after retaining 30% of the profits for taxation on the income of Venture.

Prepare Ledger Accounts in the Books of Manohar.

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Q.4 A) A company purchased a 3 year lease on 1st January, 2013 for Rs. 25,000. It decided to provide for the replacement of the lease at the end of 3 years by setting up a Depreciation Fund. It is expected that investment will fetch interest at 5%. Sinking Fund tables show that to provide the requisite sum at 5% at the end of 3 years, an investment of Rs. 7932.22 is required every year. Investments are made to the nearest rupee. On 31st December, 2015, the investments are sold for Rs. 15,250. On 1st January, 2016, the same lease was renewed for a further period of 3 years by payment of Rs. 30,000.

Prepare Depreciation Fund Account and Depreciation Fund Investment Account.

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OR

Q.4 B) A firm purchased on 1st January, 2011 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, 2013 the machinery purchased on 1st January, 2011 having become obsolete was auctioned for Rs. 8,00,000 and on the same date fresh machine was purchased at the cost of Rs. 15,00,000.

Depreciation was provided for annually on 31st December at the rate of 10% per annum on the original cost of the asset. In 2014, 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 as it would stand at the end of each year from 2011 to 2015.

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Q.5 Answer the following questions in about 75-100 words. (Any two)

A) What are the principles of Accounting?

B) What are the Advantages of Accounting?

C) Write in short how accounting has developed in last two decades.

08

- Q.6 Answer the following questions in about 75-100 words. (Any two)
- A) What are the effects of errors on disagreement of trial balance?
 - B) What do you understand by Suspense Account and why is it opened?
 - C) Explain different methods of rectification of errors by giving suitable examples. 08
- Q.7 Answer the following questions in about 75-100 words. (Any two)
- A) Write difference between the centralized method and decentralized method of Joint Venture.
 - B) Write disadvantages of decentralized method of Joint Venture.
 - C) Write difference between Joint Venture and Partnership. 08
- Q.8 Answer the following questions in about 75-100 words. (Any two)
- A) Write features of Depreciation Fund Insurance policy method.
 - B) Write advantages of Annuity method in depreciation.
 - C) Write difference between the Straight Line Method and Reducing Balance Method. 08
- Q.9 Answer the following questions in about three to four sentences.
- A) Write golden rules of Accounting.
 - B) What do you mean by errors?
 - C) Explain the term co-venturers.
 - D) Write a short note on Depreciation Fund Method. 08

