

1905000502020001
EXAMINATION OCTOBER 2024 (ATKT EXAM)
BACHELOR OF COMMERCE / BACHELOR OF LAW
(HONORS) (SECOND SEMESTER)
FINANCIAL ACCOUNTING – II LEVEL-2

[Time: As Per Schedule]

[Max. Marks : 70]

Instructions:

1. Fill up strictly the following details on your answer book

- a. Name of the Examination : **BACHELOR OF COMMERCE / BACHELOR OF LAW (HONORS) (SECOND SEMESTER)**
 - b. Name of the Subject : **FINANCIAL ACCOUNTING – II LEVEL-2**
 - c. Subject Code No : **1905000502020001**
2. Sketch neat and labelled diagram wherever necessary.
 3. Figures to the right indicate full marks of the question.
 4. All questions are compulsory.

Seat No:

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Student's Signature

Q.1 Short Question Answers:

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1. Ben, William, & Pep are the partners sharing profit & loss in the ratio of $\frac{1}{2}$, $\frac{3}{10}$, & $\frac{1}{5}$ respectively. They admit Diaz, as a new partner for $\frac{1}{6}$ th share. **5**
Pep would retain his original share after Diaz admission. Calculate new profit-loss sharing ratio.
2. Mr. R consigned 10,000 litres of oil at Rs. 3 per litre and paid Rs. 2,000 as forwarding expenses. Mr. S, agent of Mr. R received the stock and sold 6,000 litres at Rs. 6 per litre, and paid Rs. 1,000 as selling expenses. He was entitled for 10% commission on sales. There was a normal loss of 2%. Prepare Consignment account in the books of Mr. R. **5**
3. X purchased a T.V on hire-purchase system. As per terms he is required to pay Rs. 3000 down, Rs.4000 at the end of first year, Rs. 3000 at the end of second year, and Rs. 5000 at end of third year. Interest is charged at 12% p.a. **4**
You are required to calculate total cash price of T.V and interest paid with each installment.

Q.2 From the following details of Shah Sports club, Prepare Income-Expenditure account for the year ending on 31-3-2015 and balance sheet as at that date.

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**Receipt-Payment account for the year ending for the year ending
31-3-2015**

Receipt	Amount	Payment	Amount
To balance b/d (bank balance as on 1-4-2014)	17,500	By Salary	32,500
		By Rent-Taxes	4,500
To Subscription:		By Purchase of Stationery	2,250
2013-2014 450			
2014-2015 43,500			
2015-2016 300	44,250	By Purchase of sports equipment's (1-10-2014)	15,000
To income of entertainment programme	10,000	By Sundry expenses	6,000
To interest on 12% investment (entire year)	3,000	By 12% bank deposit (from 1-1-2015)	12,500
To donation	5,000	By income of entertainment programme	5,300
To Entrance Fee	1,000		
To sale of old newspaper	300	By balance c/d (bank balance as on 31-3-2015)	3,000
Total	81,050	Total	81,050

Additional information:

1. Opening Capital Fund ₹ 65,700
2. Opening stock of stationery was of ₹250, while closing stock was of ₹375.
3. Salary Outstanding as on 31-3-2014 ₹2500 and as on 31-3-2015 ₹3750
4. Sports equipment' as on 1-4-2014 were of ₹25,000 while their value on 31-3-2015 was of ₹35,000

5. There are total 150 members of club, each member pays annual subscription of ₹300

OR

From the following information of Shiva Club, prepare receipt payment account, Income expenditure account for the year ending on 31-3-2015 and balance sheet as on that date.

Balance as on 1-4-2014:

Capital fund ₹80,000 Building of a club ₹40,000 Investments ₹15,000 Library books ₹20,000 Cash balance ₹4,000 Subscription outstanding ₹2,000 Salary outstanding ₹1,000

Cash transactions for the year 2014-2015

Particular	Amount	Particular	Amount
Subscription received	33,000	Festivity income	12,000
Salary	15,000	Donation	10,000
Entrance Fee	5,000	Government Aid	10,000
Sale of old newspaper	500	Stationery and printing	3,000
Refreshment expense	1,000	Repairing expense of club building	6,000
Annual function expense	5,000	Purchase of investment	15,000
President felicitation expense	12,000	Purchase of books (1-10-14)	20,000
President Facilities fund contribution	22,000	Interest on Investments	2,500
Subscription of periodicals	3,000	Purchase of furniture (1-7-2014)	10,000
Festivity expenses	7,000		

Other information:

1. Salary outstanding ₹3,000
2. 50% of entrance fees is to be transferred to the Capital fund
3. Write off depreciation at 10% p.a. on building, furniture & books
4. Subscription of ₹1,000 for the year 2015-2016 is included in subscription received
5. Subscription outstanding for the current year ₹1500

Q.3 Ami and Rami are partners in a firm sharing profit and loss in the ratio of 3:2. Balance sheet of their firm as on 31-3-2017 is as under. 14

Balance Sheet

Liabilities	Amount(₹)	Assets	Amount(₹)
Capital :		Goodwill	1,00,000
Ami 4,00,000		Land-Building	3,50,000
Rami 3,00,000	7,00,000	Machinery	2,00,000
		Stock	1,80,000
General Reserve	90,000		
Workmen's compensation reserve	20,000	Debtors 1,20,000	
		-Bad debt reserve	
		10,000	1,10,000
Investment reserve	10,000		
Creditors	1,40,000	Investment	20,000
Bills payable	60,000	Cash-Bank	50,000
		Advertisement	10,000
		campaign expenditure	
	10,20,000		10,20,000

They admitted Manish as a new partner on 1-4-2017 on the following conditions:

1. Value of machinery is to be reduced up to ₹1,60,000
2. Value of land & building is to be increased by ₹80,000.
3. Provision for outstanding repairing expense is to be made ₹8,000
4. Provision for doubtful debt is to kept at 10% on debtors.
5. New profit & loss sharing ratio of all partners is to be kept at 2:1:2
6. Manish brought ₹5,00,000 as his capital and 1,00,000 as his share of goodwill in cash.

From the above particulars, prepare revaluation account, Partners capital account, Cash-Bank account & new balance sheet after admission.

OR

Raj & Donald are partners in a firm. Their balance sheet as on 31-3-2017 was as under:

Balance sheet

Liabilities	Amount	Asset	Amount
Capital :		Goodwill	14,000
Raj 1,90,000		Land-building	1,00,000
Donald 1,21,000	3,11,000	Machinery	80,000
		Investment	50,000
		Debtors	70,000
Outstanding expense	15,000	Stock	36,000
Creditors	30,000	Cash	40,000
Bad debt reserve	20,000	Research &	8,000
Provident fund	16,000	development expenses	
Investment fluctuation fund	4,000	Profit & loss account	10,000
Workmen compensation reserve	12,000		
	4,08,000		4,08,000

They admitted Mess as a new partner on 1-4-2017 on following conditions:

1. Mess will bring ₹2,00,000 as his capital and ₹18,000 for his goodwill share in cash. Any difference in the amount of goodwill is to be adjusted to his capital account.
2. New profit-loss sharing ratio will be 4:3:3
3. Goodwill is to be valued at ₹1,00,000
4. Claim accepted for workmen compensation ₹8,000
5. Donald will take over investments worth at ₹48,000
6. Accrued interest of ₹6,000 is not recorded
7. Book value of land & building is 20% less than the market value.
8. Out of insurance premium paid, ₹12,000 is to be carried forward to next year.
9. Bills payable drawn by creditors for ₹10,000 is accepted but not been recorded in books of accounts.

Prepare revaluation, Partners capital, cash account and balance sheet after admission of a partner.

Q.4 On 1.1.2011, A purchased 5 Machines from B. Payment was to be made — 20% down and the balance in four annual instalments of Rs.2,80,000, Rs. 2,60,000, Rs. 2,40,000 and Rs. 2,20,000 commencing from 31.12.2011. The vendor charged interest @ 10% p.a. A, writes off depreciation @ 20% p.a. on the original cost. **14**

On A's failure to pay the instalment due on 31.12.2012, B repossessed all the machines on 01.01.2013 and valued them on the basis of 40% p.a. depreciation on W.D.V. basis. B after incurring Rs.6,000 on repairs sold the machines for Rs.2,66,000 on 30th June 2013.

Prepare the relevant accounts in the books of A and B.

OR

P and Q entered into a joint venture for underwriting the subscription at par of 25,000 shares of Rs. 10 each of a Joint Stock Company. They agreed to share profits or losses in the ratio of 60% and 40%, respectively. The consideration for guaranteeing the subscription was 250 other shares of Rs. 10 each fully paid to be issued to them.

The public took up 24,000 of the shares and the remaining shares of the guaranteed issue were taken up by P and Q who provide cash equally. The entire shareholding of the venture was then sold through other brokers, 60% at a price of Rs. 9.50 less brokerage 50 paise per share, 20% at a price of Rs. 9.75 less brokerage 50 paise per share and the balance were taken over by P and Q equally at Rs. 9.00 per share.

Prepare a Joint Venture Account, the Joint Bank Account, and Capital Accounts of P and Q.

Q.5 Write Short Notes: (Any Two) **14**

- (1) Accounting Standards in India
- (2) Types of Commission paid to consignee
- (3) Difference between Joint Venture & Partnership
- (4) Characteristics of Partnership
