

1905000502020001
EXAMINATION FEBRUARY-MARCH 2024
BACHELOR OF COMMERCE (LLB) (HONORS) (SECOND
SEMESTER)
FINANCIAL ACCOUNTANCY – 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 (LLB) (HONORS) (SECOND SEMESTER)**
 - b. Name of the Subject : **FINANCIAL ACCOUNTANCY – 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:

14

1. A Company consigned 200 boxes of Rs. 100 each at an invoice price of Rs. 120 per box. The Company paid Rs. 1200 as forwarding expenses. Agent received the consignment and paid Rs. 800 on carriage, Rs. 1000 on godown rent & charged 10% commission on sales. He sold 150 boxes at Rs. 200 per box. He informed that 20 boxes were lost by theft in godown. Prepare Consignment Account in the books of the Company. **5**
2. John & Jani are the partners sharing profit & loss in the ratio of 5:3. They admitted Janardan as a new partner in the firm for 1/4th share. Janardan brings land and building worth ₹ 1,00,000 Motor car ₹ 50,000 & cash ₹ 30,000 for his capital and premium for goodwill of firm is valued at ₹ 1,60,000. The new profit & loss ratio is decided at 2:1:1. Pass necessary journal entries. **5**
3. Harish purchased a Radio 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 Radio and interest paid with each instalment.

- Q.2** Mr. Shah From Surat consigned 2,000 litres of chemical A to Patel traders of Mehsana at Rs. 10 per litre. They paid Rs. 1,000 expenses. The Consignee accepted a bill of Rs. 12,000 drawn by the Consignor which the latter discounted for Rs. 11,800. **14**

100 litres were destroyed in transit for which the Insurance Co. paid a claim of Rs. 600. Patel Traders took delivery of the remaining goods and part Rs. 1,200 for sales expenses.

From the Account Sales received from the Consignee, it was seen the 1,600 litres were sold at Rs. 20 and there was a shortage of 50 litres due to natural causes. The Consignee was entitled to a commission of 5% and a del credere commission of 2%. The Consignee sent a bank draft for the balance along with the Account Sales. A customer to whom the Consignee had sold goods for Rs. 1,000 on credit was declared bankrupt and only 50 paisa. in a rupee could be recovered from his estate.

Prepare necessary accounts in the books of both the parties.

OR

Urmila and Umesh decided to undertake a venture jointly. They agreed to share profits & losses in the ratio of 3: 2. Urmila supplied from her own stock goods worth Rs. 2,00,000 and paid Rs. 4,950 for freight and Rs. 1,200 for Sundry Expenses. Umesh purchased goods of Rs. 1,95,000 for the venture and paid Rs. 7,000 for selling expenses. Umesh accepted a bill for 3 months of Rs. 95,000 drawn by Urmila as an advance. This bill was discounted immediately by Urmila for Rs.92,000 and the amount of discount was charged to joint venture A/c. Umesh sold all the goods for Rs. 5,00,000. At the end of the venture, the accounts were settled.

Give journal entries for the above transactions, in the books of Urmila and Show Joint Venture Account and Urmila's Account, in the books of Umesh.

- Q.3** 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. **14**

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 | | |
| President felicitation expense | 12,000 | Purchase of investment | 15,000 |
| | | 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

OR

From the given below Receipt-Payment account for the year 31-3-2015 and additional information of Rama club, prepare income-expenditure account and balance sheet

Receipt Payment account for the year ending 31-3-2015 of Rama Club

| Receipt | Amount | Payment | Amount |
|--------------------------------|---------------|----------------------------|---------------|
| To balance b/d | 10,000 | By Salary | 25,000 |
| To donation | 15,000 | By Honorarium to doctors | 15,000 |
| To subscription | 50,000 | By Sundry Expenses | 1,000 |
| | | By equipment purchase | 20,000 |
| To income of charity show | 12,000 | By expense of Charity show | 2,000 |
| To interest on 10% investments | 10,000 | To balance c/d | 4,000 |
| Total | 97,000 | Total | 97,000 |

Additional information:

| Particular | 1-4-2014 | 31-3-2015 |
|--------------------------------------|-----------------|------------------|
| Building | 40,000 | 38,000 |
| Equipment's | 20,000 | 30,000 |
| Subscription outstanding | 800 | 1,200 |
| Subscription received in advance | 1,500 | 500 |
| Stock of medicine | 5,000 | 8,000 |
| Outstanding to suppliers of medicine | 6,000 | 10,000 |

On 1-4-2014 Capital fund was ₹1,68,300. During the year medicine was purchased for ₹34,000

- Q.4** Mahesh & Suresh are partners in a firm sharing profit-loss ratio of 2:3. Balance sheet of their firm as on 31-3-2016 as follows: **14**

Balance sheet

| Liabilities | Amount | Assets | Amount |
|------------------------|---------------|---------------|---------------|
| Capital: | | Building | 1,10,000 |
| Mahesh 80,000 | | Machinery | 50,000 |
| <u>Suresh 1,00,000</u> | 1,80,000 | Stock | 30,000 |
| Contingency reserve | 15,000 | | |

| | | | |
|-----------------------------|-----------------|------------|-----------------|
| Workmen's compensation fund | 40,000 | Debtors | 66,000 |
| Investment reserve | 12,000 | Bank | 14,000 |
| Creditors | 50,000 | Investment | 30,000 |
| Bad debt reserve | 3,000 | | |
| | 3,00,000 | | 3,00,000 |

They admitted Paul as a new partner on 1-4-2016 on following conditions:

1. Goodwill of the firm is valued at ₹ 80,000
2. Paul will bring ₹ 1,20,000 as capital and her share of goodwill in cash.
3. Mahesh sacrifice $\frac{1}{2}$ of his share & Suresh sacrifice $\frac{1}{4}$ of his share in favor of Paul.
4. Mahesh & Suresh will withdraw 50% of their share of goodwill.
5. Depreciation on machinery is to be provide at 10%
6. Market value of investment is ₹15,000
7. 10% of creditors are not to be paid
8. Claim for workmen compensation to be accepted ₹50,000.
9. Bad debt of 6000 to be written off & provision for bad debt reserve is to be kept 15% on debtors.

Prepare revaluation, Partners capital, Cash account & balance sheet after admission.

OR

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.

Balance Sheet

| Liabilities | Amount(₹) | Assets | Amount (₹) |
|-------------|-----------|--------|------------|
|-------------|-----------|--------|------------|

| | | | |
|--------------------------------|------------------|------------------------------------|------------------|
| Capital : | | Goodwill | 1,00,000 |
| Ami 4,00,000 | | Land-Building | 3,50,000 |
| <u>Rami 3,00,000</u> | 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 campaign expenditure | 10,000 |
| | 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.

Q.5 Short Notes [Any Two]:

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(1) Accounting Standards in India

(2) Difference between Joint Venture & Partnership

(3) Difference between Sale & Consignment

(4) Garner Vs. Murray Case
