

Roll No.

Total No. of Pages : 04

Total No. of Questions : 18

B.Com (Hons) (2018 & Onwards) (Sem.–1)

**FINANCIAL ACCOUNTING**

Subject Code : BCOM-102-18

M.Code : 75091

Time : 3 Hrs.

Max. Marks : 60

**INSTRUCTIONS TO CANDIDATES :**

1. SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.
2. SECTION-B consists of FOUR Sub-sections : Units-I, II, III & IV.
3. Each Sub-section contains TWO questions each, carrying TEN marks each.
4. Student has to attempt any ONE question from each Sub-section.

**SECTION-A**

**Answer briefly :**

- Q1. What are the objectives of preparing trial balance?
- Q2. Explain the accounting treatment in the final accounts of prepaid expenses as shown in adjustments.
- Q3. Distinguish between the joint venture and consignment.
- Q4. What is short working?
- Q5. Distinguish between dependent and independent branches.
- Q6. Give the name of the following accounts :  
Outstanding wages and sales account
- Q7. Explain the matching concept of accounting.
- Q8. What are the different sources of Voyage incomes?
- Q9. Explain the impact of purchases of furniture for business uses Rs. 25,000 on accounting equations.
- Q10. Explain whether following are revenue items or capital items :  
Erection charges on Plant and Machinery  
Establishment charges

## SECTION-B

### UNIT-I

Q11. From the following Trial Balance of Ravinder & Co. prepare Trading and Profit and Loss Account & balance sheet for the year ended March 31, 2018, and Balance Sheet as on that date.

#### Trial Balance as on March 31, 2018

Name of Account	Dr. Balance (Rs.)	Cr. Balance (Rs.)
Stock as on 1 <sup>st</sup> April 2017	24200	
Cash in hand	4000	
Cash at bank	12900	
Leasehold Premises (lease for five years commencing from April 1, 2017)	20000	
Machinery	30000	
Furniture	15000	
Buildings	60000	
Drawings	5000	
Capital		160000
Purchases and Sales	96000	145000
Debtors and Creditors	50000	40000
Returns	3000	4300
Freight	6000	
Wages	17500	
Trade Expenses	4750	
Salaries	12000	
Printing and Stationery	1800	
Bad Debts	4000	
Provision for Bad Debts		4000
Rent received		3100
10% Loan (taken on October 1, 2011)		10000
Interest on Loan	250	
<b>TOTAL</b>	<b>3,66,400</b>	<b>3,66,400</b>

You are required to consider the following adjustments :

- i. Stock on December 31, 2018, was valued at Rs. 45,600.
- ii. Charge depreciation on Machinery at 10% and on Building at 2%.
- iii. Outstanding wages Rs. 3000
- iv. Prepaid trade expenses Rs. 500
- v. Rent yet to be received Rs. 500.
- vi. Outstanding Interest on Loan of Rs. 250.
- vii. Provide for doubtful debts at 5% on Sundry Debtors.

- Q12. a) Distinguish between capital and revenue expenses with some suitable examples.
- b) Categorize the following expenses/income under the heading of capital expenses/incomes and revenue expenses/incomes :
- i. Business land and building sold Worth Rs. 5,00,000
  - ii. Office furniture purchased Rs. 50,000
  - iii. Rent received business asset Rs. 4,000
  - iv. Installation expenses of machinery Rs. 24,000
  - v. Goods and service tax paid on purchasing machinery Rs. 20,000
  - vi. Investment sold at a profit of Rs. 40,000
  - vii. Establishment expenses Rs. 5000
  - viii. Wages paid to worker Rs. 40,000
  - ix. Wages paid for installing machinery Rs. 15,000

#### UNIT-II

- Q13. What do you mean by joint venture? What are the objectives of forming joint-venture? Discuss in detail the different types of accounts which are prepared in the joint venture accounting.
- Q14. From the below-given information's, please open prepare the necessary accounts in the books of M/s Royal Sundaram & Co. The company leased a colliery on 01-01-2015 at a minimum rent of Rs. 60,000
- Royalty Rate@ Rs. 1/- per Ton
- The right of recouping of short workings is restricted to first 3 years. Output for the first four years of the lease 40,000, 50,000, 85,000, and 90,000 tons respectively.

#### UNIT-III

- Q15. What are the Objectives of Departmental Accounting? What are the advantages associated with departmental accounting? Discuss the methods of departmental accounts.
- Q16. From the following figures prepare departmental Trading and Profit and Loss Accounts for the year ended 31<sup>st</sup> March 2018 :

Particulars	Cloth Dept. (Rs.)	Readymade Dept. (Rs.)
Opening stock	3,00,000	50,000
Purchases	20,00,000	15,000
Transfer of readymade clothes department	3,00,000	-----
Selling Expenses	20,000	6,000
Manufacturing Expenses	-----	60,000
Closing Stock (at cost)	2,00,000	60,000
Sales	22,00,000	4,50,000

The stock in the readymade clothes department may be considered as consisting of 75% cloth and 25% other expenses. The Cloth Department earned a gross profit at the rate of 15% in 2016-17. General Expenses of the business as a whole came to Rs. 1,10,000.

#### UNIT-IV

- Q17. What is a branch? What is meant by Invoice price method? What are the different accounts that should be maintained in Stock and debtors system?
- Q18. Seven Star India Limited has its head office in Mumbai with a branch in Pune. Goods are sent to the branch at cost plus mark-up of 20% which is the branch selling price. The following are details of the Kano branch transactions for the year ended 30 June 2018.

	<b>Rs.</b>
Opening stock at a branch selling price	1,50,000
Goods sent to branch at a selling price	10,00,000
Goods returned to the head office by branch customers (all at normal selling price)	1,00,000
Credit sales	7,00,000
Cash sales	3,00,000
Authorized allowance off the selling price	10,000
Goods returned to Head office by branch customers at a selling price	50,000
Cheque / cash received from branch customers	5,00,000
Cash discount allowed to branch customers	30,000
Branch sundry expenses paid by the head office	60,000
Cash was stolen at the branch	15,000
Goods were stolen at the branch, at a selling price	25,000
Closing stock at the branch at a selling price	1,50,000

You are required to prepare the following accounts in the ledger of the head office to record the transaction of the branch using COST PLUS MARK UP METHOD :

- a) Branch stock account
- b) Branch Stock adjustment account
- c) Goods sent to branch account
- d) Branch debtors account

**NOTE : Disclosure of identity by writing mobile number or making passing request on any page of Answer sheet will lead to UMC against the Student.**