2024

(November–December)

COMMERCE

(Honours)

(Financial Accounting)

(BC–103)

(Under Revised Syllabus)

Marks : 75

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. (a) Briefly explain the need for Indian Accounting Standards. 4

   (b) Give the meaning of 'Accounting Cycle'. 3

   (c) Distinguish between Profit & Loss A/c and Profit & Loss Appropriation A/c. 4

   (d) Bring out the differences between Accounting Concepts and Accounting Conventions. 4

(Turn Over)

Or

From the following balances and other information extracted from the books of Mr. *A*, prepare Trading and Profit & Loss A/c for the year ended 31st March, 2024 and a Balance Sheet as on that date : 4+5+6=15

	Dr. ₹	*Cr.* ₹
Capital	—	50,000
Opening Stock	10,000	—
Purchases	40,000	—
Sales	—	1,00,000
Wages	8,000	—
Salaries	12,000	—
Carriage	5,000	—
Rent	7,000	—
Insurance	3,000	—
Repairs	3,000	—
Interest	2,000	—
Land and Buildings	30,000	—
Sundry Creditors	—	30,000
Plant and Machinery	20,000	—
Furniture	10,000	—
Bills Payable	—	20,000
Bills Receivable	10,000	—
Sundry Debtors	40,000	—
	2,00,000	2,00,000

(Continued)

Additional Information :

(i) Closing Stock—₹ 25,000

(ii) Outstanding Salaries and Wages were ₹ 5,000 and ₹ 3,000 respectively

(iii) Insurance paid in advance—₹ 1,000

(iv) Depreciate Plant & Machinery and Furniture @ 10% and 5% respectively

(v) Goods costing ₹ 3,000 were taken by Mr. *A* for his own use

(vi) Write off Bad Debts amounting to ₹ 1,000 and make a Provision for Doubtful Debts @ 5% on Sundry Debtors

2. *(a)* Distinguish between Receipts & Payments A/c and Income & Expenditure A/c. 3

(b) Mr. Giri keeps his books on Single-entry System. From the following information provided by him, prepare a Trading and Profit & Loss A/c for the year ended 31st December, 2023 and a Balance Sheet as on that date : 3+5+4=12

	31.12.2022 ₹	*31.12.2023* ₹
Furniture	10,000	12,000
Stock	6,000	2,000

(Turn Over)

	31.12.2022	31.12.2023
	₹	₹
Debtors	12,000	14,000
Prepaid Expenses	—	4,000
Creditors	4,000	?
Outstanding Expenses	1,200	2,000
Cash	2,200	600

Receipts and payments during the year were as follows :

	₹
Receipts from Debtors	42,000
Paid to Creditors	20,000
Carriage Inwards	4,000
Drawings	12,000
Sundry Expenses	14,000
Furniture Purchased	2,000

Other Information :

These were considerable amount of cash sales. Credit purchases during the year amounted to ₹23,000. Provide a Provision for Doubtful Debts to the extent of 10% on Debtors.

Or

(a) Distinguish between Single-entry System and Double-entry System of Accounting. 3

(b) From the following Receipts & Payments A/c of a club and other information supplied, prepare an Income & Expenditure A/c for the year ended 31st December, 2023 and a Balance Sheet as on that date : 5+4+3=12

Receipts & Payments A/c
for the year ended 31st December, 2023

Receipts		₹	*Payments*	₹
To Balance		350	By Salaries	1,400
" Subscriptions :			" General Expenses	300
2022	250		" Electricity	200
2023	1,000		" Books	500
2024	200	1,450	" Newspaper	400
" Rent Received from use of Hall		700	" Balance	200
" Profit from Entertainment		400		
" Sale of Newspaper		100		
		3,000		3,000

Other Information :

(i) The club has 50 members each paying an annual subscription of ₹25, Subscriptions outstanding on 31st December, 2023 were ₹300

(ii) On 31st December, 2023, Salaries outstanding amounted to ₹100. Salaries paid in 2023 included ₹300 for the year 2022 *(iii)* On 1st January, 2023, the club owned Building valued at ₹ 10,000; Furniture ₹ 1,000 and Books ₹ 1,000

(iv) Provide Depreciation on Furniture at 10%

3. *(a)* State any three important contents of partnership deed. 3

(b) *A* and *B* are partners in a firm. They share profits and losses in the ratio of 3 : 1. Their Balance Sheet is as follows :

Liabilities	₹	*Assets*	₹
Capitals :		Building	1,00,000
A	80,000	Plant	25,000
B	40,000	Stock	40,000
Reserve	40,000	Debtors	70,000
Creditors	60,000	Cash	5,000
Bills Payables	20,000		
	2,40,000		2,40,000

C is admitted into partnership for $\frac{1}{5}$th share in the business on the following terms :

(i) Building is revalued at ₹ 1,20,000

(ii) Plant is depreciated to 80%

(iii) Provision for Bad Debts is made at 5% on Debtors

(iv) Stock is revalued at ₹ 30,000

(v) *C* should introduce 50% of the adjusted capitals of both *A* and *B*

Prepare Revaluation A/c, Partners' Capital A/cs and new Balance Sheet after the admission of *C*. 3+6+3=12

Or

(a) Distinguish between Revaluation A/c and Memorandum Revaluation A/c. 3

(b) Explain briefly the important features of the Limited Liability Partnership Act, 2008. 4

(c) Differentiate between Sacrificing Ratio and Gaining Ratio. 4

(d) Bring out the difference between Purchased Goodwill and Non-purchased Goodwill. 4

4. *(a)* Explain the rules laid down under Garner *vs.* Murray decision. 2

(b) *X*, *Y* and *Z* are partners in a firm, sharing profits and losses in the ratio of 5 : 3 : 2. The Balance Sheet of the firm on 1st April, 2023 is given below :

Liabilities	₹	*Assets*	₹
Partners' Capital :		Goodwill	50,000
X	3,00,000	Machinery	4,55,000
Y	2,50,000	Furniture	10,000
Z	2,00,000	Stock	2,00,000
General Reserve	1,05,000	Debtors	3,00,000
Loan	95,000	Cash and Bank	35,000
Sundry Creditors	1,00,000		
	10,50,000		10,50,000

Partners of the firm decided to dissolve the firm. They decided to settle the loan creditors directly. *X* took over Goodwill for ₹ 75,000. *Y* took over Machinery and Furniture at 90% of book value and Sundry Creditors at book value.

Z took over Stock at 95% of book value and Debtors at 90% of book value. Partners have to pay cash if the assets taken over had exceeded the amounts due to them.

Prepare Realization A/c, Partners' Capital A/cs and Cash/Bank A/c of the firm to show the dissolution proceedings. 6+4+3=13

Or

A, *B* and *C* are partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. The Balance Sheet of the firm as at 31st March, 2024 is as under :

Liabilities	₹	*Assets*	₹
Partners' Capital :		Land	10,000
A	80,000	Buildings	2,00,000
B	20,000	Plant & Machinery	1,30,000
C	30,000	Furniture	43,000
Reserve	20,000	Investment	12,000
Long-term Debts	3,00,000	Stock	1,30,000
Bank Overdraft	44,000	Debtors	1,39,000
Trade Creditors	1,70,000		
	6,64,000		6,64,000

It was mutually agreed that *B* will retire from partnership. For this purpose, the following adjustments are to be made :

(i) Buildings and Plant & Machinery are to be depreciated by 5% and 20% respectively. Investments are to be taken over by the retiring partner at ₹ 15,000

(ii) Goodwill is to be valued at ₹ 1,00,000 but the same will not appear as an asset in the books of the firm after *B*'s retirement *(iii)* The surplus funds, if any, will be used for repaying the bank overdraft

(iv) The amount due to the retiring partner shall be transferred to his Loan A/c

Prepare Revaluation A/c, Partners' Capital A/cs, Bank A/c and Balance Sheet of the reconstituted firm as on 1st April, 2024.

4+4+3+4=15

5. *(a)* Distinguish between Hire Purchase and Installment Purchase. 3

(b) *A*, *B* and *C* enter into a Joint Venture to divide profits equally. They bought goods from *D* for ₹ 1,25,000 and from *A* for ₹ 25,000. *A* contributed ₹ 30,000; *B* ₹ 40,000 and *C* ₹ 90,000 which amounts were banked in a Joint Bank Account. They settled their account with *D* by cheque and paid for carriage and other expenses ₹ 7,500. They sold goods for cash ₹ 65,000 and to *E* on credit for ₹ 1,40,000 who accepted a draft for the amount. The acceptance was cashed and realized ₹ 1,37,000. *A* was allowed 5% commission on sales for effecting the transactions.

Prepare necessary Ledger A/cs to record the above transactions. 4+5+3=12

Or

(a) Write a note on dependent and independent branches. 3

(b) Meghalaya Cycle Co. of Shillong consigned 100 bicycles to Tura Cycle Co. of Tura costing ₹ 1,500 each invoiced at ₹ 2,000 each. The consignor paid freight ₹ 10,000 and insurance in transit ₹ 1,500. During transit, 10 bicycles were totally damaged. Tura Cycle Co. took delivery of the remaining bicycles and paid ₹ 1,530 for octroi duty. Tura Cycle Co. sent a bank draft to Meghalaya Cycle Co. for ₹ 50,000 as advance and later on sent an account sales showing that 80 bicycles had been sold @ ₹ 2,200 each. Expenses incurred by Tura Cycle Co. on godown rent were ₹ 2,000 and are entitled to a commission of 5% on invoice price and 25% on any surplus of sale price over invoice price. Insurance claim was settled at ₹ 14,000.

Prepare Consignment A/c, Consignee's A/c and Accidental Loss A/c in the books of the consignor. 6+4+2=12

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