

**4053****B. Com. (First Year) EXAMINATION****FINANCIAL ACCOUNTING****Paper III***Time : Three Hours**Maximum Marks : 80*

**Note :** Attempt *Five* questions in all. Q. No. 1 is compulsory. All questions carry equal marks.

1. Explain the following in brief :  $8 \times 2 = 16$
- What do you mean by Book-keeping ?
  - Going concern concept.
  - Capital Expenditure with example.
  - Journalize cash deposited into Bank Rs. 10,000.
  - Consignment Account.
  - Foreign Branch.
  - After Sale Services.
  - Fixed and fluctuating capital accounts.

**P.T.O.**

2. What is Accounting ? Explain its characteristics and importance. 3+7+6=16

3. Distinguish between dissolution of partnership and dissolution of firm. Explain the accounting treatment regarding dissolution of partnership firm. 6+10=16

4. Hitesh and Jayesh sharing profits in the ratio of 3 : 2 admit Badal as partner with  $\frac{1}{3}$  share in profits. He had to contribute proportionate capital. They had the following financial position :

Liabilities	₹	Assets	₹
Creditors	40,000	Cash at Bank	5,000
Reserve Fund	50,000	Debtors	60,000
Capitals :		Stock	35,000
Hitesh	50,000	Plant and	
Jayesh	40,000	machinery	80,000
	<u>1,80,000</u>		<u>1,80,000</u>

They admit Badal as partner on the following terms :

- (i) Plants machinery to be reduced by 10%.
- (ii) Stock to be increased by ₹ 3,000.
- (iii) Bed debts provision was to be created at 5%.
- (iv) Accrued income not appearing in the books ₹ 900.
- (v) Badal was to introduce ₹ 20,000 as premium for goodwill for 1/3 share of the future profits of the firm.

Prepare profit and Loss Adjustment Account, Capital Account and Balance Sheet of the new firm. Also calculate new profit sharing ratio.

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5. On 1st April, 2013, Rama Ltd. purchased from Delhi motors 5 cars costing ₹ 1,00,000 each on hire purchase system. The payment was to be made ₹ 1,00,000 down and remainder in four equal instalments of ₹ 1,00,000 each together with interest at 12% p.a. Rama Ltd. write off depreciation at 10% p.a. on original cost method.

Rama Ltd. could not pay the instalment due on 31st March, 2015. After negotiation, Delhi motors agreed to leave 2 cars with purchaser, adjusting the value of other three cars against the amount due at 20% p.a. on diminishing balance method.

Delhi motors after spending renovation expenses of ₹ 15,000 resold the three cars for ₹ 2,20,000 on 31st August, 2015.

Show the necessary ledger Accounts in the books of both the partners.

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6. Meenu purchased a machine on 1st April, 2013 for ₹ 1,80,000 and incurred ₹ 20,000 on its installation. On 1st July, 2014. Meenu purchased additional machine costing ₹ 1,50,000. On 1st July, 2015 the machine purchased on 1st April, 2013 was sold for ₹ 1,25,000 and on the same date, fresh machine was purchased at the cost of ₹ 2,50,000. Meenu depreciates the machinery @ 10% p.a. by reducing balance method.

Assuming that accounts are closed on 31st Dec. each year. Show the machine account for three years in the books of Meenu.

7. Sachin of Karnal consigned 1000 kg of Ghee to Amrit of Ajmer. The cost of each kg of Ghee was ₹ 55. Sachin paid ₹ 500 as cartage, ₹ 700 as freight and ₹ 800 as insurance in transit. During transit 100 kgs. of Ghee was destroyed due to accident, for which the Insurance company paid directly to consignor ₹ 3,200 in full settlement of the claim.

After three months from the date of consignment of goods, Amrit reported that 750 kgs of Ghee were sold @ ₹ 70 per kg and the expenses incurred on godown rent ₹ 1,000 and on marketing ₹ 1,800. Amrit is entitled to a commission of 6% on sale. Amrit also reported a loss of 20 kgs of Ghee due to leakage. Prepare consignment account and Abnormal loss Accounts.

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8. What is the difference between 'receipts and payment Account' and 'Income and expenditure account'? Explain the steps needed to prepare an Income and expenditure account from receipts and payments account.

16

9. Explain the following adjustment and give their treatment in financial accounts :

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- (i) Goods given away as charity
- (ii) Goods destroyed by fire
- (iii) Dishonour of Bills Receivables
- (iv) Good taken by the proprietor for personal use.

4×4=16