

**B.Com. (Part-I) Semester-II Examination  
(Commerce)  
FINANCIAL ACCOUNTING**

Time : Three Hours]

[Maximum Marks : 80

**Note :—**(1) There are three sections (A, B and C).

(2) Section-A : 20 marks,

Section-B : 20 marks,

Section-C : 40 marks.

(3) All questions are compulsory.

(4) Section-B and Section-C comprise of short and long questions respectively one each from respective unit having internal choice from the same unit.

(5) Show necessary working notes wherever necessary.

(6) In Section-A first solve MCQ will be taken into consideration.

**SECTION-A**

Choose an appropriate option :

1. Income and Expenditure Account is a \_\_\_\_\_
 

(a) Capital Account	(b) Real Account
(c) Personal Account	(d) Nominal Account
2. Outstanding subscription at the end of accounting year represents \_\_\_\_\_
 

(a) a liability	(b) an expenditure
(c) an asset	(d) a capital fund
3. In case of Non trading institution the excess of assets over liabilities is termed as \_\_\_\_\_
 

(a) Surplus	(b) Deficit
(c) Capital Fund	(d) Loan
4. Purchase of stationery expenditure is a \_\_\_\_\_
 

(a) Capital	(b) Revenue
(c) Long Term	(d) Deferred Revenue
5. Co-operative society using \_\_\_\_\_
 

(a) Single entry principle	(b) Double entry principle
(c) No standard principle	(d) Other principle of accounting

6. The Maharashtra Co-Op. Rules were passed in \_\_\_\_\_
- (a) 1961 (b) 1962  
(c) 1963 (d) 1964
7. According to Co-operative Society Act statutory fund or reserve fund is kept from Net Profit \_\_\_\_
- (a) 20% (b) 25%  
(c) 15% (d) 12%
8. Profit and Loss Account is prepared to know the \_\_\_\_\_
- (a) Profit (b) Loss  
(c) Profit and Loss (d) Risk
9. A farmer having less than one hectare of Irrigated land, is known as :
- (a) Small farmer (b) Marginal farmer  
(c) Big farmer (d) None of the above
10. \_\_\_\_\_ is an application of accounting principle to the business of farming.
- (a) Farm Planning (b) Farm Budgeting  
(c) Farm Accounting (d) Marketing
11. Symbol used for purity of agricultural goods is \_\_\_\_\_
- (a) ISI (b) AGmark  
(c) ISO (d) All of the above
12. A Farmer which has land holding between zero to one hectare is known as \_\_\_\_\_
- (a) Small Farmer (b) Big Farmer  
(c) Marginal Farmer (d) Agricultural Labour
13. On 1<sup>st</sup> Jan., 2018 due cash price of asset was Rs. 16,000. Rate of Interest is 10% on 31<sup>st</sup> Dec., 2018 Rs. 5,000 Installment is given. What is the interest for the year ?
- (a) Rs. 1,100 (b) Rs. 1,600  
(c) Rs. 2,100 (d) Rs. 2,500
14. The buyer has option to return the goods in case of \_\_\_\_\_
- (a) Instalment purchase only (b) Hire purchase only  
(c) Both instalment and Hire purchase (d) None of the above
15. The Depreciation in the books of buyer is charged on \_\_\_\_\_
- (a) Hire purchase price (b) The cash price  
(c) Total cash price (d) Total hire purchase price

16. Depreciation an Asset is calculated on :
- (a) Cash price of Capital (b) Cash price of Assets  
(c) Cash price of liability (d) Cash price of Creditor
17. Insolvency means \_\_\_\_\_
- (a) Impossible to pay his debts (b) Pay the debts  
(c) Sold property (d) None
18. When did Insolvency and Bankruptcy code 2016 receive the presidents assent ?
- (a) 5 Aug, 2016 (b) 28 May, 2016  
(c) 5 May, 2016 (d) 15 June, 2016
19. How much is the extension period for completion of Insolvency resolution process ?
- (a) 90 days (b) 180 days  
(c) 120 days (d) 150 days
20. The Presidency Town Insolvency Act was made in \_\_\_\_\_
- (a) 1920 (b) 1942  
(c) 1918 (d) 1909

1×20=20

**SECTION-B**

1. Prepare Receipts and Payment A/c for the year ending 31 Dec., 2019 of Amravati Sporting Club :
- |                                      |            |
|--------------------------------------|------------|
| (1) Cash in hand (1 Jan)             | Rs. 15,000 |
| (2) Sundry Exp.                      | Rs. 1,520  |
| (3) Furniture purchased              | Rs. 2,200  |
| (4) Charge depreciation on furniture | Rs. 350    |
| (5) Subscription received :          |            |
| 2018                                 | Rs. 2,500  |
| 2019                                 | Rs. 3,500  |
| 2020                                 | Rs. 2,200  |

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**OR**

From the following balance prepare Income and Expenditure A/c For the Year ending 31<sup>st</sup> Dec, 2018. Opening balance as on 1.1.2018 was Rs. 50,000.

Receipt	Rs.	Payment	Rs.
(1) Subscription received	90,000	(1) Wages & Salary	10,000
(2) Life membership Fee	10,000	(2) Furniture	20,000
(3) Sale of old Newspaper	2,000	(3) Sports Materials	12,000
(4) Interest on investment	10,000	(4) Other Expenditure	70,000
		(5) Stationery	3,000
		(6) Rent	15,000

Additional information :

- (1) There are 1100 life members of the club, required to pay the membership fees of Rs. 100 each.
- (2) Unpaid Sundry Exp. Rs. 2,000. 4
2. Prepare Manufacturing account of a Co-operative Society for the year ending 31<sup>st</sup> March, 2019 :
- (1) Opening Stock :
- |                    |            |  |
|--------------------|------------|--|
| (a) Raw material   | Rs. 45,000 |  |
| (b) Finished goods | Rs. 20,000 |  |
- (2) Closing Stock :
- |                    |            |  |
|--------------------|------------|--|
| (a) Raw material   | Rs. 30,000 |  |
| (b) Finished goods | Rs. 50,000 |  |
- (3) Purchase :
- |                    |              |  |
|--------------------|--------------|--|
| (a) Raw material   | Rs. 1,25,000 |  |
| (b) Finished goods | Rs. 30,000   |  |
- (4) Wages Rs. 18,000
- (5) Sale Rs. 2,10,000
- (6) Fright on sale Rs. 4,000
- (7) Water, Coal, Power Rs. 8,000 4

**OR**

Explain the proforma of profit and loss A/c. 4

3. From the following given information, prepare Dairy Account for the year ended 31<sup>st</sup> March, 2017 :
- (1) Stock (1/4/2016) :
- |           |           |  |
|-----------|-----------|--|
| Cows      | Rs. 2,000 |  |
| Cows food | Rs. 320   |  |
- (2) Sales :
- |           |           |  |
|-----------|-----------|--|
| Cows milk | Rs. 1,600 |  |
| Curd      | Rs. 80    |  |
- (3) Owner of Dairy uses milk for his family Rs. 164
- (4) Purchases of cows Rs. 1,400
- (5) Stock (31/3/2017) :
- |                          |           |   |
|--------------------------|-----------|---|
| Cows                     | Rs. 2,600 |   |
| Cows food                | Rs. 360   |   |
| Purchase of food of cows | Rs. 200   | 4 |

**OR**

State the objectives of Farm Accounting. 4

4. Shri Vilas purchased a machine by hire purchase system. He paid Rs. 2,400 on down payment.  
Rs. 2,560 at the end of the 1<sup>st</sup> year  
Rs. 3,560 at the end of the II<sup>nd</sup> year  
Rs. 3,560 at the end of the III<sup>rd</sup> year  
Interest charged 10% p.a. on cash price.  
Calculate cash price of the machine and amount of interest. 4

**OR**

Explain the features of hire purchases. 4

5. Some of liabilities of Jony Walker of Chennai, who filed his petition for insolvency on 30 Sept., 2018 are given below :

(1) Wages of 4 labours	Rs. 1,200
(2) Landlord's 3 months rent	Rs. 6,000
(3) Manager's salary	Rs. 3,000
(4) House tax	Rs. 1,800

Find out non preferential creditors as per Presidency Town Insolvency Act. 4

**OR**

Explain the presidency Town Insolvency Act and Provincial Insolvency Act. 4

**SECTION-C**

1. From the Receipt and Payment Account given below. Prepare the Income and Expenditure Account of Nagpur Club for the year ended 31<sup>st</sup> March, 2017 :

**Receipt & Payment A/c  
(For the year ending 31st March, 2017)**

Receipts	Rs.	Payments	Rs.
To opening stock cash in hand (b/d)	9,600	Salaries	4,500
<u>To subscription :</u>		Electricity	10,500
		Rent	2,400
2015-16	10,000	Tax	5,100
2016-17	67,500	Sundry Exp.	2,760
2017-18	20,000	Printing & Stationery	1,140
Entrance Fees	3,750	Books purchased	22,500
Received Rent of hall	2,250	Govt. Bond purchased	60,000
Sale of Investment	9,000	Fixed Deposit with	
Donation	7,500	Bank from (31/3/2017)	15,000
		Closing Balance	5,700
	<b>1,29,600</b>		<b>1,29,600</b>

**OR**

Show the difference between Income and Expenditure Account and Receipt and Payment A/c. 8

2. Following is the Trial Balance of Shree Swami Samarth Co-operative Society Amravati :

**Trial Balance**

Particulars	Dr. Rs.	Cr. Rs.
(1) Purchase and sale	7,50,000	30,00,000
(2) Return inward and outward	25,000	19,500
(3) Provision for bad debt	—	25,000
(4) Bad debt	3,000	—
(5) Debtors and creditors	7,97,000	4,25,000
(6) Depreciation reserve	—	30,000
(7) Bills receivable and Bills payable	2,60,000	1,60,000
(8) Indirect Exp.	40,000	—
(9) Plant	27,50,000	—
(10) Share Capital	—	30,00,000
(11) Opening stock	7,50,000	—
(12) Freight on sale	31,500	—
(13) Salaries	1,80,000	—
(14) Furniture	1,75,000	—
(15) Printing & Stationery	21,500	—
(16) Preliminary Exp.	20,000	—
(17) Commission	—	10,000
(18) Unproductive wages	66,500	—
(19) Cash at Bank	8,00,000	—
	<b>66,69,500</b>	<b>66,69,500</b>

Adjustments :

- (1) Stock at the end of the year Rs. 7,80,000
- (2) Create reserve for bad debt 2% on Debtors
- (3) Depreciation charge on plant at 10% on written down value
- (4) Unpaid salary Rs. 20,000
- (5) Advance commission Rs. 3,000 received

Prepare Trading, Profit and Loss A/c and Profit and Loss Appropriation A/c.

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**OR**

Prepare final Account of Prutha Co-Op. Society Ltd. for the year ended 31 March, 2017 :

Particulars	Dr. Rs.	Cr. Rs.
(1) Opening stock	28,020	—
(2) Purchase	2,71,000	—
(3) Return Inward	4,000	—
(4) Fixed Assets	42,520	—
(5) Furniture	11,000	—
(6) Fixture and Fitting	17,500	—
(7) Carriage Inward	500	—
(8) Octroi	820	—
(9) Salary	18,370	—
(10) Interest	4,590	—
(11) Cash in hand	880	—
(12) Rent	4,000	—
(13) Insurance	1,000	—
(14) Stationery	800	—
(15) Sale	—	2,74,350
(16) Return outward	—	1,000
(17) Secured loans	—	26,000
(18) Interest Received	—	18,350
(19) Bills payable	—	38,210
(20) Statutory Reserve	—	20,200
(21) Share Capital	—	24,000
(22) Depreciation Fund	—	2,890
	<b>4,05,000</b>	<b>4,05,000</b>

Adjustments :

- (1) Closing stock of Rs. 80,000
- (2) Prepaid Insurance Rs. 240
- (3) Depreciation Furniture 10% and Fixtures and fitting 15%
- (4) Make provision for statutory Reserve as per M.S. Co. Op. Act.
- (5) Make provision for dividend @ 9%.
- (6) Provision for dividend equalisation fund of Rs. 5,000.

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3. On 31<sup>st</sup> March, 2017 Amravati Co-operative Farming Society Ltd., prepared the following Trial Balance for the year ended 31<sup>st</sup> March, 2017 :

**Trial Balance**  
(As on 31st March, 2017)

Particulars	Dr. (Rs.)	Cr. (Rs.)
Capital A/c	—	2,14,000
Creditors	—	14,750
<u>Sales :</u>		
Milk & Dairy product	—	38,000
Wheat	—	65,750
Livestock	—	11,250
<u>Stock on 1.04.2016 :</u>		
Livestock	76,250	—
Wheat	5,000	—
Cattle feed	3,500	—
Fertilizers	2,750	—
<u>Purchases :</u>		
Livestock	14,500	—
Fertilizers	3,000	—
Seeds	1,500	—
Cattle feed	8,500	—
<u>Crop Expenses :</u>		
Labours	9,000	—
Other Direct Exp.	1,000	—
<u>Livestock Expenses :</u>		
Medicines	1,500	—
Labours	9,000	—
Dairy Exp.	2,000	—
General Expenses	15,000	—
Tractors	45,000	—
Land	1,25,000	—
Cash in hand and at Bank	21,250	—
	<b>3,43,750</b>	<b>3,43,750</b>



Adjustments :

(1) On 31<sup>st</sup> March, 2017 the stock was as under :

livestock — Rs. 75,000, wheat — Rs. 3,750

cattle feed — Rs. 2,250, fertilizers — Rs. 1,500

(2) The Society has used the following item for personal purposes :

Milk and Dairy products Rs. 6,000

Wheat Rs. 1,500

(3) Depreciation on Tractor to be provided @10% p.a.

Prepare Trading and Profit and Loss Accounts for the year ended 31.03.2017 and the Balance Sheet as on that date. 8

**OR**

Explain the characteristics of Farm Accounting. 8

4. Mr. Jay purchased a machine from Diksha Company on Hire Purchase System on 1<sup>st</sup> Jan., 2016. The cash price of machine was Rs. 80,000. He paid Rs. 20,000 on signing of an Agreement and balance in annual instalment of Rs. 20,000; excluding interest. Interest is at 12% p.a. on balance outstanding of each price. Mr. Jay closed his book on 31<sup>st</sup> December every year by charging depreciation at 15% p.a. on Reducing Balance method.

Prepare Diksha Company accounts in the books of Mr. Jay. 8

**OR**

On 1<sup>st</sup> Jan., 2009 Gunjan Ltd. purchased the machine from H.M.T. Ltd. on Hire Purchase System. The cash price of the machine was Rs. 75,000. Gunjan Ltd. paid Rs. 10,000 on signing of the agreement, and agreed to pay balance in 5 installments of Rs. 15,000 each payable annually. On 31<sup>st</sup> Dec. H.M.T. charged 5% interest p.a. on yearly balance which is included in the installment. Gunjan Ltd. decided to provide depreciation at 10% p.a. on Reducing Balance method. All payment are made through the Bank.

Prepare :

(a) Machine A/c

(b) H.M.T. Ltd. A/c. 8

5. The assets of Shri Sandeep, Mumbai on 31<sup>st</sup> Dec., 2016 as shown by his books were Rs. 22,000 including machinery valued in the books at Rs. 2,000 and it is estimated to realise Rs. 900. The liabilities on this date were Rs. 20,400, of which Rs. 800 was secured by machinery. Shri Sandeep filed his petition of bankruptcy and estimated his deficiency to be Rs. 14,400. After making his estimate, he found that the following items were not passed through his books of accounts.

- (1) A contingent liability for Rs. 1,200 on bills discounted by him for Rs. 6,000.
- (2) Amount due as (a) Two months wages of the two worker Rs. 250 (b) A clerks salary for 5 months Rs. 300 (c) Rent Rs. 300 (one month).

Prepare his statement of Affairs and Deficiency Account.

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**OR**

On the 1st July, 2017 Mr. Nitin of Amravati realised that he is unable to pay to his creditors. Following information is drawn from his book of account on his basis of which you have to prepare statement of Affairs as on 1<sup>st</sup> July, 2017 :

	<b>Rs.</b>
(1) Unsecured creditors	17,660
(2) Fully secured creditors (value of security Rs. 5,260)	4,704
(3) Partly secured creditors (Assets costing Rs. 36,196 are mortgaged with them)	75,394
(4) Preferential creditors	1,644
(5) Bill Receivable discounted	11,666
(6) Bill payable	40,132
(7) <u>Debtors</u> :	
Good	2,682
Doubtful (Rs. 170 likely to be recovered)	340
Bad	68
(8) Stock of Goods at Amravati H.O. (Cost) (Rs. 2,400 are likely to be realised)	2,612
(9) Stock of Goods and Debtors at Akola Branch (of these stock of goods is estimated to realise Rs. 11,276 and Rs. 35,444 are likely to be recovered from Debtors)	71,168

(10) Building and machinery at Branch	
(estimated to realise Rs. 40,000)	80,000
(11) Office Furniture (Estimated realised Rs. 400)	578
(12) Cash in hand	8
(13) Cash at Bank	160

His capital on 1<sup>st</sup> July, 2013 was Rs. 84,000. After charging Rs. 4,000 as interest on capital his profits for first and second year were Rs. 10,000 and Rs. 8,000 respectively. He suffered losses in subsequent three year of Rs. 4,200, Rs. 5,200 and Rs. 6,062 respectively. His drawing were Rs. 9,000 per year.

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