

1m/COM-100 Syllabus-2023

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(April)

FYUP : 1st Semester Examination

MINOR COURSE

COMMERCE : COM-100

(Accounting for Business)

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. (a) What do you mean by accounting concepts and conventions? Briefly explain any one from each of them.

3+4=7

- (b) Explain the objectives and limitation of accounting. Also explain accounting cycle.

5+3=8

Or

The following balances are extracted from the Books of Raj on 31st March, 2023. You are required to prepare the Trading Account, Profit and Loss Account and a Balance Sheet as on that date : $5+5+5=15$

	₹
Stock on 01-04-2022	10,500
Bills Receivable	2,250
Purchases	19,500
Wages	1,400
Insurance	550
Sundry Debtors	15,000
Carriage Inward	400
Commission (Dr.)	400
Interest on Capital	350
Stationery	225
Returns Inward	650
Commission (Cr.)	200
Returns Outward	250
Trade Expenses	100
Office Fixtures	500
Cash in Hand	250
Cash at Bank	2,375
Rent and Taxes	550
Carriage Outward	725
Sales	25,000
Bills Payable	1,500
Creditors	9,825
Capital	18,950

Adjustments :

- (i) Closing Stock was ₹ 22,500
 (ii) Depreciation on Office Fixtures @ 10% p.a.

(iii) Prepaid Rent—₹ 50

(iv) Outstanding Trade Expenses—₹ 40

2. Mr. Kanu maintained his Books of Accounts on Single-Entry System. His Cashbook revealed the following information :

Receipts	₹
Debtors	8,350
Cash Sales	3,650
Payments	₹
Cash Purchases	1,600
Paid to Creditors	3,725
Salaries and Wages	2,100
Insurance	300
Other Expenses	1,700

The following additional information is available (in ₹) :

	01-01-2023	31-12-2023
	₹	₹
Cash in Hand	25	70
Cash at Bank	300	100
Debtors	5,250	5,170
Stock	1,800	2,200
Furniture	400	500
Building	10,000	10,000
Creditors	3,005	4,000

Adjustments :

- (i) Interest on Capital is to be provided @ 10% p.a.

(ii) Provision for Doubtful Debts is to be created ₹ 170

(iii) Charge depreciation on Furniture and Buildings @ 10%

You are required to prepare the Trading Account, Profit and Loss Account for the year ended on 31-12-2023 and a Balance Sheet as on that date. $5+5+5=15$

Or

(a) Mr. A of Shillong sent goods on consignment to Mr. B of Guwahati 400 cases @ ₹ 150 on 1st July, 2023 to be sold on his account and at his risk for 10% commission. A incurred ₹ 4,000 expenses on despatching the goods to B. On 15th July, 2023, A received a bill for ₹ 30,000 at 2 months from B. On 31st December, 2023, B sent an account sales disclosing that 300 cases have been sold for ₹ 225 each and the remaining cases @ ₹ 240 each. The account sales also discloses that B has incurred unloading expenses ₹ 800, selling and distribution expenses ₹ 1,200. He sent a draft for the net amount due. You are required to pass the Journal Entries and prepare the necessary accounts in the Books of Consignor.

$4+4+4=12$

(b) What do you mean by overriding commission?

3

3. (a) The Balance Sheet of A and B on 31st March, 2023 is set out below. They share profits and losses in the ratio of 2 : 1 :

Liabilities	₹	Assets	₹
A's Capital	40,000	Freehold Property	20,000
B's Capital	30,000	Furniture	6,000
General Reserve	24,000	Stock	12,000
Creditors	16,000	Debtors	60,000
		Cash	6,000
		P/L A/c	6,000
	<u>1,10,000</u>		<u>1,10,000</u>

They agreed to admit C into the firm subject to the following terms and conditions :

- C will bring in ₹ 21,000 of which ₹ 9,000 will be treated as his share of goodwill to be retained in the business.
- He will be entitled to $\frac{1}{4}$ th share of the profit.
- Depreciation is to be provided on Furniture @ 5% p.a. Stock is to be revalued at ₹ 10,500.
- Create a Provision for Bad and Doubtful Debts @ 10% of Debtors.

Prepare Revaluation Account, Partners' Capital Account and Balance Sheet of the new firm as on 1st April, 2023.

$4+4+4=12$

- (b) Write a note on Memorandum Revaluation Account. 3

Or

- (a) X, Y and Z are partners sharing profits and losses in the ratio of 4 : 2 : 3. On 1st January, 2023, they agreed to dissolve the partnership. Their Balance Sheet was as follows :

Liabilities	₹	Assets	₹
Profit and Loss	4,500	Building	45,000
Reserve Fund	12,600	Machinery	15,000
Bills Payable	4,100	Furniture	3,700
Sundry Creditors	9,000	Stock	19,400
Loan from X	4,000	Debtors	31,000
Capital Accounts		Investments	24,000
X	68,000	Bills Receivable	5,600
Y	46,000	Cash at Bank	6,500
Z	3,000	Cash in Hand	1,000
	<u>1,51,200</u>		<u>1,51,200</u>

The assets realized : Investments ₹ 20,400, Bills Receivable and Debtors ₹ 28,200, Stock ₹ 14,550, Furniture ₹ 2,050, Machinery ₹ 8,600, Building ₹ 26,400. All the liabilities were paid off. The cost of realization was ₹ 600.

Prepare Realization Account, Partners' Capital Account and Bank Account.

$$4+4+4=12$$

- (b) When is a partnership firm dissolved? 3

4. (a) On 01-01-2022, X Ltd. purchased a machine from Y Ltd. on the installment system. The cash price of the machine was ₹ 11,17,500 and payment was to be made as follows :

₹ 3,00,000 was to be paid on the signing of the agreement and the balance in three installments of ₹ 3,00,000 each at the end of each year, 5% interest is charged by the Y Ltd. p.a. X Ltd. has decided to write off 10% annually on the diminishing balance of the cash price.

Give Ledger Accounts in the Books of Purchaser. Calculations are to be made to the nearest rupee. 12

- (b) Differentiate between hire-purchase and installment sale. 3

Or

- (a) A company leased a colliery on 1st January, 2020 at a minimum rent of ₹ 20,000 merging into a royalty of ₹ 1.50 per tonne with power to recoup short working over the first three years of the lease. The output of the colliery for the first four years was 9000 tonnes, 12000 tonnes, 16000 tonnes and 20000 tonnes respectively. Pass the necessary Journal Entries for each of the four years in the Books of the Company. 12

(b) Explain surplus royalty. 3

5. Write short notes on any *three* of the following : $5 \times 3 = 15$

- (a) IFRS
- (b) Proforma invoice
- (c) Garner versus Murray
- (d) Hire-purchase system

Or

Write short notes on any *three* of the following : $5 \times 3 = 15$

- (a) Advantages of accounting
- (b) Limitation of Single-Entry System
- (c) Limited liability partnership
- (d) Del credere commission

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