

Raje Ramrao Mahavidyalaya, Jath

Department of Commerce 2021-22

B.Com (Part – I) (Semester – II)

Financial Accounting (Paper- II)

Question Bank for B.Com Part- 1

Q.1) Shri. Karan who keeps his books by single entry system supplied you the following information.

Particulars of Amount

Summary of Cash book	Rs.	
Bank Balance (1-4-2020)		1,200
Cash Balance (1-4-2020)		50
Drawing		2,250
Wages		2,100
Salaries		2,700
Sundry Expenses		3,975
Paid to Creditors (Including Payment for B.P.Rs. 1,200)		11,400
Received form Debtors (Including Receipts on Bills Receivable.Rs.1,400)		16,092
Cash Sales		4,743
Bank O/D (31-03-2021)		450
Other Assets and Liabilities	On 1-4-2020	31-03-2021
Stock	5,940	7,500
Furniture	360	360
Buildings	6,000	6,000
Creditors	6,600	2,100
Debtors	7,500	5,805
Bills Payable	900	NIL
Bills Receivable	1,500	2,100

Interest on Capitals as on 1-04-2020 to be charged Rs.750. Depreciation on Building and Furniture is to be written off at 5% and 10% respectively. Reserve of Rs. 150 is to be created for Doubtful Debts. Prepare Trading and Profit and Loss Account for the ending 31-03-2021 and Balance Sheet as on date.

Q.2) Mr. Samarth does not maintain his books on Double Entry System (A) From the Prepare Profit & Loss A/c and Balance Sheet as on 31-03-2021.

Other Assets and Liabilities	On 1-4-2020	31-03-2021
Stock	19,800	1,13,200
Creditors	31,000	14,500
Debtors	1,18,000	1,25,000
Premises	90,000	90,000
Furniture	11,000	11,500
Air Conditioner	15,000	15,000

(B) Creditors as at 31-03-2021 Includes Rs. 15,000 for purchase of Air Conditioners.

(C) Cash Transactions:	Rs.
Cash as at 1st Apr., 2020	15,000
Collection from customers	1,60,800
Payment to Creditors (Trade)	1,44,000
Rent, Rates and Taxes	11,500
Salaries	1,12,000
Sundry Expenses	18,000
Sundry Income	16,500
Drawings by Samarth	30,000
Loan from Mrs. Fernandes	23,000
Capital Introduced	12,000
Cash Sales	11,500
Cash Purchases	15,000
Paid to Creditors for Air Conditioner	15,000

Q.3) The item set out below is extracted from the books of Mr. Satish who keeps his books of account under single entry system. You are required to prepare the Trading and Profit & Loss account for the year ending 31-3-2021 and the Balance Sheet as on that date.

Receipts and Payments Account for the year ending 31st March, 2021

Receipts	Rs.	Payments	Rs.
To Bal b/d	6,000	By Creditors	81,000
To Sales	34,000	By Salary	4,500
To Debtors	1,25,000	By Rent	2,000
		By Wages	14,000
		By Trade Expenses	8,000
		By Purchases	6,000
		By Drawings	15,000
		By Balance C/d	34,500
	1,65,000		1,65,000

The assets and liabilities were as follows:

Particulars	01-04-2020	31-03-2021
Stock	25,000	36,000
Creditors	13,000	14,000
Debtors	27,000	32,000
Furniture	12,000	12,000
Machinery	40,000	40,000

Provide for depreciation on furniture at 5% and on machinery 10%. Make provision for doubtful debts at 5% on debtors.

4) You are required to prepare Trading and Profit & Loss account for the year ended 31-3-2021 and Balance Sheet as on that date on the following information.

Assets and Liabilities	01-04-2020	31-03-2021
Creditors	15,770	12,400
Expenses Outstanding	600	330
Sundry Assets	11,610	12,040
Stock	8,040	11,120
Cash in Hand and At Bank	6,960	8,080
Debtors	16,530	17,830

Details of the year's transactions are :

	Rs.
Cash and Discount credited to Debtors	64,000
Returns from debtors	1,450

Bad debts	420
Sales-cash and credit	71,180
Discount allowed by creditors	700
Returns to creditors Capital introduced	400
Receipts from debtors	8,500
Cash purchases	62,500
Expenses paid in cash	1,030
Purchases of machinery by cheque	9,570
Drawings by Cheque	430
Cash payments into Bank	5,000
Withdrawn from bank into cash	9,240
Cash in hand at the end	1,200
Payments to creditors by Cheque	60,270
Cash at Bank	6,880

Q.5) Shri. Avadhut keeps his books under Single Entry System. He gives you the following information relating to the year ending 31st March, 2021.

Summary of Bank Transactions			
Particulars	Rs.	Particulars	Rs.
To Balance at Bank	4,350	By Drawings	7,520
To Sundry Debtors	38,400	By Trade Creditors	27,100
To Bills Receivable R	12,000	By Bills Payable	9,300
To Commission Rece	1,500	By Wages	12,000
To Cash Sales	8,600	By Salaries	6,500
To Balance c / d	3,350	By Rent and Taxes	4,400
		By Insurance	800
		By Carriage Inward	250
		By Advertising	330
	68,200		68,200
		By Balance b/d	3,350

Particulars of other Assets and Liabilities	31/03/2020	31/03/2021
	Rs.	Rs.
Stock on Hand	18,700	23,400
Debtors	12,000	14,000
Creditors	9,000	1,500
Bills Receivable	4,000	5,000
Bills Payable	1,000	200
Outstanding Salaries	600	1,200
Office Furniture	600	600
Office Building	12,000	12,000

A provision of Rs. 1,450 is required for doubtful debts on debtors and depreciation @ 5% is to be charged on Furniture and Building. There are Outstanding Wages Rs. 3,000 Insurance has been pre-paid to the extent of Rs. 250. Legal expenses are outstanding to the extent of Rs. 700.

You are required to prepare Total Debtors A/c, Total Creditors A/c Total Bills Receivable A/c, Total Bills Payable A/c Trading, Profit and Loss Account for the year ending 31st March, 2021 and Balance Sheet as on that Date.

Q.6) Shri. Following is the Statement of Affairs of A as on 31st March, 2021.

Statement of Affairs as on 31st March 2021			
Liabilities	Rs.	Assets	Rs.
Trade Creditors	4,540	Cash at Bank	3,250
Expenses Owing	300	Cash in Hand	100
Capital	19,220	Trade Debtors	7,360
		Stock	9,100
		Furniture	4,250
	24,060		24,060

The merchant has kept incomplete records, but he informs you that on 31st March, 2021, his trade debtors (including Bad Debts Rs. 350) were Rs. 8,250 while he owed for Goods Rs. 5,260 and for expenses Rs. 370. He estimates the value of stock at Rs. 9,260 and that of Furniture at Rs. 4,000. An analysis of his Bank Pass Book shows as under.

Paid into Bank: Cash Sales Rs. 6,730; Received from Debtors Rs. 32,650; Private Investments Income Rs.350.

Drawings from Bank: For Goods Rs. 21,600; Business Expenses Rs. 8,350; for Self Rs. 4,600; Income tax Rs. 1,230.

In addition, he states that Cash Sales amounting to Rs. 1,250 had not been

banked but had been utilised as under -

(a) For Petty Business Expenses Rs. 810

(b) For Purchase of Goods Rs. 380

Prepare Trading and Profit & Loss Account for the year ending 31st March, 2021 and Balance-Sheet as on that date.

Q.7) Shri. Mahesh requests you to prepare a Balance Sheet and Profit & Loss Account for the year 2020-21 from the following details.

All his takings: Cash and Credits are paid into Bank, except the amount retained for personal use and for petty expenses, which he notes in a note book. An analysis of the Bank Pass Book reveals the following.

Total amount (including Rs. 3,350 for credit sales made in 2018-19) paid into Bank Rs. 43,550.

Expenditure

Personal drawings Rs. 3,000; Purchases Rs. 35,400; Salaries Rs. 2,500, Rent Rs. 1,200 Electricity Rs. 350; Printing and Stationery Rs. 250, and Advertising Rs. 450.

Cash at Bank on 31st March, 2012 was Rs. 400.

His personal drawings shown in the note book amounted to Rs. 1,200 and the amount spent for petty expenses Rs. 300, Rs. 4,675 was outstanding for credit sales excluding Rs. 425, which was considered irrecoverable and to be written off.

His liabilities were:

Particulars	31-03-2020	31-03-2021
Creditors	2,400	3,500
Rent	100	1,000
Electricity	20	15
Advertising	-	250

The stock on 31-3- 2021 was Rs.3,500 but he had no record of his stock on 31st March, 2020. He sold his goods at profit 33 1/2 % on cost.

Q.8) Shri Bholanath started a Retail store in groceries at Mumbai from 1st April 2020 He kept his books on Single Entry System. He commenced his business with Rs. 12,000 of his own and Rs. 3,000 borrowed from his wife, who is to be paid interest at the rate of 8% p.a. on her loan.

On 31st March, 2021 an inventory of his Asset shows a total value of Rs. 25,000 whereas his Trade Liabilities on that day amounted to Rs. 8,000 in addition to his wife's loan on which neither interest is paid nor any repayment is made

On a scrutiny of his books the following additional information is available.

(a) On 1st November, 2020 he remitted to his son who is abroad, Rs. 3,000 by Bank Draft. For this purpose, he had to transfer Rs. 1,200 from his business Bank Account to his personal Bank Account.

(b) A friend of his borrowed from him Rs. 1,000 in August, 2020 which he paid from business Cash Balance. This amount was returned by the said friend in March, 2021 with interest of Rs. 50/- which was deposited in the firm's Bank Account.

(c) Municipal Rates and Taxes paid by the firm include Rs. 50/- paid for his Residential House

(d) Dividends of Rs. 300 for Tata Chemical Shares owned by him were paid by mistake in Firm's Bank Account.

(e) His personal drawings during the year were Rs. 3,000.

Find out his profit or loss for the year ending on 31st March, 2021 giving detailed workings.

Q.9) Shri Baban maintained his accounts on Single Entry System. His balances for the year ended 31-3-2020 and 31-3-2021 were as follows.

Particulars	31/03/2020 Rs.	31/03/2021 Rs.
Bills Receivable	4,000	2,400
Stock	7,900	8,800
Creditors	9,400	8,350
Cash	3,908	1,963
Bills Payable	3,471	5,051
Debtors	9,361	8,355
Furniture	2,000	2,000

Payments: Wages Rs. 900/-; Bills Payable Rs. 3,000 /-; Miscellaneous Expenses Rs. 700/-.
Payments to Creditors Rs. 1,425/-. ; Purchases Rs.600/- ; Personal Expenses Rs.1,500: Salaries Rs. 800/-; Investments Rs. 1,000/-.

On inquiry Shri. Baban told that during the year 2020-21, discounts allowed and received were Rs. 400/- and Rs. 355/- respectively. During the period his bad-debts amounted to Rs. 560/- & Bills Receivable Dishonoured Rs. 300/-.

You are required to show the Trading and Profit & Loss Account for the year ended 31-03-2021 and Balance Sheet as on that date. Also show Total debtors Account, total Creditors Account, Bills Receivable Account and Bills Payable Account.

Q.10) Upon analysing the Firm's Cash Book for that period, you find the following.

Bank Balance 1st April, 2020 Rs. 8,000, Sanjay's Drawings Rs. 9,000. Sandesh's Drawings Rs. 6,000, Paid to Trade Creditors (including Bills Payable) Rs. 76,000, Wages Rs 22,000: Salaries Rs. 10,000; Other Trade Expenses Rs. 26,510; Received from Trade Debtors (including Bills Receivable) Rs. 1,07,290, Bank Balance 31st March, 2021, Overdraft Rs. 3,000; Cash in Hand 31st March, 2021 Rs. 400 & Receipts from Cash Sales Rs. 31,620.

The respective capitals of Sanjay and Sandip on 1st April, 2020 were Rs. 80,000 & 20,000 respectively. Particulars of other assets & liabilities of the firm are as follows:

Particulars	31/03/2020	31/03/2021
	Rs.	Rs.
Stock in Hand	39,600	50,000
Debtors	50,000	38,710
Creditors	44,000	14,000
Bills Receivable	10,000	14,000
Business Premises	40,000	40,000
Bills Payable	6,000	-
Office Furniture	2,400	2,400

Partners are entitled to 5% interest on opening balances of capital accounts. Sandesh is also entitled to be credited with a commission of 6% upon the net profits divisible between the partners after charging such commission. Reserve Rs. 3,000/- for doubtful debts & write off 5% depreciation on business premises and office furniture.

Q.11) Following is the Balance Sheet of X, Y and Z who were partners sharing profits and losses in the ratio of 3:2:1 respectively.

Balance Sheet as on 31st March, 2021

Liabilities	Rs.	Assets	Rs.
Capitals: X	24,000	Plant and Machinery	20,000
Capitals: Y	16,000	Furniture	10,000
Capitals: Z	8,000	Stock	15,000
General Reserve	9,000	Debtors	18,000
Sundry Creditors	9,000	Cash at Bank	3,000
	66,000		66,000

The partners decided to dissolve the firm and form a limited company called as Indian Traders Ltd., to take over business of the firm as per following scheme.

1. Indian Traders Ltd. took over the assets as under : Plant and machinery Rs. 25,000, Stock Rs. 12,000, Debtors Rs. 16,000.
2. Furniture was sold for Rs. 7,000.
3. Goodwill of the firm is valued at Rs. 5, 000 .
4. Sundry creditors of the firm are taken over by the Company for Rs. 8,000.
5. Realisation expenses amounted to Rs. 900.
6. Purchase price is given in the form of 4, 000 equity shares of Rs.10 each and balance in cash.

Give Journal Entries and ledgers to close the books of the firm.

Q.12) Saniya and Rajat were in partnership sharing profits and losses equally. Their Balance sheet as on 31st March, 2021 was as follows:

Balance Sheet as on 31st March, 2021

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	25,000	Cash	2,000
Bills payable	10,000	Sundry Debtors	22,000
Bank Overdraft	4,000	Less R.D.D. -	1,000
Rajat's Loan	5,000	Commission Receivable	1,000
Depreciation Fund	3,000	Bills Receivable	7,000
Reserve Fund	4,000	Stock	34,000
Capital Accounts		Fixed Assets	56,000
Saniya	40,000		
Rajat	30,000		
	1,21,000		1,21,000

On 1st April, 2020, the firm was converted into a company called 'Delta Ltd. Company. The agreement with the company and other matters were as follows:

1. The company to take all assets except cash and commission receivable.
2. The company agree to discharge outside liability only.
3. Purchase consideration was agreed at Rs. 95,000/- payable Rs. 72,000/- in shares of Rs. 100 each and balance in cash.
4. Nothing could be recovered by the firm on account of commission receivable.
5. The firm paid the realisation expenses amounting to Rs. 2,000/-

Show necessary Ledger Accounts to close the books of the firm.

13) Nitin, Mahesh and Anil were partners sharing profits and losses in the ratio of 3:2:1 respectively. The Balance Sheet of the firm as on 31st March 2021 was as under:

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	12,000	Cash at Bank	8,800
Capital Reserve	4,800	Debtors	30,000
Investment Fluctuation Fund	6,000	Stock	24,000
Capital Accounts		Furniture	18,000
Nitin	45,000	Plant and Machinery	32,000
Mahesh	30,000		
Anil	15,000		
	1,12,800		1,12,800

The partners of the firm decided to dissolve the firm and to form a Private Lid. Company to take over the business of the firm on the above date subject to the following adjustments :

1. The assets are transferred to new company at following values Debtors Rs.28,000 Stock Rs.20,000, Plant and Machinery Rs. 40,000
2. Furniture was sold at Rs.16,000.
3. The new company valued the Goodwill at Rs. 4,000.
4. The Creditors of the firm are to be transferred to new company at Rs.11,200.
5. Realisation expenses amounted to Rs.1,200
6. Purchase consideration is to be given in the form of 7,200 equity shares of Rs. 10 each and balance in cash.

Prepare necessary Ledger Accounts to close the books of the firm.

14) X Ltd. was formed to acquire the business of P,Q & R who share profits in the ratio of 2:1:1 respectively. The Balance Sheet of the firm on 31st March 2021 was as follows:

Liabilities	Rs.	Assets	Rs.
Capital Accounts		Plant & Machinery	37,000
P	25,000	Stock	17,000
Q	12,000	Debtors	19,000
R	12,000	Investments	10,000
Investment Fluctuation Fund	5,000	Cash	1,000
Creditors:	24,000	Moter Car	10,000
Bills Payable	16,000		
	94,000		94,000

X Ltd. took Plant & Machinery, Stock and Debtors at 10% less than the book value and agreed to pay Rs. 10,000 for the Goodwill. It is also agreed to pay the creditors at book value. The purchase consideration was satisfied in 400 shares of Rs. 100 each and the balance in cash.

Mr. P took the Motor car at Rs. 8,000 Investments were sold in the Market for Rs. 9,000. The partnership firm paid Bills Payable at 10% discount

Realisation expenses amounted to Rs. 2,300.

The partnership firm sold the shares of X Ltd. of Rs. 36,000 The X Ltd. issued for cash 150 shares of Rs. 100 each to the public and they were fully paid.

Draw up:

(a) Realisation A / c

(b) Cash A / c

(c) Capital Accounts of partners

15) A, B and C carry on business in partnership sharing profits and losses in proportion of 4/8, 3/8 and 1/8 respectively. On 31st March 2021 they agreed to sell their business to a Limited Company. The position on that date was as follows:

Liabilities	Rs.	Assets	Rs.
Capital Accounts		Machinery	1,20,000
A	2,00,000	Stock	1,30,000
B	1,50,000	Book Debts	1,50,000
C	1,30,000	Cash	20,000
		Freehold Property	1,80,000
Loan	40,000		
Sundry Creditors	80,000		
	6,00,000		6,00,000

The Company took-over the following Assets at the valuation of –

Freehold Property Rs.2,20,000
Machinery Rs. 1,1,0000
Book-debts Rs. 1,40,000
Stock Rs. 1,20,000
Goodwill Rs. 40,0000.

The Company agreed to pay the Creditors which was agreed at Rs.77,000. The company paid Rs. 3,36,000, in fully paid shares of Rs.10 and the balance in cash. The expenses amounted to Rs. 5,000

Prepare ledger A/cs. in the books of the firm.

16) Following are the particulars relating to a Kolkata Branch of Pravin & Co, Delhi, for the year ended 31st March, 2021.

Particulars	Amount (Rs.)
Stock at Branch on 1st April. 2020	1,500
Goods supplied to the Branch	24,000
Salaries	1,200
Rent	360
Telephone Expenses	100
Petty Cash (remittance)	150
Remittances received from the Branch	27,500
Stock on 31st March, 2021	1,250
Petty Cash balance on 31st March, 2021	10
Petty Expenses	140

All the Branch expenses are paid by Head Office, petty cash being supplied on Imprest system.

Give Journal Entries and the Branch A/c in the Head Office books.

17) Shashwat Stores Ltd., with its Head Office at Delhi invoiced goods to its branch at Gaziabad at less than the list price. The list price 20% is cost plus 100% (Profit). Following are the particulars relating to the branch for the year ended 31st March, 2021.

Particulars	Amount (Rs.)
Stock at Branch on 1st April. 2020	16,000
Branch Debtors (on 1-4-2020)	8,000
Petty Cash at Branch (on 1-4-2020)	125
Goods sent to Branch at invoice price	1,60,000
Goods returned by the Branch	16,000
Goods returned by Debtors	2,000
Total Sales made by the Branch	1,10,000
Cash Sale made by the Branch	40,000
Total Cash remitted to Head-Office	1,00,000
Discount and Allowances made to Debtors	4,000
Cash sent by the Head Office for :	
Salaries	2,800
Rent	2,200
Insurance (for 12 months upto 30-6-2018)	1,200
Petty Cash	500
Stock at Branch (on 31-3-2021 at invoice price)	20,000
Petty Expenses at the Branch	575

Ascertain the profit or loss made by the branch by preparing the Branch Account in the books of Head Office.

18) From the following particulars prepare Branch Account for the half year ended on 30-9-2020 in the Head Office books. Goods are supplied by the Head Office at 25% profit on invoice price and the Branch is advised to sell goods at invoice price. Petty cash at branch is maintained on Imprest system.

Particulars	Amount (Rs.)
Furniture purchased for the Branch	4,000
Goods sent to Branch	1,00,000
Cash sent to Branch for Petty Expenses	600
Expenses paid by the Head Office	
Rent	1,200
Salaries	3,000
Sundry Expenses	900
Insurance (upto 30-6-2018)	900
Cash Sale made by the Branch	6,000
Credit Sales by the Branch	70,000
Discount and Allowances made to Debtors	25,000
Discount allowed to Debtors	14,000
Bad Debts written off	300
Cash paid by debtors directly to H. O.	100
Goods returned by debtors	2,000
Petty Expenses paid by Branch	800
Stock at Cost (excluding the goods returned by the debtors)	800
Provide for depreciation on furniture at 10% p.a.	-

19) M/s Mahalaxmi Traders, Nagpur has a branch at Sangli. The goods are invoiced to the branch so as to show a profit of 30% on Invoice price, under the strict instructions of selling goods only at invoice price. Following are the particulars relating to the branch.

Particulars	Amount (Rs.)
Stock on 1-4-20 (invoice price)	12,000
Debtors on 1-4-2020	6,200
Goods sent to Branch (at invoice price) during the year	35,000
Goods returned by the Branch (at invoice price)	1,000
Credit sales made during the year	21,000
Cash sales made during the year	20,000
Goods returned by customers	600
Cash from Debtors	19,000
Discount allowed to Debtors	300
Allowances made to Debtors	200
Cheques sent to Branch for	-
Salaries	3,300
Rent & Rates	2,000
Shortage of goods at the branch	400

Ascertain the Profit or Loss made by the branch by preparing (1) Branch Stock A / c, (2) Branch Debtors A / c, (3) Branch Expenses A/c and (4) Branch Adjustment A / c.

20) A Trading Firm has a retail branch which is supplied with goods from the Head Office and which keeps its own sales ledger and remits all cash received daily to the Head Office, the branch expenses being paid by the Head Office by weekly cheques.

From the following particulars draw up the Branch Accounts as they would appear under "Stock and Mors^ - system in the Head Office books for the six months ending 30th Sept, 2020.

Particulars	Amount (Rs.)
Six month's Credit Sales	2,485
Cash Sales	1,460
Returns from Debtors	30
Cash received on Ledger Accounts	2,387
Debtors on 1st April, 2020	1,345
Stock on 1st April, 2020	840
Stock on 30th Sept., 2020	1,280
Goods received from Head Office	2,276
Bad Debts at Branch	65
Salaries and Sundry Expenses	415
Rent, Rates and Taxes	402

21) Give the overview of computer system of accounting.

22) Write a note on Accounting Software".

23) What is "Tally? State its advantages.

24) Explain the difference between manual accounting and computerise accounting.

25) Write Short Notes on.

(i) C. P. U.

26) Discuss in brief computer system.

(vi) Printer

(v) Hardware

(iv) Joy stick

(iii) Software

(ii) Spread sheet

27) Purchase Consideration

28) Conversion of Partnership into a Ltd. Co

29) Give journal entry in the books of the firm for purchase consideration to be received.

30) To which Accounts are assets and liabilities of the partnership firm transferred?