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-Shikshanmaharshi Dr.Bapuji Salunkhe

Raje Ramrao Mahavidyalaya, Jath
Department of Commerce 2021-22
B.Com (Part – I) (Semester – I)
Financial Accounting (Paper- I)

Question Bank for B.Com Part- 1

Q.1)The respective Balance Sheets of A and B and C and D at the date of amalgamation i.e. 31st March, 2020.

A and B

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	21,500	Cash At Bank	3,000
Capital Accounts	-	Sundry Debtors	20,000
A	25,000	Stock	30,000
B	15,000	Investments	8,000
		Office Furniture	500
	61,500		**61,500**

C and D

Liabilities	Rs.	Assets		Rs.
Sundry Creditors	21,000	Cash At Bank		1,000
Reserve	11,500	Sundry Debtors	25,000	
Capital Accounts	-	Less : Reserve	500	24,500
C	19,000	Stock		20,000
D	11,000	Trade Fixtures		1,000
		Leasehold Premises		12,000
		Goodwill		4,000
	62,500			**62,500**

It was agreed that the Balance Sheet of A and B should be adjusted as follows before amalgamation.

(a) That Rs. 400 be reserved for doubtful debts.

(b) That stock and furniture be depreciated by 10%.

(c) That investments be taken over at Rs. 10,000.

(d) That Rs. 300 be reserved for Discount on Creditors.

(e) That Goodwill be valued at Rs. 4,000

The following adjustments were agreed upon in the Balance Sheet of C and D.

(1) That Book Debts, Stock and Trade Fixtures be taken over a book figures.

(ii) That the leasehold and Goodwill be valued at Rs. 18,000 and Rs. 6.000 respectively.

The Capitals A, B, C and D in the new firm were fixed at R 5 .30 and Rs. 20,000, Rs. 30,000 and Rs. 20,000 respectively.

(a) Pass Journal entries in the books of A and B (b) give ledger accounts in the books of C and D (c) Pass journal entries and give a Balance Sheet in the books of the new firm M / s ABCD.

Q.2) A and B carrying on business in partnership agree to amalgamate their business with that of C and D carrying on business 1/3 and 2/3 partners respectively.

The new firm commenced business from 1st April, 2020 under the name of M / s A, B, C and D.

It was further agreed:

1. A, B and C bring equal capital which should be Rs. 50,000 each and D should bring in Rs. 30,000 as his capital.

2. The stock of C and D should be appreciated by 25% and that of A and B should be taken at book value.

3. The provision for Bad Debts should be increased to 5% on debtors.

4. Office furniture of C and D should be valued at Rs. 400 and that of A and B at Rs. 3,800.

5. Creditors of each firm should be taken over at a discount of 5%.

6. That a Goodwill Account should be opened in the books of each firm on the basis of two years' purchase of the last three years' profits which wereas follows.

	Rs.	Rs.	Rs.
A and B	30,000	40,000	35,000
C and D	29.000	37,000	33,000

7. All the partners share equally in the new firm.

8. No Goodwill Account should remain in the books of the new firm.

Subject to the above adjustments the Assets & the Liabilities should be taken on the basis of the following Balance Sheets:

A and B

Balance Sheet as on 31-03-2021

Liabilities	Rs.	Assets		Rs.
Sundry Creditors	18,100	Office Furniture		3,500
Capital Accounts	-	Sundry Debtors	21,000	-
A	50,625	Less : Reserve	275	20,725
B	50,000	Cash		10,500
		Stock		84,000
	1,18,725			**1,18,725**

C and D

Balance Sheet as on 31-03-2021

Liabilities	Rs.	Assets		Rs.
Sundry Creditors	21,000	Furniture		450
		Stock		68,000
Capital Accounts	-	Sundry Debtors	50,000	-
C	75,000	Less : Reserve	250	49,750
D	25,900	Cash		3,700
	1,21,900			**1,21,900**

You are required to give:

(1) Journal Entries in the books of A and B and (ii) Balance Sheet of A, B,(and D as on 1 - 4 -2020.

Q.3) A and B were Partners sharing profits & losses in the ratio of 3:1 and C and D were partners sharing profits & losses equally.

Following were their Balance Sheet as on 31-03-2021.

Balance Sheets

Liabilities	A&B Rs.	C&D Rs.	Assets	A&B Rs.	C&D Rs.
Crediters	10,000	15,000	Plant & Machinery	20,000	27,000
Bills Payable	4,000	8,000	Furniture	12,000	9,000
Mrs. B's Loan	10,000	-	Stock	20,000	24,000
Mrs D's Loan	-	7,000	Debtors	19,000	17,000
Outstanding Rent	2,000	1,500	Fixtures	1,600	1,200
Capital Account	-	-	Cash in hand	3,400	3,300
A	30,000				
B	20,000				
C		25,000			
D		25,000			
	76,000	81,500		76,000	81,500

The two firms amalgamated on the following terms:

1. Mr. B agreed to pay Mrs. B's loan and Mr. D agreed to pay Mrs. D^ prime 3 Loan.

2 Outstanding Rent was paid in full by the respective firms.

3. Creditors of both the firms were taken by the new firm at a discount of 5%

4. Plant & Machinery is subject to 5% depreciation of both the firms.

5. Furniture of C & D was sold in the market for Rs. 8,000 and furniture of A & B was not taken over by the new firm.

6. Fixtures were not taken over by the new firm.

7. Stock of A & B was valued at Rs 22,100 and Stock of C & D was valued at Rs. 21,000.

You are required to prepare Revaluation Accounts, Partner's Capital A/cs in the books of both the firms and Balance Sheet of the new firm.

Q.4) M/s. Manish and Nitin and M / s Ajay and Vijay are two partnership firms carrying on similar type of business, sharing Manish and Nitin 8:7 and Ajay and Vijay 3:2 respectively. They agree to amalgamate their business as on 1st Jan. 1994.

Balance Sheet as on 31-03-2021
M/s Manish and Nitin

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	12,800	Freehold Land	15,000
Outstanding Expenses	1,400	Furniture	3,600
Current Accounts	-	Machinery	5,000
Manish	2,000	Stock	11,800
Nitin	1,200	Debtors	14,200
Capital Accounts		Investments	3,000
Manish	24,000	Cash	9,800
Nitin	21,000		
	62,400		**62,400**

Balance Sheet as on 31-03-2021
M/s. Ajay and Vijay

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	11,200	Freehold Land	10,000
Outstanding Expenses	1,000	Furniture	2,800
Capital Accounts		Machinery	3,400
Ajay	22,000	Stock	13,400
Vijay	15,600	Debtors	13,000
		Cash	7,200
	49,800		**49,800**

The terms of amalgamation are:

1) Assets to be revalued as under:

Paticulars	M/s. Manish and Nitin Rs.	M/s. Ajay and Vijay Rs.
Stock	11,400	12,400
Machinery	4,600	3,000
Furniture	4,000	5,000
Freehold Land	19,000	15,000

2. Provisions to be made for doubtful debts of M/s. Manish and Nitin for Rs. 800 and of M/s. Ajay and Vijay Rs. 1,000.

3. The Creditors of both the firms were to be taken by the new firm at a discount of 2.5% and other liabilities are paid in full by the respective firms.

4. Manish to take over the investments at Rs. 2,400.

5. The Goodwill of M/s. Manish and Nitin is to be taken at Rs. 15,000 and that of M/s. Ajay and Vijay Rs. 10,000.

6. The Capital of the new firm is to be Rs. 1, 00, 000 and the Capital of Manish, Nitin, Ajay and V ijay was to be in their profit sharing ratio which was to be 5/20, 5/20, 5/20 and 4/20 respectively.

You are required to prepare Revaluation Accounts, Partner's Capital A/c s in the books of both the firms and Balance Sheet of the new firm.

Q.5) The following were the Balance Sheets as at 31st 2021 of M/s. A& B and M/s X and Y.

Balance Sheets of A & B

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	10,000	Cash at Bank	2,800
Mrs. A's Loan	2,500	Stock	10,200
Capital Accounts		Debtors	7,500
A	20,000	Furniture	2,000
B	10,000	Premises	20,000
	42,500		**42,500**

Balance Sheets of X & Y

Liabilities	Rs.	Assets		Rs.
Sundry Creditors	12,000	Cash at Bank		3,350
Capital Accounts		Stock		9,150
Y	12,000	Debtors	10,000	-
Z	8,000	Less : RDD	500	9,500
		Furniture		2,500
		Investment		7,500
	32,000			**32,000**

The two firms decided to amalgamate their businesses as from 1st April, 2020 under the name and style of M / s Lucky Traders. For this purpose it was agreed that Mrs. A's loan should be repaid by that firm and the investments of M / s . X and Y be not taken over by the new firm.

Goodwill of M / s A and B was fixed at Rs. 4,000 and that of X and Y at Rs. 5,000 Premises were revalued at Rs. 25,000 but the stock of M/s. A and B was found overvalued by Rs. 1,625. The stock of M/s. X and Y was undervalued by Rs. 1,000. A Reserve of 5% on debtors was to be created for bad debts of both the firms.

The total capital of the Lucky Traders was to be Rs. 40,000 and the capitals of A, B, X and Y were to be in their profit sharing ratio, which was to be 3:2 : 3: 2 respectively. Goodwill Account in the new firm was to be written off.

Give necessary Ledger Accounts in the books of M/s. A and B and M / s . X and Y and necessary Journal Entries and Balance Sheet in the books and M / s . Lucky Traders.

Q.6) Mr. X from Kolkata consigns to Mr. Y from Patna 100 machines. Original cost price of every machine is Rs. 260 but it has been valued at Rs. 320 each in the invoice X has spent Rs. 800 on packing etc. Mr. Y has accepted a bill drawn by Mr. X, for Rs. 16,000 Mr. Y informed that 80 machines were sold at Rs. 350 each and that he has incurred the following expenses: Railway Freight Rs. 1,200; Rent for the Godown Rs. 100 and Insurance Rs. 200.

Consignee is authorised to get ordinary commission at 6% and 1-1/2 Del Credere commission. Pass the necessary journal entries for the above transactions in the books of the consignor and give the consignment account and the consignee's account in his ledger, assuming that the entries are made at the invoice price.

Q.7) Duchaki Co., of Kolhapur consigned 1, 000 cycles to Shri Choudhari at Chennai to be sold on behalf of Duchaki Co, on the following conditions.

(a) Cycles may be sold at invoice price or above..

(b) Choudhari is entitled to a commission of 7.5 % on invoice price, 20% commission on excess of the invoice price and 2% Del Credere commission on credit sales.

The Cycles were invoiced at Rs. 200 each, which is 33 .33% above cost Duchaki Co. Ltd, incurred Rs. 3.500 on insurance and Rs. 1,500 on freight

Shri Choudhari received the consignment and accepted a 3 months draft drawn on him by Duchaki Company for Rs. 1,00,000. Choudhari sold 800 cycles at Rs 250 each for cash and 100 cycles at Rs. 275 each on credit. He paid Rs. 2,000 Carriage, Rs. 3,000 Octroi, Rs. 1,500 Rent and Rs. 1,000 Advertisement

Choudhari could not recover Rs. 500 from a customer as he became bankrupt.

Choudhari allowed discount Rs. 400 to customers.

Give Ledger Accounts in the Books of Duchaki and Co., and Duchaki and Company's A / c in the Books of Choudhari.

Also show the working of valuation of stock.

Q.7) Usha Fans Kolkata consigned to Vijay & Sons, Amaravati 100 fans costing Rs. 250 each at 20% above cost and paid Rs. 100 for Insurance, Rs. 400 for carriage and Rs. 500 for other expenses. Vijay and Sons accepted a Bill for Rs. 12,000 and issued a cheque for Rs 3.000 after receiving the consignment. Usha Fans then discounted the Bill for Rs. 11.700 and in due course received an Account Sales showing (1) Credit Sales 60 fans at Rs. 350 each (2) Cash Sales - 30 fans at Rs. 400 each (3) Expenses incurred by Vijay and Sons - (i) Godown rent Rs. 300 (11) Carriage Rs. 500. (ii) Commission Rs. 1,730. (4) Vijay and Sons took 5 fans for their own use at an agreed value of Rs. 320 each. (5) Vijay and Sons received Rs. 20,300 from the debtors, allowed Rs. 300 as discount and incurred bad debts Rs. 400. They remitted the Balance due by a bank draft sent with the Account Sales. (6) Discount on the bill is to be treated as a consignment loss.

Give Journal Entries in the books of M / s Usha Fans, Kolkata and in the books of Vijay and Sons.

Q.8) On 1st April, 2020 Sorab and Sons of Mumbai goods of Rs. 11,000 to Roy and Co. of Bangalore at a proforma invoice value of Rs. 15.000. Sorab and Sons paid Rs. 400 for freight and insurance, Roy and Co. paid Rs. 1.000 for carriage and other expenses. Roy and Co. sent a bank draft of Rs. 2,000 to Sorab and Sons as an advance. Roy and Co. sold all goods for Rs. 16,000. Roy and Co. entitled to a commission at 5% on sale proceeds. Roy and Co. remitted balance to Sorab and Sons. after deducting their commission and expenses.

Prepare Consignment Account, Roy and Co.'s A/e in the books of Sorab and Sons on 30-04-2020.

Q.9) Miss. Dipti, the proprietor of Modern Sewing Machine, sent on consignment to Mr. Deepak, 100 sewing machines costing Rs. 300 each. The machines were sent at an invoice price which is 25% above cost price Miss Dipti spent Rs. 800 on freight and insurance.

Mr. Deepak received a delivery of 90 machines, 10 being lost in transit, and paid Rs. 500 for carriage etc. Mr. Deepak sold 70 machines on credit at Rs. 500 each. He found 5 machines defective and therefore, returned them to consignor at a cost of Rs. 60. He is entitled to a commission at 5% on invoice price, 10% on surplus price realised and 1% delcredere commission.

Show Consignment A/c and Deepak's A/c in the books of Modern Sewing Machine.

Q.10) Sorab and Sons shipped goods to their agents Roy and Co. of Kolkata on 1st Jan.,2020 and sent there with a pro-forma invoice for Rs. 6,980 (Goods Rs.6,200, Freight and Carriage Rs. 575, Insurance Rs.150, Sundry Expenses Rs. 55)

The Consignee, on 10th Jan., accepted a bill of Rs. 2,500 drawn by Sorab & Sons. as advance against the consignment. On 1st March, 1994 the Kolkata Agents sent an Account Sales from which it appeared that a portion of the goods had realised Rs. 5,600 and deducting the expenses (landing charges and dock dues Rs. 183; Rent Rs. 130; Advertisement Rs. 90 and Sundry Expenses Rs. 77) and a commission of 7.1/2% on the gross proceeds; they enclosed a 3 month's draft for the balance. The stock remaining unsold amounted at invoice price plus proportionate expenses to Rs. 3,900. On 30th June, 1994 they sent home another Account Sales which showed that the balance on the consignment had realised Rs. 5,000. After deducting Sundry Expenses Rs. 140 and their commission Rs. 375, they sent the balance by 3 month's draft.

Prepare the Consignment Account and Consignee's Account in the Consignor's books and also Consignor's A/c in the Consignee's books presuming that the Accounts are balanced off at the time of each Account Sales.

Q.11) 1st April, Adamji had consigned to Bamji goods costing Rs. 40.000 on which he paid freight, insurance etc. amounting to Rs, 5.000. On 31st August, Bamp's first Account sales was received, showing that he had effected sales of Rs. 28,000. His expenses to date were Rs. 4,000 and Commission 5% on gross sales. On receipt of Account Sales, the Consignment Account was balanced off, stock being valued at Rs. 30,000.

A further Account sales was received on 31st December, showing that the balance of the goods was sold for Rs. 34,500 and the cash collected. The expenses of Bamji were - Rs. 1.200 commission 5% on gross sales. Write up the Accounts in the Books of Adamji upto 31st December assuming that Bamji remitted the balance due and balance the accounts at each account sale.

Q.12) Parekh of Pune consigned on 1-1-2020 to Suresh of Solapur goods at invoice price of Rs. 20.000, which includes 25% profit on invoice price

(i) Parekh paid Rs. 500 for freight and cartage and Rs. 100 for insurance.

(ii) A bill for Rs. 4.000 is drawn on Suresh as an advance. The Bill is discounted by Parekh for Rs. 3.950

(iii) Consignee is entitled to 4% general commission and 2% Del Credere commission.

On 31st March, 2020 the first Account Sales was received from consignee showing that 4/5th of goods were sold at Rs 16.000 and the consignee had paid Octroi Rs. 450 and other expenses Rs. 150. A demand draft was enclosed for the amount due

On 30th June, 2020 the consignee sent another Account Sales, which showed that the balance of stock was sold at Rs 5.000 and the expenses, incurred were Rs. 200. The consignee sent the balance due by a 3 months' draft

Prepare the Consignment A/c and the Consignee's Ale assuming that (1) the original entry is made by the consignor at invoice price and unsold stock on 31st March, 2020 is valued at invoice price plus proportionate expenses and (ii) the Accounts are balanced off at the time of each Account Sales.

Q.13) On 1st June, 2020 Mumbai Coal Corporation consigned to Poona Coal Corporation 2,050 tonnes of coal costing Rs. 3,07,500 and the Railway freight paid thereon was Rs. 82,000. On 25th December, account sales was received from Poona Coal Corporation showing 1,000 tonnes sold at Rs. 320 per tonne, sales expenditure Rs. 1,760, Insurance at Rs. 24,000 and Commission 10% on sales. The consignee enclosed a Bank draft for the proceeds less expenses and reported a shortage of 50 tonnes on the whole consignment.

Show consignment account and consignee's account in the books of Mumbai Coal Corporation.

Q.14) Sangita Machine Corporation of Moon sent 200 sewing machines on consignment to Rita Agencies of Earth. Sangita Machine Corporation spent Rs 750 on packing. The cost of each sewing machine was Rs 200 but it was invoiced at 20% above cost.

20 machines were lost in transit and Insurance Co. admitted a claim for Rs 2,000 only

Rita Agencies paid freight Rs. 900, carriage Rs. 360, Octroi Rs. 180, Godown Rent Rs. 180. Rita Agencies sold 150 sewing machines at Rs 350 each on credit. Rita Agencies was entitled to a commission at 5% on invoice price and 20% of any excess realised on the invoice price and 2% Del-Credere commission. Rita Agencies accepted a bill drawn by Sangita Machine Corporation for Rs. 30,000 and remitted the balance by draft along with Account Sales.

Prepare necessary Ledger Accounts in the books of the Sangita Machine Corporation of Moon and the Rita Agencies of Earth.

Q.15) The Alpha Radio Company consigned to M/s Karad Radio House 200 Radio Sets (costing Rs. 150 each) at pro-forma invoice price. It was calculated by charging 50% profit on sales price.

At the time of dispatch the company paid Rs 800/- for Freight, Rs. 150/- for Insurance and Rs. 50/- for Carriage. On arrival of the Sets at Karad, M / s Karad Radio House paid Rs. 600/- for Octroi and Rs. 75/- for Cartage. Till the year ended on 30th September, 2020, they sold 140 sets at Rs. 180/- each and 20 sets at Rs. 170/- each. Their Account Sales also disclosed that they had spent Rs 800/- for Godown Rent and Rs 500/- for Repairs to the Damaged Sets. The consignees have charged commission@ 5% on sales.

Write the Karad Consignment Account and Account of Karad Radio House in the books of M / s Alpha Radio Company and also the Company's Account in the books of M / s Karad Radio House. Books of Accounts were closed on 30th September, 2020.

Q.16) Madhav & Narayan are solicitors practicing in partnership sharing profits in the proportion of 3/5th and 2/5th respectively They only divide profits arising out of costs etc. actually received Narayan is entitled to Rs.5,000 salary. Interest on capital is to be allowed at 5% p.a Each of the partners takes 1/2 of the Directors fees earned by him, the remaining being for General account. Write off proportion of Article Clerk's premium. Write down furniture and Fittings to Rs. 5,000. The following was the Trial Balance as at 31st Dec. 2020. Set out the 'Cost A/c Directors fees A / c , Profit and Loss A/c for the year ended 31st Dec. 1998 and a Balance Sheet as on the date:

Dr. Balances	Rs.	Cr. Balances	Rs.
Drawings : Madhav	10,000	Capital : Madhav	18,000
Narayan	10,500	Narayan	12,000
Cash in hand	1,250	Reserve for costs	37,500
Cash at Bank (Office)	25,800	Costs Charged	62,000
(Clients)	43,000	Creditors Clients	41,500
Debtors for costs	42,850	Creditors-Sundries	3,900
Debtors for disbursement	9,700	Insurance Commission	3,400
Furniture & Fixtures	5,900	Clerk's Prem (6 years from 1-1-2020)	6,300
Rent	4,800	Directors' fees - Madhav	2,000
General Exp. Stationery etc.	8,900	Narayan	4,500
Salaries to staff	28,400		
	1,91,100		**1,91,100**

17) Following is the Balance Sheet of Doctor Shinde as on 31st March, 2020 and Receipts and Payments A/c for the year ended 31st March, 2021.

Balance Sheet

as on 31st March, 2020

Liabilities	Rs.	Assets	Rs.
Outstanding Expenses	5,000	Cash at Bank	4,000
Reserve for Outstanding Fees	6,000	Cash in Hand	12,000
Capital	81,000	Fees due but not received	8,000
		Equipments	20,000
		Furniture	8,000
		Motor Car	40,000
	92,000		**92,000**

Receipts & Payments A/c

for the year ended 31st March, 2021

Liabilities	Rs.	Assets	Rs.
Cash Balance	4,000	Office Expenses	15,000
Bank Balance	12,000	Motor Car expenses	14,000
Fees Received	60,000	Travelling	8,000
		Cash in hand	9,000
		Cash at Bank	30,000
	76,000		**76,000**

1. Fees outstanding as on 31-3-2021 Rs. 10,000.

2. Depreciate Motor Car by 20%, Furniture at 10% and Equipment's are valued at Rs. 17,000.

Prepare Income & Expenditure Account, Receipts & Expenditure A / C for the year ended 31-3-2021 and Balance Sheet as on 31- 3-21.

Q.18) A medical practitioner has his chamber housed in a part of his own residential buildings for which a notional monthly rent may be fixed at Rs. 1,000.

From the information given below, prepare for the year ending 31st March 2021 a Profit and Loss Account and an Income and Expenditure Account respectively of the profession and household of the said medical practitioner

The summary of transactions during the year ended 31st March, 2021 were as follows:

1. Medical fees earned Rs. 1,02,500.

2. Received interest on investment (household) Rs. 25,000.

3. Cost of running and maintaining motor car Rs. 14,000.

4. Durwan (pay) Rs. 3,600; Add: food given from household Rs. 1,460.

5. Gas and electricity Rs. 2,400.

6. Pay of Assistants (profession) Rs. 24,000.

7. Provision for depreciation (household) Rs. 17,500 (profession) Rs. 2,500.

8. Household expenses Rs. 30,000; Less food for Durwan Rs. 1,460.

Additional Information's:

(a) Expenses against items No. (3),(4) and (5) are to be allocated equally between household and profession.

(b) Income tax to be ignored.

(c) The entire profit earned in the profession was drawn for household.

Q.19) What is 'Accounting? Explain its need.

Q.20) Define accounting and state its objectives.

Q.21) What are the branches of accounting? Explain in brief.

Q.22) Write short notes on :

1. Convention of Disclosure

2. Book-Keeping and Accountancy

3. Accounting Transactions

4. Types of Accounts

5. Journal and Ledger

6. Balance Sheet.

Q.23) Give the significant provision of IAS-8 in respect of research and development.

Q.24).Briefly state the guide lines issued by the Institute of Chartered Accountants India on:

(a) Disclosure of accounting policies.

(b) Prior period and extra-ordinary items.

(c) Accounting standard for fixed assets and valuation of inventories.

Q.25) Explain the need of Accounting Standards? What are the basic provisions?

Q.26) Briefly enumerate the provisions of IAS - 3 and for depreciation accounting.

Q.27) What do you mean by "amalgamation of firms'? What may be the reasons for amalgamation?

Q.28) Treatment of asset/liability not taken over by the new firm. (iv) Closing Entries in the books of old firms.

Q.29) Adjustments of capitals of the partners in the new firm.

Q.30) Treatment of Goodwill in Amalgamation.
