

2021

FINANCIAL ACCOUNTING-I — HONOURS

Paper : CC-1.1 Ch

Full Marks : 80

*The figures in the margin indicate full marks.**Candidates are required to give their answers in their own words as far as practicable.*

Group-A

Answer **any four** questions.

1. Mr. Roy gives the following information relating to his income and expenditures for the year ended 31.12.2020 :

	₹
Fees received in cash (gross)	50,500
Fees earned but not yet received	4,500
Fees received in advance	3,000
Fees for 2019 received	2,000
Staff Salaries paid (gross)	8,200
Salaries paid in advance	1,200
Salaries for 2019 paid	1,000
Rent paid for office (gross)	7,100
Outstanding office rent	600
Rent for 2019 paid	500
Telephone charges paid	1,600

Calculate the net income of Mr. Roy for the year 2020, under (i) Cash Basis, and (ii) Accrual Basis.
5+5

2. On 01.01.2018, a new plant was purchased by Mrs. Basu for ₹ 1,00,000 and a further sum of ₹ 5,000 was spent on its installation. On 01.06.2019, another plant was acquired for ₹ 65,000.

On 02.10.2020, the first plant was totally destroyed and the amount of ₹ 2,500 only was realised by selling the scrap. It was not insured. On 20.10.2020, a second hand plant was purchased for ₹ 75,000 and a further sum of ₹ 7,500 was spent on repairs and ₹ 2,500 on its erection. It came into use on 15.11.2020. Depreciation has been provided at 10% on the original cost annually on 31st December. It was the practice to provide depreciation for full year on all acquisitions made at any time during any year and to ignore depreciation on any item sold during the year. The accounts are closed annually on 31st

Please Turn Over

December. In December 2020, it was decided to change the method of depreciation and follow the rate of 15% on diminishing balance method.

Show Plant Account, Plant Disposal Account and Provision for Depreciation Account for 3 years.

10

3. (a) What do you mean by Capital maintenance?

(b) What is Fair value? What are the features of fair value accounting?

5+5

4. Mr. B of Bombay consigned goods costing ₹ 2,00,000 to his agent Mr. P of Patna. The invoice was made pro-forma so as to show a profit of 25% on cost. Mr. B paid freight and insurance ₹ 4,000. Mr. P sold part of the consignment for ₹ 1,76,000 at a uniform price of 10% over invoice price and spent ₹ 6,000 as warehousing charges and ₹ 2,000 as selling expenses. Mr. P is entitled to a commission of 5% on sales and 20% of the net profit after charging commission on sales.

Draw up Consignment Account in the books of Mr. B.

10

5. On 7th June, 2020 the godown of a company was destroyed by fire. From the records of the company, the following particulars were extracted :

	₹
Stock as on 01.01.2019	45,500
Stock as on 31.12.2019	60,000
Purchase less return for 31.12.2019	3,00,000
Sales less return for 31.12.2019	3,73,000
Purchase less return from 01.01.2020 to 07.06.2020	1,25,000
Sales less return from 01.01.2020 to 07.06.2020	1,80,000

Poor selling goods worth ₹ 5,000 were written off while valuing closing stock as on 31.12.2019. The original cost of such goods were ₹ 8,000, a portion of this stock (original cost of which was ₹ 4,000) was sold during March, 2020 at a loss of ₹ 1,000. The balance of this stock is worth the original cost value of salvaged goods was ₹ 10,000. Gross profit remained at an uniform rate throughout.

You are required to ascertain the amount of loss of stock to be claimed from the Insurance Company.

10

6. From the following particulars, prepare Debtors Ledger Adjustment Account as it would appear in Nominal ledger for the year ended 31.03.2021 in the books of Manish Shaw. 10

	₹
Debtors debit balance as on 01.04.2020	1,54,700
Debtors credit balance as on 01.04.2020	200
Total sales (including cash sales ₹ 3,400)	4,83,400
Return inward	12,400
Cash received from debtors (after allowing discount at 3%)	3,00,700
Cash paid to debtors (refunded of excess amount recieved)	2,000
Bills receivables drawn	10,000
Bad debts	43,000
Provision for bad debt	1,300
Endorsed bill dishonoured	3,400
Debtors credit balance as on 31.03.2021	600

Included in debtors was an amount ₹ 10,500 due from Shekhar from whom goods worth ₹ 8,400 were purchased. Shekhar agreed to set off his claim against the amount due from him and action was taken accordingly.

7. There was a difference in the trial balance of Smt. Archana Raut, a trader, on 31.12.2021 and subsequently on going through the books the following errors were located.
- Purchase of furniture for ₹ 1,000 passed through Purchase Book.
 - An amount of ₹ 550 received from R was posted to his account ₹ 5,500.
 - ₹ 800 received from a debtor Amit, has been treated as cash sale.
 - Discount allowed ₹ 150 was wrongly credited to Discount Recieved Account.
 - Sales day book overcast by ₹ 200.

Pass the Journal entries to rectify the above errors. 10

8. From the following information, prepare Provision for Bad debt A/c and Provision for Discount Allowed A/c in the Books of Tooba Niyaz, a Merchant of Delhi. 10

	₹
Debtors (31.12.2020)	5,00,000
Bad debt for the year 2020	10,000
Discount allowed for the year 2020	2,000
Provision for Bad Debt (01.01.2020)	5,000
Provision for Discount allowed (01.01.2020)	2,500

Please Turn Over

Additional information :

- (a) Further Bad debt ₹ 2,000
 (b) Cheque dishonoured ₹ 5,000
 (c) Mr. Abhisekh Das included in the List of Debtors ₹ 10,000 and its Creditors ₹ 8,000.
 Create Provision for Bad debt @8% and Provision for Discount allowed @5%.

Group-B

Answer *any two* questions.

9. The following is the Receipts and Payments Account of The Calcutta Football Club for the year ended on 31.12.2020.

Receipts	₹	Payments	₹
01.01.2020		31.12.2020	
Cash in hand	2,000	Remuneration to Club coach	5,000
Balance as per Bank Passbook		Groundsmen's pay	2,500
Savings Account	19,300	Purchase of equipments	15,500
Current Account	6,000	Bar room expenses	2,000
		Ground Rent	2,500
31.12.2020		Club night expenses	3,800
Bank interest	500	Printing & Stationery	3,000
Entrance fees	1,800	Repairs to equipment	5,000
Donation and Subscription	25,000	Honorarium to Secretary	4,000
Bar room receipts	4,000	for the year 2020	
Contribution to Club night	1,000	Balance at Bank as per Passbook :	
Sale of equipment	800	Savings Account	20,400
Net proceeds of Club night	7,800	Current Account	2,000
		Cash in hand	2,500
	68,200		68,200

You are given the following additional information (all figures in ₹)

	01.01.2020	31.12.2020
(i) Subscription due from member	1,500	1,000
(ii) Sums due from Printing & Stationery	1,000	800
(iii) Unpresented Cheques on Current Account being payments for repair	3,000	2,500
(iv) Interest on Savings Bank Account, not entered in Passbook	—	200
(v) Estimated value of equipment	8,000	17,500
(vi) For the year ended 31.12.2020, the Honorarium to Secretary are to be increased by a total of ₹ 2,000 and the Groundsman is to receive a bonus of ₹ 2,000.		

You are required to prepare

- (a) An Income and Expenditure Account for the year ended 31.12.2020, and
 (b) A Balance Sheet as on that date.

10. (a) Explain any of the two qualitative characteristics of Financial Statements.
 (b) What is accounting equation? Explain accounting cycle.
 (c) Distinguish between Capital receipts and Revenue receipts. 6+8+6
11. From the following balances, prepare Trading and Profit & Loss Account for the year ended 31.12.2021 and Balance Sheet as on 31.12.2021 in the books of Mr. Arijit Mukherjee, a trader. 20

Particulars	Dr. (₹)	Cr. (₹)
Capital		2,80,000
Opening stock	1,00,000	
Purchases	4,00,000	
Salaries	70,000	
Building	1,10,000	
Cash in hand	2,000	
Cash at Bank	1,35,000	
Bills receivables	10,000	
Rent, Rates and Taxes	8,000	
Miscellaneous Receipts		10,000
Sales		7,20,000
Bad debt	3,250	
Miscellaneous Expenses	13,450	
Advertisement	22,900	
Furniture	1,10,000	
Debtors	1,45,000	
Creditors		80,000
10% Loan on Mortgage		70,000
Interest paid on the loan	3,000	
Pre-paid expenses	4,000	
Drawings	30,200	
Bills Payable		30,000
Bank charges	3,200	
Travelling expenses	10,000	
Insurance	10,000	
Total	11,90,000	11,90,000

Additional information :

- (a) Closing Stock at cost ₹ 57,000 (Market value ₹ 56,000)
 (b) ₹ 2,500 received as loan from Rahaman credited to Debtors.
 (c) Outstanding salary ₹ 500.

Please Turn Over

- (d) Goods worth ₹ 20,000 were destroyed by fire and Insurance claim admitted ₹ 15,000.
 (e) Miscellaneous receipts represent sale of furniture on 30.06.2021 (W.D.V ₹ 12,000 on 01.01.2021)
 (f) Depreciation on fixed asset @10% p.a.
 (g) Provision for bad debt to be maintained @5%.

12. The following balance are available from the books of Somenath Manna, a small trader, as on 31st December, 2020 and 2021 :

	31.12.2020 ₹	31.12.2021 ₹
Building	60,000	60,000
Equipment	1,20,000	
Debtors		48,000
Creditors	32,000	
Stock	34,000	
Bank Loan	20,000	16,000
Cash	32,000	62,000

The transactions of Somenath during the year ended 31.12.2021 were the following :

	₹
Collection from Debtors	1,86,000
Payment to Creditors	1,22,000
Expenses	32,000
Drawings	6,000
Cash Purchase	40,000
Equipment purchased (01.10.2021)	14,000

Additional information :

- (a) Cash sales amounted to 10% of total sales. Credit sales amounted to ₹ 1,80,000.
 (b) Credit Purchases were 80% of total purchases.
 (c) Somenath Manna sells goods at cost plus $33\frac{1}{3}\%$.
 (d) Equipment is to be depreciated by 10% per annum and Building by 2%.
 (e) Difference in Cash Book, if any, is to be treated as drawings or introduction of Capital by the proprietor.

You are required to prepare the Trading and Profit & Loss Account of Somenath for the year ended 31.12.21 and a Balance Sheet as on that date.