



UNIVERSITY OF NORTH BENGAL
B.Com. Major 1st Semester Examination, 2024

ACFIMAJ102/BMNGMAJ102-COMMERCE
FINANCIAL ACCOUNTING-I

Time Allotted: 2 Hours 30 Minutes

Full Marks: 60

The figures in the margin indicate full marks.

GROUP-A

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| 1. Answer any <i>four</i> questions: | <i>3×4 = 12</i> |
| (a) Define Accounting. | 3 |
| (b) State three benefits of accounting standards. | 3 |
| (c) Name three methods of charging depreciation. | 3 |
| (d) What is short sales in Loss of Profit Insurance Policy? Explain with an example. | 3 |
| (e) State three limitations of trial balance. | 3 |
| (f) Distinguish between self-balancing and sectional balancing system. | 3 |

GROUP-B

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| 2. Answer any <i>four</i> questions: | <i>6×4 = 24</i> |
| (a) Johanan of Kolkata consigned 100 boxes of goods costing ₹30 per box to his agent Pillai of Mumbai to be sold by the latter for a commission of 5% on sales. He paid ₹750 as freight and insurance in sending the goods. The agent sold 80 boxes for ₹3500. He paid ₹150 on various accounts before the goods arrive his godown and ₹200 as selling expenses. The agent sent a bank draft for the amount due from him and informed that owing to the arrival of a substitute product in the market the current market price of the goods had come down to ₹35 per box. | 6 |
| Show Consignment Account and Consignee's Account in the books of Johanan. | |
| (b) Distinguish between Reserves and Provisions. | 6 |
| (c) A trader sends goods to his customers on sale or return basis. The following transactions took place during the year 2022: | 6 |

₹		
July 10	Sent goods to customers on sale or return basis at cost plus 25%	40,000
July 15	Goods returned by customers	10,000
August 4	Received sales intimation from customers for goods valued at	20,000
December 31	Goods with customers neither sold nor returned	10,000

Assuming that the trader records the transactions on ordinary sales basis and that the date of final accounts was 31st December, give journal entries for the above transactions.

- (d) Discuss the causes of depreciation. 6
 (e) Below are the particulars from the sales ledger of Mr. A, a trader for the month of March 2024: 6

	₹
01.03.24 Opening Balance	31,000
31.03.24 Total Sales for the month	91,000
Sales Return	1,500
Cash received from debtors	41,000
Bills Receivable	16,000
Bills Dishonoured	2,500
Discount allowed to debtors	1,400
Bad Debts	1,350
Transfer from another ledger	1,750
Bills Receivable endorsed to suppliers	2,200

You are required to prepare a Sales Ledger Adjustment Account in the General Ledger of Mr. A.

- (f) Write short notes on: 3+3
 (i) Going Concern Concept, (ii) Average Clause in Loss of Stock Policy.

GROUP-C

Answer any two questions

$12 \times 2 = 24$

3. The following are the balances of a shop as on 31st December, 2023: 12

	₹
Opening Stock	36,000
Sundry Creditors	11,000
Sundry Debtors	28,000
Bills Receivable	16,000
Carriage on Purchases	1,200
Wages	13,500
Salary	9,900
Bills Payable	6,500
Telephone Expenses	900
Repairs	450
Misc. Income	566
Capital Account	80,000
Commission (Cr.)	2,500
Reserve for Bad and Doubtful Debts	850
Purchases	77,000
Plant	50,000
Sales	1,59,050
Furniture	9,600
Sundry Expenses	900
Cash in hand and Bank	17,016

Prepare the Trading and Profit and Loss Account and the Balance Sheet of the shop after taking into consideration the following:

- (i) Closing Stock- ₹51,324;
- (ii) Unpaid Expenses- Salary ₹1,600; Wages- ₹2,100 and Rent- ₹4,200;
- (iii) Write off 10% on Plant and $7\frac{1}{2}\%$ on Furniture as depreciation;
- (iv) Write off ₹400 on debtors as bad debts and increase the balance of the Reserve for Bad and Doubtful debts to $2\frac{1}{2}\%$ on Debtors;
- (v) The manager is to be paid a Commission at 4% on the net profit left after deducting the commission.

4. Prabir and Mihir doing business separately as building contractors undertake jointly to build a building for a newly started public company for a contract price of ₹10,00,000 payable as to ₹8,00,000 by instalment in cash and ₹2,00,000 fully paid Equity Shares of the new company. A Bank Account is opened in their joint name. Prabir paying ₹2,50,000 and Mihir ₹1,50,000. They are to share profit or loss in the proportion of 2:1 respectively. Their transactions were as follows:

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Paid wages- ₹3,00,000; Bought materials- ₹7,00,000; Materials supplied by Prabir from his stock- ₹50,000; Materials supplied by Mihir from his stock- ₹40,000; Architect's fees paid by Prabir- ₹20,000.

The contract was completed and the price was duly received. The Joint Venture was closed by Prabir taking up all the Equity Shares of the company at an agreed valuation of ₹1,60,000 and Mihir taking up the stock of materials at an agreed valuation of ₹30,000.

Prepare the Joint Venture Account showing the Profit or Loss and the accounts of Prabir and Mihir showing the final distribution of cash.

5. Discuss the ways in which the accounting information is used by different users. State the limitations of Accounting.

8+4

6. A fire occurred in the premises of a company on the 27th April, 2023. All the stock with the exception of ₹18,000 was destroyed by fire.

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From the following figures ascertain the loss suffered by the company:

	₹
Stock on 1.1.2022	27,000
Stock on 31.12.2022	66,000
Purchases during 2022	4,60,000
Sales during 2022	6,00,000
Purchases during 2023 upto the date of fire	2,30,000
Sales during 2023 upto the date of fire	3,15,000

On 4th December, 2022 also a fire broke out and the cost of stock destroyed was ₹10,000. There was a practice in the company to value stock at cost less 10%. But all of a sudden the company changed this practice and valued stock on 31st December, 2022 at cost plus 10%. Early in 2023 they raised price by 5%. The amount of the policy was ₹50,000 and claim was subject to an average clause.

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