

GLS UNIVERSITY
FACULTY OF COMMERCE [SMPIC]
B.COM [HONS] SEM 1
ASSIGNMENT NOV - 2021
SUBJECT : FINANCIAL ACCOUNTING -1

UNIT 1: BASICS OF ACCOUNTING

QUE 1 Write difference between Contingent Liabilities and Provision.

QUE 2 What do you mean by Accounting Conventions?

QUE 3 State the equations of Dual Aspect Concept.

UNIT 2: CONSIGNMENT ACCOUNTS

QUE 1

ABC Radio consigned 1,000 radios to BBC Radio Service on 1-3-2019. The cost price was ₹ 600 per radio, but the pro-forma invoice was made out at a figure so as to show a profit of 25% on invoice price. On the same day, ABC Radio incurred the following expenses:

	₹
Carriage	2,000
Freight	30,000
Insurance	25,000

On the same day BBC Radio service sent a bank draft for ₹ 2,44,000. On 30th June, 2019, BBC Radio Service sent an Account Sale and a bank draft for the amount payable. According to Account sale 600 Radios were sold at ₹ 820 each for cash, 100 Radios were sold at ₹ 850 each to Anil on credit and 40 Radios were sold at ₹ 840 each to Dashan on the recommendation and the responsibility of ABC Radio. Selling expenses incurred ₹ 10,450, octroi incurred ₹ 7,000. Anil and Dashan became bankrupt and BBC Radio could recover only 80% from their estate.

BBC Radio Service is entitled to get a commission of 5% on sale and 2% Del credere commission on credit sales and 1/7 share of the net profits on consignment after deducting both his commission and share of profits.

Prepare necessary Accounts in the books of the Consignor.

QUE 2 A of Ahmedabad consigned goods of ₹ 10,000 to M of Madras and paid ₹ 500 for expenses. The consignee paid ₹ 100 for freight and ₹ 50 for octroi. 80% of goods were sold and consignee also paid selling expenses of ₹ 500. Find the value of closing stock

QUE 3 Ram sent on consignment 5000 Umbrellas of ₹100 each to Shyam. He paid ₹ 2000 for freight and insurance premium. 500 Umbrellas were destroyed in transit and the Insurance Co. accepted a claim of 50%. Write journal entry.

UNIT 3: JOINT VENTURE ACCOUNTS

QUE 1

Kamchor and Pramadilal enter into a joint venture as dealer in land. They agreed to share profit and loss in the ratio of 4 : 1 . They deposited Rs. 2,50,000 and Rs. 3,50,000 respectively in their joint bank account. They purchased a plot of Land measuring 5,000 sq. meter at a cost of Rs. 105 per sq. meter.

They paid following expenses from joint bank account :

Registration Charges Rs. 22000, Stamp Duty Rs. 15,000 Legal Adviser's Fee Rs. 2,500, Miscellaneous Expenditure Rs. 4,250, Brokerage Rs. 12,000.

They prepared a plan for selling the plot of land. In the said plan 20% of the land left over for public roads and 10 % of the land left over for public-park and remaining land was divided into 25 plots of equal size.

15 plots were sold by Kamchor for Rs. 300 per sq. meter and remaining plots were sold by Pramadilal for Rs. 325 per sq. meter. Both are entitled for 5% commission on sales.

Prepare :

Joint Venture Account, Joint Bank Account and Partner's Capital account

QUE 2 For which type of business, out of the following is joint venture suitable?[1] Construction of College building [2] Film Distribution [3] Paper mill [4] Steel Factory

QUE 3 Write difference between Joint venture and Partnership.

UNIT 4: SINGLE ENTRY

QUE 1

ABC traders keeps its accounts on single entry system . From the following information prepare final accounts.

PARTICULARS	1-4-2020	31-3-2021
Machinery	1,44,690	(?)
Stock	56,000	1,60,000
Cash	32,000	(?)
Debtors	(?)	6,70,910
Creditors	(?)	7,44,910
Bills receivable	46,000	(?)
Bills payable	16,000	(?)

Transactions during the year 20 -21	₹
Cash received from debtors	3,40,000
Bad debts	8,000
Bad debt return	16,000
Bills receivable received	56,000
Bills receivable endorsed to creditors	26,000
Bills receivable dishonored which were endorsed to creditors	12,000
Bills receivable dishonor	3,600
Bills receivable discounted	12,400
Cash paid to creditors	3,40,000
Discount allowed	6,000
Discount received	14,000
Bills payable accepted	34,000
Bills payable paid	30,000
Cash drawings	8,000
Expenditure paid	88,000

Additional information:

[1] Cost of sales ₹ 7,20,000; rate of gross profit on sales 25%; credit sales ₹ 7,00,000.

[2] Trader sold goods for cash and credit but made purchase on credit only.

[3] Machinery to be depreciated at ₹ 30,000.

QUE 2 Find out the total Net Purchases and Net Sales of the business of Mr. Y. Returns are from Credit transactions only.

Balances of Assets & Liabilities	1-4-20	31-3-21
Debtors	1,00,000	80,000
Creditors	90,000	1,20,000
Bills Receivables	20,000	70,000
Bills Payables	24,000	34,000
Transactions during the year 20 -21	Amount	
Cash received from Debtors	6,00,000	
Discount allowed to Debtors	30,000	
Bad Debts	20,000	
Expenses paid on behalf of Debtors	10,000	
Goods Return by Debtors	16,000	
Goods returned to Creditors	10,000	
Cash paid for bills payable	30,000	
Cash received against Bills Receivables	50,000	
Cash paid to Creditors	3,60,000	
Cash Purchases	1,20,000	
Ratio of Net Cash sales & Credit Sales	1 : 4	

QUE 3 Find Credit Purchases from below given information :

Cash Purchases are ₹ 60,000, Credit Sales ₹ 3,52,000, Cash sales ₹ 80,000 , Closing Stock ₹ 30,000 , Opening stock is ₹ 20,000 more than Closing stock. Rate of Gross Profit on cost is 20%.

UNIT 5: INSURANCE CLAIMS

QUE 1

A Fire occurred in the premises of Sun Pharma Company Ltd. on 1st July, 2020. The company had a consequential loss policy for Rs.2,00,000, the period of indemnity being three months from the date of fire. Sales for the year ending 1st July, 2020 were Rs. 20,00,000. The sales for the period between 1st April 2019 to 31st March, 2020 were Rs.5,00,000.

While the net profit for the same period after debiting standing charges of Rs.90,000 was Rs.1,50,000. The standing charges were insured for Rs.75,000 only.

Sales for the period between 1st July, 2020 to 30th September, 2020 were Rs.1,00,000 during the corresponding period in the previous year it was Rs.2,50,000. The directors of the company state that the percentage of profit on turnover will go up by 2% on account of the new sales policy during the current year.

Ascertain the amount of claim.

QUE 2 If indemnity period is 6 months, standard turnover is Rs 20,000; annual turnover is Rs 50,000; turnover during indemnity period is Rs 8,000; calculate the short sales.

QUE 3 Opening Stock Rs. 27,000, Purchases Rs. 1,65,000, Sales 2,40,000, goods saved is Rs. 2,250 and gross profit is 50% on cost. Calculate the price of goods burnt by fire.

UNIT 6: HIRE PURCHASE SYSTEM

QUE 1 Arya purchased a machine on 1st January, 2016 from Karya on Hire Purchase System. The payment under hire purchase agreement was to be made as under:

DATE	₹
1-1-16	30,000
31-12-16	27,000
31-12-17	24,000
31-12-18	21,000
31-12-19	18,000

Interest is charged at 20% p.a. on opening balance of each year.
Depreciation charged at 10% p.a. by straight line method.

You are required to:

Prepare Asset Account and Karya's account in the books of Arya.

Pass Journal entries in the books of Karya for the 1st year.

QUE 2 'X' has purchased a machinery on hire purchase agreement. The cash price of machinery is ₹ 2,25,000. The amount to be paid on agreement ₹ 75,000 and balance amount is paid by three equal annual instalments of ₹ 75,000 each. Compute the interest of second year.

QUE 3 As per hire purchase agreement ₹ 2,00,000 is the down payment and ₹ 7,20,000 is the total amount of three equal amount installments inclusive of total interest of ₹ 1,20,000. How much would be the cash price of the asset?