VIKRAMA SIMHAPURI UNIVERSITY::NELLORE
CBCS - I-B.Sc (MACS) SEMESTER-II
FINANCIAL OF ACCOUNTING - II
MODEL QUESTION PAPER

Time: 3 Hours ***Max. Marks : 75***

PART - A

Answer any FIVE of the following Questions : ***(5 X 3 = 15 Marks)***

1. From the following Particulars find the amount of depreciation.
   On 1-1-2005 a Machinery was purchased for Rs. 90,000 and Erection charges Rs. 10,000. The Estimated Scrap value after 10 years was Rs. 20,000.

2. Write the causes for Depreciation.

3. On 1-1-2005 Provision for Bad debts showed a balance of Rs. 5,000. During the year Bad debts were Rs. 8,000. 31-12-2005 Debtors Amount to Rs. 2,00,000. Provide Reserve for bad debts at 5%. Prepare Bad debts account and Reserve for Bad debts Account.

4. Explain the Difference between Provision and Reserve.

5. On 1st April 2010 Mr. Ramesh sold goods worth Rs 5000/- to Suresh and drew a four months bill and got his acceptance. On 1st may Ramesh Discounted the bill with bank at 12% per annum. On the due date the bill was honored and write journal entries in the books of Ramesh.

6. Noting Charges.

7. From the Following Particulars prepare Account Sales.
   Sales - Rs. 2,00,000 ; Expanses paid by consignee ; Commission 5% on sales, advance paid Rs. 70,000.

8. Explain the Difference between consignment and sale.

9. Prabhu and kalyan enter into a joint venture to sell a consignment of timber sharing profits and losses equally. prabhu provides timber from his stock at a mutually agreed value of Rs.5,000. He pays expenses amounting to Rs.250. Kalyan incurs further expenses on cartage, storage, etc. amounting to Rs.650 and receives cash for sales Rs.6,000. He also takes over goods of the value of Rs.1,000 for his use in his own business. Prepare joint venture a/c in the books of prabhu.

10. Explain the Difference between consignment and Joint venture.

PART - B

Answer any FIVE of the following Questions : ***(5 X 12 = 60 Marks)***

11. X company Ltd., closes its accounts on 31st December each year. X company Ltd., purchased on 1-1-1999 a plant for Rs. 40,000 and spent Rs. 10,000 as erection charges. On 1-7-1999, Rs. 25,000 worth of additional machinery was purchased. The plant purchased on 1-1-1999 was sold for Rs. 10,000 on 1-7-2001 as it became obsolete. On the same date a new machinery was purchased for Rs. 60,000. The Company provides for depreciation @ 5% p.a. on the diminishing balance method.

12. On 1-1-2001 X Co. Ltd. Purchased a machine for Rs. 60,000 and Rs. 20,000 were spent on its erection immediately. On 1-7-2002 another machine was purchased for Rs. 52,000 and on 1-7-2003 the first machine was sold for Rs. 64,000. On the same date, another machine was purchased for Rs. 50,000. On 1-1-2004, the second machine was sold for Rs. 46,000. Depreciation was provided on machine at the rate for 10% per annum on the original cost annually on 31st December. Prepare machine account for the above four calendar years.

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13. On 31st December 2006, provision for Repair A/c of X Ltd. Shows a balance of Rs. 700. In that year actual repairs amounted to Rs. 400. The business has practice of transferring Rs. 300 every year to provision for repairs accounts. Show provision for Repairs Account for 2006.

14 . On 1-1-2005 Provision for bad debts in the books stood at Rs. 2,000. During the year bad debts were Rs.5,000. On 31-12-2005 debtors amounted to `Rs 1,00,000. Make a provision for bad debts at 5%.
On 31-12-2006 debtors amounted to Rs 2,00,000. During the year bad debts were Rs 8,000. Make a provision for bad debts at 5%.
Prepare Bad debts account and Reserve for Bad debts Account.

15. On 1st January 2015 Venkatesh sold goods worth Rs.5,000 to Nagarjuna and drew a bill on Nagarjuna for 3 months for the same amount. Nagarjuna accepted the bill and returned it to Venkatesh. On 1st February 2015, Venkatesh endorsed the bill in favour of his creditor Prabhakar in settlement of his debt. The bill was honoured on due date. Pass the necessary journal entries in the books of Venkatesh, Nagarjuna and Prabhakar.

16. Narayana purchased goods for Rs.15,000 from Ravindra on 1st March 2015. Ravindra drew upon Narayana a bill of exchange for the same amount payable after two months. The bill was immediately discounted by Ravindra with his bank @ 6% p.a. On the due date the bill was dishonoured and Bank paid Rs.100 as noting charges. Pass the necessary journal entries in the books of Ravindra and Narayana.

17. Ramana cosigned goods worth Rs. 50,000 to Murthy invoicing the same at Rs. 60,000. He has incurred Rs. 10,000 as expenses and drawn a bill on Murthy for Rs. 50,000. Murthy accepted the bill and received the consignment. His expenses are Rs. 10,000. 3/4ths of the goods are sold for Rs. 60,000. Murthy is entitled to a Commission of 10% on sales. Prepare Ledger Accounts in the books of both the parties.

18. Gopal of Madras consigned 300 cycles at Rs. 2,000 per cycle to Kiran of Hyderabad. Gopal paid freight Rs. 4,000 and other expenses Rs. 2,000. Kiran sold 250 cycles at Rs. 2,500 per cycle and 25 cycles at Rs. 2,200 per cycle. Kiran spent for freight Rs. 3,000 and other expenses Rs. 1,000. He remitted the amount due to Gopal after deducting his normal commission at 5% and del credere commission at 3% on total sales. One debtor of Kiran paid only Rs. 4,800 against Rs. 5,000 in full settlement.

19. A and B enter into a joint venture to sell a consignment of timber sharing profits and losses equally. A provides timber from his stock at a mutually agreed value of Rs. 5,000. He pays expenses amounting to Rs. 250. B incurs further expenses on cartage, storage, etc. amounting to Rs. 650 and received cash for sales Rs. 3,000. He also takes over goods of the value of Rs. 1,000 for his use in his own business. At the date of close A takes over the balance of stock in hand which is valued at Rs. 1,100. Prepare joint venture account and co-venture's account in the book of A.

20. Akbar and Arul entered into a joint venture to construct a building for a company for a contract price of Rs. 1,50,000 payable in cash. A joint banking account was opened with Akbar paying in Rs. 40,000 and Arul Rs. 30,000. They were to share profit or loss in the proportion of ¾ and ¼ respectively. The joint venture operations were as under :

	Rs.
Paid architects fee	3,000
Paid wages	50,000
Purchased materials	60,000
Materials supplied by Akbar	3,000
Materials supplied by Arul	6,000

The contract was completed and the agreed price duly received, out of which, Rs. 20,000 was received by Akbar directly. Arul took up unused materials at Rs. 4,000 and the joint venture was closed.

<u>Instruction to Paper Setter:</u>
Two questions must be given from each unit in Part-A and Part-B

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