



Institute of Management
JK Lakshmipat University
Jaipur
END TERM EXAMINATION 2016



B.Com. (Hon.) Sem-II
MM: 50 Marks

Course: Financial Accounting II (FA II)
Time: 3 Hours
Subject code: BCH201

Instructions: Attempt any three questions from Section A. Section B is compulsory.

Section A

Q1. The Trial Balance of Mr. Rakesh on 31st December, 2015 showed a difference of Rs. 675(dr). It was put to a Suspense Account and the books were closed. Later on following errors were discovered. You are required to rectify the errors and prepare the suspense account.

1. The total of Returns outward for Dec. has been under credited by Rs. 150.
2. Discount Rs. 250 received entered in cash book but was not posted to the ledger.
3. Discount allowed to Jain & Co. Rs. 50 has not posted to Customer Account.
4. The sales book was overcasted by Rs. 200.
5. Goods sold to Sharma & Co. amount Rs. 250 have been posted to credit of Sharma & co. Rs. 25.

(10 marks).

Q2. Explain the techniques which are used to measure the business income.

(10 marks).

Q3. Explain the principles of Revenue Recognition.

(10 marks).

Q4. M/s Ram Trading Co. of Jaipur sent goods on a consignment of the value of Rs. 16,000 to M/s Hari Oil Mills Delhi, and drew a bill for Rs. 12,000 as an advance against the same, which was duly accepted. They also paid Rs. 1,700 for railway freight etc. M/s Hari Oil Mills cleared the goods by paying Rs. 600 for Octroi. They sold $\frac{3}{4}$ of the goods for Rs. 22,000. Selling Commission is to be paid @ 4% on the gross proceeds. M/s Hari Oil Mills sent an account sale and a bank draft for the amount due.

Pass Journal entries and open necessary accounts in the books of both the parties.

(10 marks).

Q5. A of Ajmer purchased 2,000 metres of coarse cloth @ Rs. 3 per metre and sent it to B of Agra to be sold for mutual benefit. A spent Rs. 200 on packing etc. B received the consignment and paid Rs. 500 as freight.

A drew upon B for Rs. 5,000. The draft was accepted and A got it discounted for Rs. 4,850. B sold 1,800 metres @ Rs. 4.50 per metre. He paid Rs. 252 as expenses.

A took the remaining quantity at cost plus 10%. B is to be allowed commission on sales at 5% and profits are to be shared equally.

Prepare Joint Venture Account and the Co-venture's account in the books of both the parties.

(10 marks).

Section B

Q6. On 1st January, 2015 Mahesh owes to Suresh Rs. 45,000 and accepts three bills of Rs. 15,000 each due respectively in 1, 2 and 3 months. The first bill is retained by Suresh and is duly met. The second bill was discounted (discount being Rs. 300) and is met in due course. The third bill is also discounted (discount being Rs. 450) and is dishonored, the noting charges being Rs. 50.

New arrangements were duly made whereby Mahesh pays cash Rs. 5,050 and accepts a new bill due in 2 months for the balance of the amount with interest at 15% p.a. The bill is retained on due date the same is dishonored noting charges being Rs. 80. Mahesh declared insolvent on 15th June 2015 and 50 paise in the rupee were received from his estate.

Pass journal entries in the books of Suresh and Mahesh.

(20 marks).