

[73-Eng.]

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**SARDAR PATEL UNIVERSITY**  
**B.Com. (Honours) I Semester Examination**  
**9<sup>th</sup> April 2016, Saturday**  
**2.30 pm - 4.30 pm**  
**UB01ECOH01 : Accounting for Business - I**

**Total Marks: 60**

- Note:** (1) Figure in the right indicates marks.  
(2) Working Notes should be part of your answer.

- Q-1 Prayash company purchased a machine on hire purchase system from Kishan Company as on 1<sup>st</sup> January 2012. Necessary information are as under: [15]
1. Cash price Rs. 60000
  2. Rs. 20000 paid on signing the contract.
  3. 1<sup>st</sup> installment Rs. 18000
  4. 2<sup>nd</sup> installment Rs. 16000
  5. 3<sup>rd</sup> installment Rs. 13860
  6. Rate of interest at 10% per annum.
  7. Depreciation is to be calculated at 20% on cash price under reducing balance method.
- Prepare necessary accounts in the books of Prayash company.

**OR**

- Q-1(A) Give the difference between hire purchase system and installment purchase system. [05]
- Q-1(B) Pravin has purchased a machine on hire purchase system from ELECON Engineering Ltd. on 01-04-2012. According to agreement Rs.2000 is to be paid in cash on signing the contract, and remaining is payable in the following 3 annual installments. [10]
- 1<sup>st</sup> installment Rs. 2600
  - 2<sup>nd</sup> installment Rs. 2400
  - 3<sup>rd</sup> installment Rs. 2200
- Depreciation is to be calculated at 10% as per strait line method. Accounting year of the firm ends on 31<sup>st</sup> December.
- From the above information prepare machinery account in the books of Pravin.

- Q-2 The consigner, shri Shiv sent to his agent Nandi goods of the cost of Rs. 80000 adding 60% profit thereon to be sold on consignment. Commission is payable at 10% on sales and del credere commission at 5% on credit sales. [15]
- According to account sale, a cash sale was Rs. 36000 and credit sales amounted to Rs. 60000. The consignee has granted a discount of Rs 1000 on cash sales from his side. A bad debt of Rs. 2000 occurred on credit sales. Except this, the whole amount was received.
- The consigner has paid Rs. 4000 for freight and insurance and the consignee has paid Rs. 2000 for advertisement. The consignee sent the balance amount by a bank draft to the consignor.
- Prepare the following accounts:
1. In the books of the consignor – Consignment A/c, Consignee's A/c and Goods Sent on Consignment A/c
  2. In the books of the consignee- consignor's A/c and commission A/c.

**OR**

- Q-2(A) Write a short note on – Del Credere Commission [05]  
 Q-2(B) Difference between Consignment and sales [05]  
 Q-2(C) Ram consigned goods of Rs. 10000 to shyam, paying expenses of Rs. 1000. The consignee sold all the goods for Rs. 15000 of which cash sales were for Rs. 5000. The consignee is allowed a commission of 5% and a del credere commission of 2%. A customer fails to pay Rs. 500. Prepare consignment account in the books of consignor and consignor's account in the books of the consignee. Assuming that the consignee has settled the account. [05]

- Q-3 Pavanbahi of Nadiad entered in to a joint venture with Varunbhai of Anand to sell computers and to share profits or losses in the proportions of 1:2. The former contributed Rs. 125000 and the latter Rs. 250000 towards the venture with which a joint banking account was opened. Pavanbhai brought 10 computers at Rs. 22500 each and paid for them from the joint banking account. Custom charges and insurance premium Rs. 1000 and 4000 respectively were paid by Pavanbhai from his private cash. Varunbhai brought 7 computers at Rs. 20000 each, the price of each was paid from the joint banking account. The whole lot (Except 2 computers which were damaged in transit) was sold at a price of Rs. 30000 each. Varunbhai spent Rs. 1500 for each of the 2 damaged computers for repairs and paid for them from his private cash. They were finally sold by Varunbhai at Rs. 20000 each. Prepare joint venture account, joint banking account and the ledger account of the co-adventure. [15]

OR

- Q-3(A) Difference between joint venture and partnership [05]  
 (B) Nimesh and Siddharaj entered into joint venture to share profits and losses equally. The following transactions took place: [10]  
 Nimesh purchased goods of Rs. 152000 and paid freight and other expenses Rs. 8000. Siddharaj supplied goods of Rs. 50000 from his stock and paid Rs. 1000 for carriage. Siddharaj sold some of the goods for Rs. 160000 allowing sales commission of Rs. 4000. Nimesh paid storage and other expenses Rs. 2000. Nimesh sold the remaining goods for Rs. 93000 and paid Rs. 8000 for commission and carriage.  
 Pass necessary journal entries in the books of Nimesh.

- Q-4(A) On the basis of the following information provided by Mr. Krishna, a solicitor, in respect of his profession, for the year ended 31<sup>st</sup> March, 2015, prepare a profit and loss account for 2014-15 and a balance sheet as on 31<sup>st</sup> March, 2015. [12]

Particulars	Rs.
Profit cost	670500
Work in progress on 31-3-2015	51700
Capital	150000
Drawings	360000
Reserve against bills of cost	60000
On account payments received from clients	83000
Clients due against bills of cost	115400
Disbursement for client	41000
Rent	120000
Office expenses	87300
Outstanding expenses	4500
Furniture and office equipments	24800

Books	8900
Bank balance – clients account	47300
Bank balance – office account	63300
Deposit for office premises	100000

Depreciation at 10% is to be provided on fixed assets. At the end of the year, debits amounting to Rs. 45000 in the disbursement account had not been charged to bills of cost.

Q-4(B) Explain the methods of keeping accounts.

[03]

OR

Q-4 Shri. Gopal is a chartered accountant, who submits the following receipts and payments account, for the year ended 31-12-2014.

[15]

Receipt	Rs.	Payment	Rs.
To balance b/d	10000	By salary	6000
To audit fees	30000	By rent	4000
To consultation fees	10000	By remuneration to article clerk	3600
To income from other accounting work	2400	By household expense	14000
To examiners fees	1600	By life insurance premium	2000
To income from the college (as a Lecturer )	4000	By misc. expenses	3000
To other income	2000	By telephone charges	3000
		By books (1-07-2014)	8000
		By membership fees	250
		By income tax	1000
		By motor car expenses	2750
		By balance c/d	12400
	<b>60000</b>		<b>60000</b>

You are required to prepare an income and expenditure account for the year ended 31-12-2014 for the profession and a balance sheet as on that date after taking into the following considerations:

- 1) He has the following assets on 1-1-2014
 

Furniture	Rs. 5000
Books	Rs. 7000
Other Assets	Rs. 8000
- 2) 1/5 of the motor car expenses and telephone charges related to household.
- 3) Depreciate furniture @ 5% p.a. and books @ 10% p.a.

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