

2015

( 1st Semester )

COMMERCE

Paper No. : BC-104

( **Financial Accounting—I** )

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

( PART : B—DESCRIPTIVE )

( Marks : 45 )

*The figures in the margin indicate full marks  
for the questions*

1. (a) Define Accounting as per AICPA.  
Explain various phases of accounting  
cycle. 2+7=9

Or

- (b) What are meant by accounting concepts  
and conventions? Explain any three  
conventions. 3+6=9

2. (a) What are the bases of measurement of  
business income? Explain. 9

Or

- (b) From the following Trial Balance and additional information, prepare Trading and Profit & Loss A/c of M/s. Kohima Traders for the year ended on 31st March, 2015 and the Balance Sheet as on that date :

5+4=9

*Trial Balance*

<i>Particulars</i>	<i>Dr.</i> ₹	<i>Cr.</i> ₹
Capital/Drawings	10,000	1,70,000
Plant and Machinery	1,10,000	—
Sales/Purchases	84,000	1,65,000
Returns	5,000	4,000
Bad Debts/Bad Debts Recovered	5,000	26,450
Freight Inward	5,000	—
Freight Outward	7,000	—
Discount	2,000	1,000
Rent	4,000	3,000
Commission	3,000	4,000
Interest	2,500	3,000
Office and Administration Expenses	6,000	—
Selling and Distribution Expenses	10,000	—
Creditors/Debtors	2,15,000	2,02,000
Bills Payable/Bills Receivable	10,000	5,600
Loan	20,000	50,000
Investments	50,000	—

<i>Particulars</i>	<i>Dr.</i> ₹	<i>Cr.</i> ₹
Opening Stock	54,000	—
Cash in Hand	5,000	—
Cash at Vijaya Bank	45,550	—
Bank Overdraft at SBI	—	20,000
Wages and Salaries	1,000	—
	<u>6,54,050</u>	<u>6,54,050</u>

*Additional Information :*

- (i) Closing Stock—₹ 61,500
- (ii) Depreciation on Plant & Machinery @ 10% p.a.
- (iii) Provide Interest on Capital and Drawings @ 6% p.a. and 9% p.a. respectively
- (iv) Goods costing ₹ 10,000 were destroyed by fire on 30th March, 2015, the insurance company accepted claim up to 60% only and paid the claim money on 10th April, 2015
- (v) Manager is entitled to a commission of 5% of net profit after charging his commission

3. (a) What are different methods of recording hire-purchase transactions in the books of the buyer? Explain default and repossession of goods. 3+6=9

Or

(b) On 1st January, 2010, A sells a truck to B on the instalment payment system on the following conditions :

- (i) The purchase price of truck is ₹ 1,00,000
- (ii) This amount is payable to A in four equal instalments annually along with 12% interest p.a. on the outstanding balance, the first instalment being payable on the date of sale

B charges 20% depreciation (written-down value method) on the truck. All payments are made as per agreement. Show the Truck A/c and Interest Suspense A/c in the books of B. 5+4=9

4. (a) What is meant by right of recouping shortworkings? Write the conditions for the recoupment of shortworkings. 6+3=9

Or

- (b) M Ltd. leases a property from Shri Z. Naga at a royalty of ₹ 1.50 per ton with a minimum rent of ₹ 10,000 p.a. Each year's excess of minimum rent over royalties are recoverable out of royalties of next five years.

The results of working of the property are as under :

Year	Actual Royalties ₹	Year	Actual Royalties ₹
2008	Nil	2011	11,100
2009	3,300	2012	14,000
2010	9,000	2013	15,000

Write up the Landlord A/c, Royalty A/c and Shortworkings A/c in the book of M Ltd. 3+3+3=9

5. (a) Mention the rules applicable in absence of 'partnership deed'. What are the accounting problems that arise on reconstitution of partnership? 4+5=9

Or

- (b) A and B are partners in a firm sharing profits and losses in the ratio of 4 : 1. Their Balance Sheet as on 31st March, 2015 is as under :

*Balance Sheet*

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Capital A/c :		Furniture	20,000
A	25,000	Stock	40,000
B	65,000	Bills Receivable	10,000
Reserve	20,000	Debtors	30,000
Creditors	25,000	Cash at Bank	40,000
Bills Payable	5,000		
	<u>1,40,000</u>		<u>1,40,000</u>

They admitted C as a partner with effect from 1st April, 2015 on the following terms :

1. A, B and C will share profits and losses in the ratio of 5 : 3 : 2
2. C will bring ₹ 20,000 as premium and ₹ 30,000 as capital
3. Half of the reserve is to be withdrawn by the partners
4. The assets will be revalued as follows :

	₹
Furniture	30,000
Stock	39,500
Debtors	28,500

5. A creditor for ₹ 12,000 has agreed to forgo his claim by ₹ 2,000
6. After making the above adjustments, the Capital A/c of A and B should be adjusted on the basis of C's capital, by bringing cash or withdrawing cash, as the case may be

Prepare—

- (i) Revaluation A/c;
- (ii) Partners' Capital A/c;
- (iii) the New Balance Sheet of the firm.

2+3+4=9

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( 1st Semester )

**COMMERCE**

Paper No. : BC-104

**( Financial Accounting—I )**

( PART : A—OBJECTIVE )

( Marks : 25 )

*The figures in the margin indicate full marks for the questions***SECTION—I**

( Marks : 15 )

1. Indicate whether the following statements are True (T) or False (F) by putting a Tick (✓) mark : 1×5=5

(a) Double-entry system was introduced at first by Luca Pacioli.

( T / F )

(b) Net income or profit is the amount accruing to the owners.

( T / F )

(c) In hire-purchase system, the ownership passes immediately to the vendor on down payment.

( T / F )

(d) Royalty A/c is a Real A/c.

( T / F )

(e) Section 4 of the IPA, 1932 defines partnership business in India.

( T / F )

2. Fill in the blanks :

1×5=5

(a) Capital + Liabilities - Assets = .....

(b) Gross profit ratio is the ratio of gross profit to .....

(c) The payment made at the time of taking delivery of goods under instalment-purchase system is called .....



(d) Royalty is calculated either on the basis of ..... or on the .....

(e) The document containing the terms of partnership is called .....

3. Match the items of *List—A* with those of *List—B* by placing the codes from *List—B* in the brackets provided : 1×5=5

<i>List—A</i>		<i>List—B</i>
(a) 1494	[     ]	(i) Hire purchase
(b) Conservatism	[     ]	(ii) Double-entry system
(c) Agreement	[     ]	(iii) W. A. Patton
(d) Surplus	[     ]	(iv) Royalty A/c
(e) Dissolution	[     ]	(v) Safety role
		(vi) Single-entry system
		(vii) Partnership firm

SECTION—II

( Marks : 10 )

4. Write short notes on the following not exceeding more than 5 sentences each : 2×5=10

(a) Going-concern Concept

(b) Capital Expenditure

(c) Hire-purchase System

(d) Minimum Rent

(e) Realization A/c

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