

2016

(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) What is Generally Accepted Accounting Principle (GAAP)? Discuss the role of accounting principles in recording transactions. 3+6=9

Or

- (b) Highlight the significance of accounting standard. Explain the procedures of issuing accounting standard in India. 4+5=9

2. (a) Explain various measurements of business income. 9

Or

- (b) From the following details for the year ended on 31st March, 2015, prepare Manufacturing, Trading and Profit & Loss A/cs of Mr. P. K. Jain : $3 \times 3 = 9$

<i>Particulars</i>	<i>₹</i>
Opening Stock :	
Raw Materials	60,000
Work-in-progress	50,000
Finished Goods	75,000
Purchase of Raw Materials	3,20,000
Sales	6,25,000
Purchase Returns	5,000
Sales Returns	4,000
Carriage Inward	1,500
Carriage Outward	1,000
Duty and Clearing Charges	2,000
Factory Rent	3,000
Office Rent	2,000
Electric and Water Charges	4,000
Wages	1,40,000
Salary of Works Manager	6,000
Office Salaries	5,000
Advertisement	2,000

Particulars

Depreciation on—	
Plant	3,000
Factory Shed	1,000
Office Furniture	600
Closing Stock :	
Raw Materials	40,500
Work-in-progress	60,000
Finished Goods	55,000

3. (a) What is instalment purchase system? What are various journal entries to be passed in the books of purchaser and vendor under instalment purchase system? 2+7=9

Or

- (b) Eastern Ltd. purchased machinery on 01.01.2013 from Western Ltd. on hire-purchase basis. It was agreed to pay the amount as below :

	₹
On signing the agreement	50,000
First instalment on 31.12.2013	29,000
Second instalment on 31.12.2014	14,500
Third instalment on 31.12.2015	13,500

The above instalments include interest @ 8% p.a. Eastern Ltd. paid all the instalments within due date.

Prepare Machinery A/c and Western Ltd.'s A/c in the books of Eastern Ltd. for all these years assuming the rate of depreciation to be 10% p.a. under diminishing balance method. 5+4=9

4. (a) What do you mean by royalty? What is the purpose of fixing minimum rent in royalty agreement? Why and how is minimum rent fixed in royalties? 3+2+4=9

Or

- (b) Mr. Chakraborty wrote a book on Accountancy and got it published with M/s Nagaland Publishers on the terms that royalties will be paid @ ₹ 50 per copy sold subject to a minimum rent of ₹ 1,50,000 with a right of recoupment of shortworkings over the first three years of the royalty agreement. From the following details, write up (i) Royalties A/c, (ii) Shortworkings A/c, and

(iii) Mr. Chakraborty's A/c in the books of M/s Nagaland Publishers : $3 \times 3 = 9$

Year	No. of Copies Printed	Closing Stock
2012	2000	100
2013	3000	200
2014	4000	400
2015	5000	500

5. (a) Distinguish between dissolution of partnership and dissolution of partnership of a firm. Examine the underlying principles of Garner vs. Murray decision in the dissolution of partnership. $4+5=9$

Or

- (b) A, B and C share profits and losses in the ratio of 3:2:1. Their Balance Sheet as on 31st December, 2015 was as under :

Liabilities	Amount ₹	Assets	Amount ₹
Creditors	60,000	Cash	38,000
Bills Payable	32,000	Debtors	50,000
General Reserve	24,000	Less : Provision for Doubtful Debt	6,000
Capital A/cs :		Stock	36,000
A	80,000	Furniture	60,000
B	80,000	Machinery	1,40,000
C	60,000	Goodwill	18,000
	<u>3,36,000</u>		<u>3,36,000</u>

B retires on 1st January, 2016 on the following terms :

- (i) Provision for Doubtful Debts be raised by ₹ 2,000
- (ii) Outstanding Claims for Damages ₹ 2,200 is to be provided
- (iii) Creditors be reduced by ₹ 12,000
- (iv) Goodwill of the firm is valued at ₹ 42,000. Goodwill is not to be shown in the books of the new firm
- (v) *B* is paid cash brought in by *A* and *C* in such a manner that their capitals are in proportion of their profit-sharing ratio, i.e., 3 : 2 and cash remains at ₹ 20,000

Prepare Revaluation A/c, Partners' Capital A/c and the new Balance Sheet of *A* and *C*.

3×3=9

2016

(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

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

(a) Capital + Liabilities = Assets

(T / F)

(b) Opening Stock + Purchase – Closing Stock =
Cost of Goods Sold

(T / F)

(c) The buyer has the option to return the goods in case of a hire purchase.

(T / F)

(d) Royalty paid on sales is debited to the Profit & Loss A/c.

(T / F)

(e) Goodwill is a fixed asset intangible in nature.

(T / F)

2. Fill in the blanks :

1×5=5

(a) All those to whom business owes money are

.....

(b) Error which affects profit and loss relates

to A/cs.

(c) is calculated on the cash price at the given rate.

(d) Minimum rent is also termed as

.....

(e) At the time of retirement, retained earnings should be distributed among all the partners in

the profit-sharing ratio.

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

List—A

List—B

- | | | |
|-----------------------|--------|-----------------------------------|
| (a) Accrual basis | () | (i) Royalty |
| (b) Ratio analysis | () | (ii) Partnership |
| (c) Down payment | () | (iii) Profit & Loss A/c |
| (d) Joint-life policy | () | (iv) Financial statement analysis |
| (e) Dead rent | () | (v) Hire purchase |

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

(a) Business Entity Concept

(b) Funds Flow Statement

(c) Hire-purchase Price

(d) Recoupment of Shortworkings

(e) Realization A/c
