

2018

(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. Explain the nature and characteristics of accounting. 2+7=9

Or

- (b) Explain the accounting concepts and conventions. 9

2. (a) Explain the accounting concept of income. 9

Or

- (b) From the following particulars of M/s Dipak & Co. you are required to prepare Trading, Profit & Loss Account

and Balance Sheet for the year ended
31st December, 2014 :

	₹
Sales	65,000
Sales return	500
Stock at the beginning	8,000
Purchases	29,000
Purchases return	300
Direct wages	5,000
Direct expenses	5,000
Carriage inwards	4,000
Capital at the beginning	30,000
Drawings	5,000
Sundry debtors	10,000
Sundry creditors	12,000
Discount allowed	100
Discount received	500
Salaries	3,000
Interest paid	400
Furniture	3,000
Buildings	20,000
Plant and machinery	20,000
Cash in hand	1,000
Bills payable	6,200
Reserve for bad and doubtful debts	500
Bad debts	300
Closing stock at the end	8,000

Additional Information :

- (i) Outstanding salaries—₹ 500
- (ii) Interest on capital at 10% p.a.
- (iii) Depreciation on plant and machinery at 10% p.a. and buildings at 5% p.a.

(iv) Prepaid of interest—₹ 100

(v) Provision for bad and doubtful debts at 10% on debtors

3. (a) Write the features of hire-purchase system. Also explain the advantages and disadvantages of hire-purchase.

3+3+3=9

Or

- (b) Van Supplier Ltd. sold a tempo to motor purchasing company on hire-purchase system on 1st January, 2008. The agreed cash price was ₹ 8,400 which has to bear interest at 6% p.a. The payments were to be made as follows :

₹ 2,000 on delivery; ₹ 2,400 on 31st December, 2008; ₹ 2,400 on 31st December, 2009 and ₹ 2,400 on 31st December, 2010

The motor purchasing company provides depreciation at 10% p.a. under reducing balance method.

Prepare Machinery Account, Interest Account and Depreciation Account.

5+2+2=9

4. (a) Explain in brief the different types of royalties. Distinguish between rent and royalty.

4+5=9

Or

- (b) Mohan took a mine on lease for 20 years. Rate of royalty is ₹ 1 per ton. Minimum rent is ₹ 8,000 per year. Next year shortworkings of that year will not be recouped in which yield will be less than 4000 tons and the year in which royalty will be more than minimum rent, only 50% of excess will be used for recoupment of shortworkings. Prepare Royalty Account, Shortworkings Account and Landlord Account in the books of lessee when the yield for first four years respectively is 3500 tons, 7000 tons and 7500 tons and 9000 tons. 3+3+3=9

5. (a) Define dissolution. Also explain the modes of dissolution of a firm. 3+6=9

Or

- (b) Minu and Sudeep are partners sharing profit and losses in the ratio of 3 : 2 respectively. Their Balance Sheet as on December 31, 2014 was as under :

Balance Sheet as at 31st December, 2014

Liabilities	₹	Assets	₹
Creditors	28,000	Cash in hand	3,000
Capitals :		Cash at bank	23,000
Minu	70,000	Debtors	19,000
Sudeep	70,000	Buildings	65,000

<i>Liabilities</i>	₹	<i>Assets</i>	₹
		Furniture	15,000
		Machinery	13,000
		Stock	30,000
	<u>1,68,000</u>		<u>1,68,000</u>

On that date, they admit Rajib into partnership for $\frac{1}{3}$ rd share in future profit on the following terms :

- (i) Furniture and stock are to be depreciated by 10%
- (ii) Building is appreciated by ₹ 20,000
- (iii) 5% provision is to be created on debtors for doubtful debts
- (iv) Rajib is to bring in ₹ 50,000 as his capital and ₹ 30,000 as goodwill

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet.

4+3+2=9

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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) Under going concern concept, the assets are always valued at cost price.

(T / F)

(b) Measurement of accounting income is influenced by various accounting concepts.

(T / F)

(c) The Hire Purchase Act came into force on 1st September, 1973.

(T / F)

(d) Minimum rent - Royalty = Shortworking.

(T / F)

(e) Retiring partner's share of goodwill is debited to his/her Capital Account at the time of retirement.

(T / F)

2. Fill in the blanks :

1×5=5

(a) The system of recording transaction based on dual aspect concept is called

.....

(b) Income increases the of the business.

(c) Under purchase system, the ownership passes from the seller to the buyer immediately on entering the agreement and down payment.

(d) Royalty is calculated on the basis of

.....

(e) In absence of partnership deed, profits will be distributed among the partner

.....

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) Accounting Standard in India is issued by	()	(i) 1933
		(ii) 1932
(b) Outstanding Expenses	()	(iii) 1st September, 1973
(c) Hire-Purchase Act	()	(iv) 31st December, 1972
(d) Dead Rent	()	(v) Instalment Purchase System
(e) Indian Partnership Act	()	(vi) Royalty Account
		(vii) Assets
		(viii) Liabilities
		(ix) IICWA
		(x) ICAI

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

(a) Generally Accepted Accounting Principles (GAAP)

(b) Accounting Income

(c) Repossession

(d) Recoupment of Shortworking

(e) Dissolution of Partnership Firm
