

**Subject Code : FA-1/BC-104**

.....

**To be filled in by the Candidate**

BA / BSc / BCom / BBA / BCA  
1st Semester End Term  
Examination, **2020**

Subject .....

Paper .....

**INSTRUCTIONS TO CANDIDATES**

- 1. The Booklet No. of this script should be quoted in the answer script meant for descriptive type questions and vice versa.**
- 2. This paper should be ANSWERED FIRST and submitted within 1 (one) Hour of the commencement of the Examination.**
- 3. While answering the questions of this booklet, any cutting, erasing, overwriting or furnishing more than one answer is prohibited. Any rough work, if required, should be done only on the main Answer Book. Instructions given in each question should be followed for answering that question only.**

*Signature of  
Scrutiniser(s)*

*Signature of  
Examiner(s)*

**Booklet No. A**

Date Stamp .....

.....

.....

**To be filled in by the Candidate**

BA / BSc / BCom / BBA / BCA  
1st Semester End Term  
Examination, **2020**

Roll No. ....

Regn. No. ....

Subject .....

Paper .....

DESCRIPTIVE TYPE

Booklet No. B .....

*Signature of  
Invigilator(s)*

**FA-1/BC-104**

**2 0 2 0**

( 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) Luca Pacioli is the father of Modern Accounting.

( T / F )

(b) Under Balance Sheet Approach of income measurement, main emphasis is given on the principle of capital maintenance.

( T / F )

(c) The last instalment paid under hire-purchase comprises of interest only.

( T / F )

( 2 )

(d) Irrecoverable shortworkings are transferred to Shortworkings Account.

( T / F )

(e) Before Garner vs. Murray, no distinction was made between Trading and Capital loss.

( T / F )

2. Choose the correct answer and place its code in the brackets provided : 1×10=10

(a) Depreciation Accounting deals under

(i) AS-6

(ii) AS-7

(iii) AS-8

(iv) None of the above [       ]

(b) An increase in gross profit ratio as compared with that for previous year may indicate

(i) opening stock valued at a higher figure

(ii) closing stock valued at a lower figure

(iii) an increase in the selling price

(iv) None of the above [       ]

(c) Revenue is generally recognized at the point of sale. Which principle is applied herein?

(i) Money measurement concept

(ii) Realization concept

(iii) Matching concept

(iv) Cost concept [       ]

(d) Accrued income is a/an

(i) asset

(ii) liability

(iii) income received in advance

(iv) None of the above [       ]

(e) The Cost of Goods Sold on hire-purchase is transferred to

(i) Sales Account

(ii) Purchase Account

(iii) Hire-purchase Account

(iv) Instalment Account [       ]

(f) Recoupable shortworkings are shown in the Balance Sheet as a

(i) current asset

(ii) fixed asset

(iii) current liability

(iv) None of the above [       ]

- (g) The dead rent or the actual royalty shall have to be paid by the lessee, whichever is
- (i) lower
  - (ii) higher
  - (iii) less
  - (iv) None of the above [       ]
- (h) On admission of a partner, Goodwill Account existed in the book should be debited to
- (i) Old Partner's Capital Account
  - (ii) New Partner's Current Account
  - (iii) Goodwill Account
  - (iv) None of the above [       ]
- (i) In case of death of a partner, the profit may be estimated on the basis of
- (i) time
  - (ii) sales
  - (iii) Both (i) and (ii)
  - (iv) None of the above [       ]
- (j) In India, Accounting Standards are issued by the
- (i) Central Government
  - (ii) IICWA
  - (iii) ICAI
  - (iv) Supreme Court [       ]

**( 5 )**

**3.** Write short notes on the following : 2×5=10

(a) Generally Accepted Accounting Principle (GAAP)

( 6 )

(b) Accounting Income

( 7 )

(c) Partial Repossession



( 8 )

(d) Types of Royalties

( 9 )

(e) Realization Account

\*\*\*

2020

( 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 the needs of Accounting  
Standard? Write its advantages. 5+4=9

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

Or

- (b) From the following particulars of  
M/s Ramesh & Co. as on 31st March,  
2015, you are required to prepare  
Trading, Profit & Loss A/c and Balance  
Sheet as on that date : 2+3+4=9

Particulars	Dr. ₹	Particulars	Cr. ₹
Drawings	18,000	Capital	1,00,000
Buildings	15,000	Loan from Ravi	
Furniture and Fittings	7,500	@ 12% Interest	15,000
Motor Van	25,000	Sales	1,00,000
Interest paid on Loan	900	Commission Received	7,500
Purchase	75,000	Sundry Creditors	10,000
Opening Stock	25,000		
Establishment Charges	15,000		
Wages	2,000		
Insurance	1,000		
Sundry Debtors	28,100		
Bank Balance	20,000		
	2,32,500		2,32,500

Adjustments :

- (i) The value of stock on 31st March,  
2015 was ₹ 32,000
- (ii) Outstanding wages—₹ 500
- (iii) Prepaid insurance—₹ 300

( 3 )

- (iv) Commission received in advance—  
₹ 800
- (v) Allow interest on capital @ 10%
- (vi) Depreciation :  
Building— $2\frac{1}{2}\%$   
Furniture and fittings—10%  
Motor van—10%
- (vii) Charge interest on drawings—₹ 500

3. (a) Write the features of hire-purchase system. Distinguish between hire-purchase system and instalment-purchase system. 4+5=9

Or

- (b) On 1st January, 2015, Ashok acquired a machinery on hire-purchase system from Real Aids Ltd. agreeing to pay four annual instalments of ₹ 6,000 each payable at the end of each year. There is no down payment. Interest is charged @ 20% per annum and is included in the annual instalments.

Because of financial difficulties, Ashok, after having paid the first and second instalments respectively, could not pay the third yearly instalment due 31st December, 2017 whereupon the vendor repossessed the machinery.

( 4 )

Ashok provides depreciation on the machinery @ 10% per annum according to the written-down value method.

Show the Machinery A/c and the account of Real Aids Ltd. in the books of Ashok. 4+5=9

4. (a) What do you mean by royalty? Distinguish between rent and royalty. 2+7=9

Or

- (b) The Bharat Mining Company holds a lease of a coalmine for a period of 20 years, commencing from 1st April, 2002. The lease provided for the period for the payment on 15th April, 2003 and annually thereafter a royalty of ₹ 2 per ton on coal produced in the previous year subject to a minimum rent of ₹ 8,000 per year. Shortworking can be recouped out of royalty in excess of the minimum rent for the next two years only. In the year of strike, the minimum rent was to be regarded as having been reduced proportionately having regard to the length of stoppage. The first year in respect of which minimum rent was payable expired on 31st March, 2003.

( 5 )

The excess paid for the first year was ₹ 3,750 and for the second year was ₹ 3,000. In the third year, the surplus was ₹ 3,200 and in the fourth year it was ₹ 4,000. In the fifth year, actual royalties amounted to ₹ 14,000 and in the sixth year it was ₹ 7,500 only. During the sixth year there was a stoppage due to strikes lasting for three months.

Prepare Royalties A/c and Short-working A/c for 2003 to 2008. 5+4=9

5. (a) Explain different methods of valuation of goodwill in partnership business. 9

Or

- (b) The following is the Balance Sheet of S and R as on 31st December, 2014 :

Liabilities	Amount	Assets	Amount
	₹		₹
Sundry Creditors	76,000	Cash at Bank	23,000
Loan from Lalita (wife of S)	20,000	Stock in Trade	12,000
Loan from R	30,000	Sundry Debtors	40,000
Reserve Fund	10,000	Less : Provision	<u>2,000</u>
Capitals :		Furniture	8,000
S	20,000	Plant	56,000
R	16,000	Investment	20,000
		Profit & Loss A/c	15,000
	<u>1,72,000</u>		<u>1,72,000</u>

( 6 )

The firm dissolved on 31st December, 2014 and the following was the result :

- (i) S took over investment at an agreed value of ₹ 16,000 and agreed to payoff the loan to Lalita (wife of S)
- (ii) The assets realized as under :

	₹
Stock	10,000
Debtors	37,000
Furniture	9,000
Plant	50,000

The expense of realization was ₹ 2,200

- (iii) The sundry creditors were paid off less  $2\frac{1}{2}\%$  discount. S and R shared profits and losses in the ratio of 3 : 2

Show Realization A/c, Bank A/c and Capital A/c of the partners. 4+3+2=9

\*\*\*