

2024

(FYUGP)

(1st Semester)

COMMERCE

(Major)

Paper Code : BC/C1

(Financial Accounting)

Full Marks : 75

Pass Marks : 40%

Time : 3 hours

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

1. (a) Discuss the function and uses of Accounting. 7+8=15

Or

- (b) Define Accounting Standards. Explain the advantages and limitations of Accounting Standards. 3+6+6=15

2. (a) What do you mean by not-for-profit organization? Distinguish between—

- (i) Profit seeking organization and Not-for-profit organization;
- (ii) Receipts & Payments A/c and Income & Expenditure A/c.

2+3+10=15

Or

(b) Mr. X purchased on January 1, 2021 a second-hand plant for ₹ 60,000 and immediately spent ₹ 4,000 for repair to make it serviceable. On July 1, 2021, additional machinery costing ₹ 40,000 was purchased. On January 1, 2023, the plant purchased on January 1, 2021 became obsolete was sold for ₹ 50,000. On July 1, 2023, new machinery was purchased at a cost of ₹ 1,20,000. The firm provided depreciation on straight-line method at 10% on the original cost of the asset.

Prepare Machinery A/c for the years 2021 to 2023. Mr. X closes his books on 31st December. 15

3. (a) What do you mean by hire-purchase system? Discuss the advantages and disadvantages of hire-purchase system.

2+8+5=15

Or

(b) X & Co. purchased a machine from B & Co. on 1st January, 2021. The cash price of a machine is ₹ 59,600 and down payment is ₹ 16,000. The balance amount payable in three equal instalments of ₹ 16,000 each at 31st December each year. The rate of interest charged is 5% p.a. X & Co. closes his books on 31st December. Pass Journal Entries under full cash price in the books of X & Co. 15

4. (a) Discuss the needs and objectives of Branch Accounting. 8+7=15

Or

(b) From the following particulars relating to Guwahati Branch for the year 31st December, 2021, prepare Branch A/c in the books of HO : 15

Balances on 01.01.2021 :	
Stock	40,000
Debtors	14,000
Petty Cash	1,500
Furniture	12,000
Prepaid Fire Insurance	1,150
Outstanding Salaries	2,100
Goods sent to Branch	2,80,000

(4)

	₹
Cash Sales	3,30,000
Credit Sales	1,83,000
Cash received from Debtors	1,35,000
Cash paid by Debtors direct to HO	22,000
Discount Allowed	1,100
Cash sent to Branch for Expenses :	
Rent	12,000
Salaries	5,400
Petty Cash	4,000
Insurance (from 01.04.2021 to 31.03.2022)	1,600
Goods returned by the Branch	4,000
Goods returned by the Debtors	7,000
Stock on 31.12.2020	38,000
Petty Expenses paid by the Branch	2,850
Provide Depreciation on Furniture @ 10% p.a.	
Loss of Stock by Fire	4,800

5. (a) What are modes of dissolution of firm?
Distinguish between Dissolution of
Partnership and Dissolution of Firm.

7+8=15

Or

(b) The following was the Balance Sheet of
A and B as on 31st March, 2021 :

Liabilities	₹	Assets	₹
Trade Creditors	28,000	Bank	11,500
Employee's PF	10,000	Stock	6,000
Mrs. A's Loan	10,000	Debtors	19,000

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(Continued)

(5)

Liabilities	₹	Assets	₹
B's Loan	15,000	Furniture	4,000
Workman Compensation Reserve	5,000	Plant	28,000
Investment Fluctuation Reserve	1,000	Investment	11,000
		Profit & Loss A/c	7,500
Capitals :			
A	10,000		
B	8,000		
	<u>87,000</u>		<u>87,000</u>

The firm was dissolved on 31st March
on the following terms :

- (i) A agreed to take the investment at
₹ 8,000 and to pay off Mrs. A's loan
- (ii) Other assets were realized as
follows :

	₹
Stock	5,000
Debtors	18,500
Furniture	4,500
Plant	25,000

- (iii) Expenses on realization amounted
to ₹ 1,600. Trade creditors agreed
to accept ₹ 27,000 only
- (iv) The profit and losses were shared in
the ratio of 3 : 2

Prepare Realization A/c, Partners'
Capital A/cs and Bank A/c. 7+4+4=15

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