

2021

(December)

**B.Com. 1st Semester
(FINANCIAL ACCOUNTING)**

Full Marks: 100

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

Time: 3 Hours

Answer the following questions:

1. Attempt any 10(ten) of the following questions (10x5=50)
- What are the rules of posting in the ledger?
 - Why each instalment is broken into two parts payment towards cash price and interest?
 - Explain briefly any five advantages of accounting.
 - What is meant by Accrual Basis of Accounting? Explain any two advantages of accrual basis of accounting.
 - What are Accounting concepts? Explain any two of them.
 - “Capital is a liability for the business” Explain this statement with the principle applied.
 - Give two points of distinctions between Hire Purchase System and Instalment Purchase System.
 - Journalise the following transactions :
 - Sold goods costing Rs.80,000 to Rakesh at a profit of $33\frac{1}{3}\%$ on cost Less 15% Trade discount.
 - Brought goods from Amujao for Rs.3,00,000 at 15% Cash discount and 8% trade discount. Half of the amount paid by cheque at the time of purchase.
 - A purchased a machine on Hire Purchase System, the cash price of the machine was 186250. He paid Rs.50,000 on signing of the agreement and rest in 3 annual instalments of Rs.50,000 each. Calculate interest for each year.
 - Goods are sent from head office to a branch at a price so as to include a 25% profit on transfer price. What will be the amount of reserve on a closing stock of Rs.15,000 at the branch?
 - Explain ‘goods in transit’ and ‘Cash in transit’.
 - What do you mean by Realisation Account? How do you close this amount?
 - Mention any four circumstances which a partnership firm to dissolved.
 - Explain the following terms (1) Revenue (2) Trade Payable (3) Fictitious assets (4) working capital.
 - Explain the factors which, necessitated systematic accounting.
2. Explain the accounting concept of income and show how its determination is influenced by accounting conventions. (10 marks)

Or

What is Double Entry System? Discuss the rules, and advantages and disadvantages of this system. (10 marks)

3. What do you mean by a Trial Balance? Discuss the main objective, limitations and methods of preparing a Trial Balance. (10 marks)

Or

From the following Trial Balance prepare a Trading and Profit and loss Account for the year ended 31st December, 2020 and Balance Sheet as on that date.

Debit Balance	Dr.(Rs.)	Cr.(Rs.)	
Capital		10000	
Cash	1,500		
Bank overdraft		2,000	
Purchase & Sales	12,000	15,000	
Returns	1,000	2,000	
Establishment Exp.	2,200		
Taxes & Insurance	500		
Bad-Debts & Provision	500	700	
Debtors & Creditors	5000	2,000	
Commission		500	
Deposit	4,000		
Opening Stock	3,000		
Drawings	1,400		
Furniture	600		
B/R and B/P	3000	2,500	
	34,700	34,700	

Adjustments :

- Salaries Rs.100 and taxes Rs.200 are outstanding but insurance Rs.50 is prepaid.
 - Commission Rs.100 is received in advance for next year.
 - Interest Rs.210 is to be received on deposit and interest on Bank overdraft Rs.300 is to be paid.
 - Bad-Debts provision is to be maintained at Rs.1000 on debtors.
 - Depreciate furniture by 10%
 - Stock on 31/12/2020 was valued at Rs.4,500.
4. On 1st July 2021, Shyam purchased a machine on a hire purchase basis, payment to be made Rs.20000 on said date and the balance in three half yearly instalments of Rs.16400, Rs.14880 and Rs.12600 commencing from December 31st, 2020. The Vendor charged interest at 10% per annum calculated on half yearly rest.

Shyam closes his books annually 31st December, and provide depreciation at 10% per annum on diminishing balance in each.

How the necessary ledger A/C in the books of Shyam. (10 marks)

Or

On 1st Jan. 2020 Jaya Ram acquired a machine on hire purchases. The term of the contract were as follows :

1. The cash price of the machine was Rs.20,000.
2. Down payment Rs.8,000
3. The balance was to be paid in annual instalment of Rs.4000 plus interest.
4. Interest charged @ 6% per annum.
5. Depreciation at 10% p.a. is to be written off on the WDV method. You are required to show (1) Machinery A/C and (2) Hire Vendor A/C. (10 marks)

5. Pawan and co. of Delhi has a branch at Jaipur. Goods are invoiced to the branch at cost places 25%. The branch is instructed to deposit the receipts everyday in the Head Office Account with the bank. All the expenses are paid through cheque by the Office except petty cash expenses which are paid by the branch.

From the following information you are required to prepare branch account in the books of head office.

Stock at invoice price on	1/4/2020	Rs.	1,64,000
Stock at invoice price on	31/3/2021	Rs.	1,92,000
Debtors as on	1/4/2020	Rs.	63,400
Debtors as on	31/3/2021	Rs.	8,4300
Furniture & Fixture as on	1/4/2020	Rs.	46,800
Cash Sales	-	Rs.	802600
Credit sales	-	Rs.	7,44,200
Goods invoiced to branch by head office	-	Rs.	12,56,000
Expenses paid by Head Office	-	Rs.	20,900
Furniture acquired by the branch on	1/10/2020	Rs.	5,000

(Payment was made by the branch from cash sales and Collection from debtors).

Depreciation to be provided on branch furniture and fixtures @10% p.a. WOV basis. (10 marks)

or

What do you understand by the term "Branch Adjustment Account" Explain clearly. (10 marks)

6. A.B. and C were in partnership sharing profits in the ratio of 2:1:1. Their balance sheet showed the following position on the date of dissolution.

Liabilities :

Creditors	40,000	Building	50,000
A's loan	46,000	Stock	60,000
Reserve fund	12,000	Debtors	30,000
Capital	A 50,000	Less:Provision	2,000
	B 25,000	Machinery	28,000
	C 25,000	Furniture	30,000
		Cash at Bank	20,000
			10,000
			<hr/>
	1,98,000		1,98,000

- (i) Machinery is sold for Rs.15,000 and furniture at 20% less than book value.
- (ii) Building realized Rs.1,25,000 and stock Rs.40,000.
- (iii) Bad debt amounted to Rs.5,000

- (iv) Expenses of realization were Rs.3,000, Creditors were paid at a discount of 5%
- (v) There was a claim of Rs.8000 for damage against the firm. It had to be paid Prepare necessary accounts.

Or

Bring out clearly the difference between dissolution of Partnership and dissolution of firm. State how and under what circumstances a firm may be dissolved.