

Total No. of Printed Pages—11

**1 SEM TDC FACC (CBCS) C 101**

**2 0 1 9**

( December )

COMMERCE

( Core )

Paper : C-101

**( Financial Accounting )**

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. (a) Choose the correct answer : 1×3=3

(i) As an information system, the accounting process serves persons of

(1) inside the organization

(2) outside the organization

(3) both inside and outside the organizations

(ii) For recognition of revenue at international level, the corresponding International Accounting Standard is

(1) IAS-18

(2) IAS-21

(3) IAS-24

(iii) On dissolution of a firm, cash in hand is transferred to

(1) Realization A/c

(2) Partners' Capital A/cs in their profit-sharing ratio

(3) Cash A/c

(b) Fill in the blanks :

1×3=3

(i) Accounting Standards may also be termed as \_\_\_\_\_ forms of Generally Accepted Accounting Principles.

(ii) Accounting Principles are \_\_\_\_\_ to establish standards for sound accounting practices.

(iii) Under debtors system, Branch A/c discloses \_\_\_\_\_ of the branch.

(c) Write True or False : 1×2=2

(i) Trial Balance is not an account.

(ii) The hire-purchaser may, at any time, terminate the hire-purchase agreement after giving the owner at least 21 days notice in writing.

2. Write short notes on any *four* of the following : 4×4=16

(a) Straight-line method of depreciation

(b) Indian Accounting Standard (Ind-AS)  
101

(c) Financial lease

(d) Independent branches

(e) Garner vs. Murray decision

3. (a) What are Accounting Principles?  
Distinguish between Accounting Principles and Accounting Standards.

2+4=6

Or

- (b) Arrange the following balances taken from the Ledger of Saurav Srivastav into a Trial Balance on 31st March, 2019 : 6

	₹
Cash	9,200
Trade Debtors	15,000
Rent	4,800
Stock (01.04.2018)	18,000
Bills Payable	1,500
Insurance	3,600
Trade Expenses	5,500
Machinery	10,000
Depreciation	800
Accumulated Depreciation	2,400
Salaries	20,400
Furniture	4,000
Trade Creditors	25,000
Cost of Goods Sold	54,000
Advance from a Customer	1,400
Sales	90,000
Drawings	2,000
Capital	27,000

4. (a) What is meant by business income? What are its features? Discuss the procedure for measurement of business income.

2+3+5=10

Or

(b) (i) Write the salient features of Accounting Standard (AS)-9 with respect to revenue recognition. 4

(ii) X Ltd. bought a machinery for ₹ 30,000 on 1st April, 2015. One more machinery was purchased on 1st October, 2015 costing ₹ 20,000. On 1st July, 2016, a new machinery for ₹ 10,000 was added to the existing machinery. On 1st January, 2017, one-third of the machinery which was installed on 1st April, 2015 was sold for ₹ 3,000. The rate of depreciation was 10% p.a. on Diminishing Balance Method.

Show the Machinery A/c in the books of X Ltd. The accounting period ends on 31st December each year. 6

5. Following is the Trial Balance of a trader Mr. Prakash as on 31st March, 2019 :

<i>Particulars</i>	<i>Dr.</i> ₹	<i>Cr.</i> ₹
Stock on 01.04.2018	30,000	
Purchases	60,000	
Return Outwards		750

<i>Particulars</i>	<i>Dr.</i> ₹	<i>Cr.</i> ₹
Sales		1,27,000
Carriage Outwards	1,200	
Rent and Rates	10,000	
Return Inwards	1,000	
Salaries	7,550	
Debtors	45,000	
Creditors		25,000
Capital A/c		1,00,000
Advertisement	2,000	
Cash at Bank	6,900	
Wages	10,000	
Plant and Machinery	78,000	
Furniture	2,000	
Provision for Doubtful Debts		525
Discount Allowed	425	
Discount Received		800
	<u>2,54,075</u>	<u>2,54,075</u>

Prepare Trading and Profit & Loss A/c for the year ended 31st March, 2019 and Balance Sheet as on that date after taking into account the following adjustments :  $3+3+4=10$

- (i) Stock on 31st March, 2019 was valued at ₹ 34,220
- (ii) Allow interest on capital @ 10% p.a.

- (iii) Provision for Bad Debts is to be kept at ₹ 1,000
  - (iv) Depreciate Plant and Machinery @ 10% p.a. and Furniture @ 5% p.a.
  - (v) The proprietor Mr. Prakash has taken goods worth ₹ 5,000 for personal use
6. (a) What is 'hire-purchase system'? What are its features? Should depreciation be charged on fixed assets purchased on hire-purchase system? 3+5+2=10

Or

- (b) Blue Bird Co. purchased two machines of ₹ 5,250 each from Kapili Machine Co. on 1st April, 2016 on hire-purchase system. As per agreement, payment to be made ₹ 3,000 down and the balance in three equal annual instalments along with interest @ 5% p.a. Blue Bird Co. writes off depreciation @ 10% p.a. on written-down value method.

After having paid the first instalment, the buyer could not pay the second instalment and the seller took possession of one machine adjusting

the value of other against the amount due taking the machine @ 20% depreciation on Diminishing Balance Method.

Seller, after spending ₹ 100 on repairs, sold it away for ₹ 4,000.

Show the Ledger A/cs in the books of both the parties. Books are closed on 31st March each year. 3+3+3+1=10

7. (a) Arun of Mumbai has a Branch at Guwahati. Goods are invoiced to the Branch at cost plus 25%. Branch is instructed to deposit cash everyday in the Head Office Account with the bank. All expenses are paid through cheques by the Head Office except petty cash expenses which are paid by the Branch out of all cash receipts.

Prepare Branch A/c in the books of Head Office taking into account the following information : 10

	On 01.04.2018	On 31.03.2019
	₹	₹
Stock at Invoice Price	82,000	96,000
Debtors	31,700	42,150
Furniture	23,400	?

Transactions during the year were :

Cash sales—₹ 4,01,300

Credit sales—₹ 3,72,100

Goods invoiced to Branch—₹ 6,28,000

Expenses paid by Head Office—₹ 1,32,000

Petty expenses paid by Branch—₹ 10,450

Furniture paid by Branch on 01.10.2018  
(out of cash collection)—₹ 2,500

Depreciation is provided on the Branch furniture  
@ 10% p.a. on Diminishing Balance Method

Or

- (b) (i) What are the objectives of keeping Branch Accounts? 4
- (ii) With respect to Branch Accounts, how will you deal with the following matters? 2×3=6
- (1) Depreciation of Branch Fixed Assets
  - (2) Goods-in-Transit
  - (3) Remittance-in-Transit

8. (a) (i) What do you mean by dissolution of partnership firm? Discuss the reasons that lead to dissolution of firm. 2+4=6
- (ii) Distinguish between Revaluation A/c and Realization A/c. 4

Or

- (b) Ajay, Bijay and Sanjay were partners sharing profits and losses as 4 : 3 : 3. The firm was dissolved on 31st March, 2019. The Balance Sheet of the firm on that is given hereunder. As the process of realization seemed dilatory, it was decided to distribute cash as and when realized and to appoint Sanjay to look after the distribution at a remuneration of 1% of the value of assets realized (other than Cash at Bank) and 10% of the amount distributed to the partners :

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Capital A/cs :		Cash at Bank	275
Ajay	15,000	Sundry Assets	53,725
Bijay	7,500		
Sanjay	15,000		
Sundry Creditors	37,500		
	16,500		
	54,000		54,000

( 11 )

The realizations were :

	₹
First Realization	16,250
Second Realization	12,750
Third Realization	10,000
Fourth Realization	7,500

Prepare a statement showing distribution of cash.

10

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