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1 SEM TDC FACC (CBCS) C 101

2021

(Held in January/February, 2022)

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) Select the correct answer : 1×4=4
- (i) Revenue is considered as being earned when
1. cash is received
 2. production is done
 3. sale is effected
- (ii) Capital expenditure consists of expenditure the benefit of which is not fully consumed in one period but spread over
1. next 3 years
 2. next 5 years
 3. several years

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(Turn Over)



(2)

(iii) Cost of goods sold on hire purchase is transferred to

1. Trading Account
2. Profit and Loss Account
3. Profit and Loss Appropriation Account

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

1. Realization Account
2. Partners' Capital Accounts in their profit-sharing ratio
3. Cash Account

(b) Fill in the blanks : 1×4=4

(i) Depreciation is provided on _____ assets.

(ii) A financial lease is a lease where risk and return get transferred to the _____.

(iii) A profit margin of 20% on sale price is equivalent to _____ profit on cost price.

(iv) A _____ branch is one which does not maintain its own set of accounting books to ascertain financial results.

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(Continued)

(3)

2. Write short notes on (any four) : 4×4=16

- (a) Written-down value method of depreciation
- (b) Financial lease
- (c) Independent branch
- (d) Garner vs. Murray rule
- (e) Maximum possible loss method of piecemeal distribution

3. (a) Describe briefly about accounting concepts and accounting conventions of Financial Accounting. 2+2=4

Or

(b) Distinguish between trade discount and cash discount (any four points). 4

4. (a) Prepare a Purchase Day Book for the month of October 2021 of M/s. Sharma & Co. : 5

- 2021
- October 4 : Purchased on credit from Rajesh Bros. & Co. 10 bags of tea @ ₹ 1,000 per bag
5 bags of coffee @ ₹ 3,000 per bag
Trade discount @ 10%
- " 16 : Purchased from Durga Enterprises on credit. 20 bags of rice @ ₹ 800 per bag
2 bags of wheat @ ₹ 500 per bag
Trade discount @ 5%
- " 20 : Purchased furniture on credit for ₹ 4,000 from Modern Furniture House
- " 25 : Purchased on credit from Sewak & Co. 30 tins ghee @ ₹ 600 per tin
10 tins mustard oil @ ₹ 500 per tin
Trade discount @ 20%

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Or

(b) Arrange the following balances taken from the ledger of X & Co. into a Trial Balance as on 31st March, 2021 :

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

6. (a) What is depreciation? What are the different causes of depreciation? Distinguish between fixed-installment method and diminishing-balance method of depreciation. 2+4+4=10

Or

(b) The following is the Trial Balance of Sri Arup Das as on 31st March, 2021. Prepare a Trading and Profit & Loss Account for the year ended 31st March, 2021 and a Balance Sheet as on that date : 3+3+4=10

Trial Balance
as on 31st March, 2021

Debit Balances	Amount (₹)	Credit Balances	Amount (₹)
Sundry Debtors	22,000	Capital	1,20,000
Drawings	2,000	Sundry Creditors	22,500
Cash in Hand	8,200	Sales	59,700
Cash at Bank	30,000		
Wages	2,500		
Purchases	10,000		
Opening Stock	30,000		
Business Premises	60,000		
Bills Receivable	14,500		
Office Telephone Expenses	3,500		
General Expenses	9,000		
Goodwill	10,500		
	<u>2,02,200</u>		<u>2,02,200</u>

Adjustments :

(i) Value of closing stock as on 31st March, 2021 was ₹ 5,000

5. (a) What are the methods of measuring business income? Explain each of them in brief. Also state the objectives of income measurement. 2+4+3=9

Or

(b) When would the following revenues generated from rendering of services to be recognized? 1½×6=9

- (i) Installation fees
- (ii) Advertising and insurance commission
- (iii) Financial service commission
- (iv) Tuition fees
- (v) Admission fees
- (vi) Entrance fees and membership fees



- (ii) Interest on capital to be provided
 @ 6% and interest on drawings
 @ 5%
- (iii) Write off bad debts ₹ 2,000 and provide for doubtful debts @ 10% p.a. on remaining debtors

7. (a) What is hire-purchase system? What are its features? Distinguish between hire-purchase system and credit sale (only three points). 2+4+3=9

Or

(b) Ratan Stores purchased a generator from M/s. Bimal Bros. on installment-purchase system. ₹ 12,000 was payable on delivery on 1st April, 2017 and the balance in four annual instalments of ₹ 12,000 each on 31st March every year. The vendor charges interest @ 5% per annum on the outstanding balance. The cash price of the generator was ₹ 54,551. Depreciation @ 10% per annum on written-down method was written off each year.

From the above particulars, prepare the following Ledger Accounts in the books of Ratan Stores : 3+3+3=9

- (i) Generator's Account
 (ii) M/s. Bimal Bros. Account
 (iii) Interest Suspense Account

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(Continued)

8. (a) What are the main classes of Branch Accounts? Explain the method of converting figures of Trial Balance of a foreign branch into the home currency of Head Office. 3+6=9

Or

(b) X Ltd. invoices of goods to its various branches at cost and the branches sell on credit as well as for cash. From the following details relating to Delhi Branch, show the Branch Account in the Head Office. Also prepare Branch Debtors Account as a part of working note : 7+2=9

Stock as on 01.04.2020	20,000
Stock as on 31.03.2021	16,000
Debtors as on 01.04.2020	32,500
Goods received from Head Office	80,000
Goods-in-transit as on 31.03.2021	7,500
Goods returned to Head Office	800
Credit sale	88,000
Cash sale	46,000
Discount allowed to customers	1,280
Goods returned from customers	2,400
Allowance to customers	600
Bad debts written-off	3,000
Cash received from customers	57,300
General charges	1,840
Rent and rates	4,800
Wages and salaries	8,200

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(Turn Over)

9. (a) A, B and C are in partnership sharing profits and losses in the ratio of 3 : 2 : 1 respectively. The Balance Sheet of the firm on the date of dissolution was as follows :

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Sundry Creditors	38,500	Cash in Hand	9,860
A's Loan A/c	2,750	Sundry Debtors	30,560
A's Capital	15,200	Stock	18,440
B's Capital	11,200	Furniture	7,200
		C's Capital (Dr.)	1,590
	<u>67,650</u>		<u>67,650</u>

The assets realized :

Stock—₹ 13,840, Furniture—₹ 5,150
and Debtors—₹ 29,200

The creditors were paid less discount ₹ 250. C is insolvent and is unable to bring in anything. The expenses of realization came to ₹ 520.

Show the Ledger Accounts as per Garner vs. Murray decision. 10

Or

- (b) What do you mean by conversion of partnership into a company? What are the objectives of such conversion? What entries are made in the books of a firm, when a partnership business is converted into a company? 2+3+5=10

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