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1 SEM TDC FACC (CBCS) C 101

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(Nov/Dec)

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) Accounting Standard deals with
depreciation accounting is

1. 5

2. 6

3. 7

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(2)

(ii) Revenue is considered as being earned when

1. cash is received
2. production is done
3. sale is effected

(iii) Unearned Income Account is

1. assets
2. liability
3. expenses

(iv) Unrecorded liability paid at the time of dissolution of a firm is debited to

1. Current Account
2. Realization Account
3. Creditor's Account

(b) Fill in the blanks : 1×4=4

(i) Discarding the old machinery due to new invention is called _____.

(ii) Carriage incurred on purchases of an asset is debited to _____ Account.

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(Continued)

(3)

(iii) A branch which does not maintain its own set of books is called _____ branch.

(iv) After making the payment to third parties, the _____ due to a partner is paid.

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

- (a) Accounting period concept
- (b) Straight-line method of depreciation
- (c) Four rights of hire vendor
- (d) Causes of dissolution of a partnership firm
- (e) Branch Stock Account

3. (a) What are Accounting Standards? Distinguish between Accounting Standard and Accounting Principles. 3+3=6

(b) Write four points of necessity of accounting. 4

4. (a) Distinguish between Capital Receipts and Revenue Receipts. 5

(b) Explain how expenses are recognized to match them against revenues. 5

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Or

From the following Trial Balance of Mr. X and other additional information, prepare a Profit and Loss Account for the year ended 31st March, 2022 and a Balance Sheet as on that date :

Trial Balance of Mr. X

Dr.	₹	Cr.	₹
Closing inventory (market value ₹ 42,000)	40,000	Creditors	30,000
Repairs	5,000	Royalty received	8,000
Factory	30,000	Reserve	10,000
Debtors (including bills receivable)—₹ 2,000	42,000	Capital	45,000
Travelling expenses	5,000	Profit on sale of investment	5,000
Export duty	2,000	Provision for bad debts	2,000
Cash and bank balance	12,000	Advance from bank	53,000
Trademark	10,000	Trading Account	
Advertisement	12,000	(gross profit)	8,000
Drawings	3,000		
	<u>1,61,000</u>		<u>1,61,000</u>

Adjustment :

- (i) Bills receivable dishonoured is not realisable as the debtors become insolvent
- (ii) Provide for bad and doubtful debts @ 10% on debtors
- (iii) 50% of advertisement is to be carried forward

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(Continued)

5. (a) Write a note on 'accounting as a measurement discipline'. 6

Or

- (b) State which of the following receipts are of capital nature and which of revenue nature : 1×6=6

- (i) Amount realized from sale of old furniture
- (ii) Amount received from debtors whose account was previously written-off
- (iii) Amount of loan taken from a bank
- (iv) Fees received from apprentices
- (v) Amount contributed by the proprietor to augment his capital
- (vi) ₹ 10,000 received from sale of machinery which had w.d.v. ₹ 6,000

6. (a) (i) Explain two merits and two demerits of hire-purchase system. 4

- (ii) Distinguish between Hire-purchase System and Instalment-purchase System. 6

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Or

(b) Dilip & Co. purchased a machine on hire-purchase basis on 01.01.2019. The payments were to be made as follows :

On signing the agreement	₹
At the end of first year	10,000
At the end of second year	12,000
At the end of third year	7,000
	4,400
	<u>33,400</u>

Interest included in ₹33,400 was charged on the cash price @ 10% p.a.

You are required to ascertain the cash price of the machine and write up Machinery Account and Hire Vendors Account in the books of Dilip & Co.

3+4+3=10

7. (a) (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) Cash-in-transit
- (3) Inter-branch Transactions

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(Continued)

Or

(b) X Ltd. of Kolkata has a Branch at Delhi. Goods are invoiced to the Branch at cost plus 33 $\frac{1}{3}$ %. The Branch remits all cash received to the head office and all expenses paid by the head office. From the following particulars, prepare Branch Stock Account, Branch Debtors Account, Branch Adjustment Account and Branch Expenses Account : 3+3+4=10

Branch Debtors on 1st April, 2021	₹	6,000
Branch Stock on 1st April, 2021		2,400
Sales :		
Cash	3,000	
Credit	60,000	
Goods from Head Office (Invoice Price)	72,000	
Cash Received from Debtors	57,600	
Discount Allowed to Debtors	1,400	
Bad Debts	300	
Branch Expenses paid by Head Office	10,000	
Branch Stock on 31st March, 2022		11,400

8. (a) (i) State and explain the decisions and rules laid down in Garner vs. Murray Case. 5

(ii) Distinguish between Maximum Loss Method and Proportionate Capital Method of piecemeal distribution. 5

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Or

(b) X, Y and Z were partners. Their Balance Sheet stood as under on the date when the firm was dissolved :

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Sundry Creditors	60,000	Sundry Assets	55,000
X's Capital A/c	22,000	Profit & Loss A/c	12,000
Z's Capital A/c	10,000	Y's Capital Account	25,000
	<u>92,000</u>		<u>92,000</u>

The assets realized ₹ 40,000. The expenses of realization amounted to ₹ 1,000. The position of the partners was as follows :

	<i>Private Estate</i>	<i>Private Liabilities</i>
	₹	₹
X	18,000	20,000
Y	12,000	21,000
Z	12,000	10,000

Prepare Realization A/c, Capital Accounts, Bank Account and Deficiency Account. 3+3+2+2=10

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