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(1st Semester)

COMMERCE

Paper No. : BC-104

(Financial Accounting—I)

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 45)

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

1. (a) Define accounting. Explain the nature and characteristics of accounting. 2+7=9

Or

- (b) Explain the accounting concepts and conventions. 9

2. (a) Explain the accounting concept of income. 9

Or

- (b) From the following particulars of M/s Dipak & Co. you are required to prepare Trading, Profit & Loss Account

(2)

and Balance Sheet for the year ended
31st December, 2014 : 2+3+4=9

| | ₹ |
|---------------------------------------|--------|
| Sales | 65,000 |
| Sales return | 500 |
| Stock at the beginning | 8,000 |
| Purchases | 29,000 |
| Purchases return | 300 |
| Direct wages | 5,000 |
| Direct expenses | 5,000 |
| Carriage inwards | 4,000 |
| Capital at the beginning | 30,000 |
| Drawings | 5,000 |
| Sundry debtors | 10,000 |
| Sundry creditors | 12,000 |
| Discount allowed | 100 |
| Discount received | 500 |
| Salaries | 3,000 |
| Interest paid | 400 |
| Furniture | 3,000 |
| Buildings | 20,000 |
| Plant and machinery | 20,000 |
| Cash in hand | 1,000 |
| Bills payable | 6,200 |
| Reserve for bad and doubtful debts | 500 |
| Bad debts | 300 |
| Closing stock at the end | 8,000 |

Additional Information :

- (i) Outstanding salaries ₹ 500
- (ii) Interest on capital at 10% p.a.
- (iii) Depreciation on plant and machinery at 10% p.a. and buildings at 5% p.a.

(iv) Prepaid of interest—₹ 100

(v) Provision for bad and doubtful debts at 10% on debtors

3. (a) Write the features of hire-purchase system. Also explain the advantages and disadvantages of hire-purchase.

3+3+3=9

Or

- (b) Van Supplier Ltd. sold a tempo to motor purchasing company on hire-purchase system on 1st January, 2008. The agreed cash price was ₹ 8,400 which has to bear interest at 6% p.a. The payments were to be made as follows :

₹ 2,000 on delivery; ₹ 2,400 on 31st December, 2008; ₹ 2,400 on 31st December, 2009 and ₹ 2,400 on 31st December, 2010

The motor purchasing company provides depreciation at 10% p.a. under reducing balance method.

Prepare Machinery Account, Interest Account and Depreciation Account.

5+2+2=9

4. (a) Explain in brief the different types of royalties. Distinguish between rent and royalty.

4+5=9

Or

- (b) Mohan took a mine on lease for 20 years. Rate of royalty is ₹ 1 per ton. Minimum rent is ₹ 8,000 per year. Next year shortworkings of that year will not be recouped in which yield will be less than 4000 tons and the year in which royalty will be more than minimum rent, only 50% of excess will be used for recoupment of shortworkings. Prepare Royalty Account, Shortworkings Account and Landlord Account in the books of lessee when the yield for first four years respectively is 3500 tons, 7000 tons and 7500 tons and 9000 tons. 3+3+3=9

5. (a) Define dissolution. Also explain the modes of dissolution of a firm. 3+6=9

Or

- (b) Minu and Sudeep are partners sharing profit and losses in the ratio of 3 : 2 respectively. Their Balance Sheet as on December 31, 2014 was as under :

Balance Sheet as at 31st December, 2014

| <i>Liabilities</i> | <i>₹</i> | <i>Assets</i> | <i>₹</i> |
|--------------------|----------|---------------|----------|
| Creditors | 28,000 | Cash in hand | 3,000 |
| Capitals : | | Cash at bank | 23,000 |
| Minu | 70,000 | Debtors | 19,000 |
| Sudeep | 70,000 | Buildings | 65,000 |

(5)

| <i>Liabilities</i> | ₹ | <i>Assets</i> | ₹ |
|--------------------|-----------------|---------------|-----------------|
| | | Furniture | 15,000 |
| | | Machinery | 13,000 |
| | | Stock | 30,000 |
| | <u>1,68,000</u> | | <u>1,68,000</u> |

On that date, they admit Rajib into partnership for $\frac{1}{3}$ rd share in future profit on the following terms :

- (i) Furniture and stock are to be depreciated by 10%
- (ii) Building is appreciated by ₹ 20,000
- (iii) 5% provision is to be created on debtors for doubtful debts
- (iv) Rajib is to bring in ₹ 50,000 as his capital and ₹ 30,000 as goodwill

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet.

4+3+2=9

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