

2022

(CBCS)

(1st Semester)

COMMERCE

(Honours)

Paper Code : BCH-1.1

(**Financial Accounting**)

Full Marks : 75

Pass Marks : 40%

Time : 3 hours

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

1. (a) Define accounting. Explain the objectives and limitations of accounting. 2+7+6=15

Or

- (b) Define Accounting Standard. Explain the need and benefits of Accounting Standard. 2+6+7=15

2. (a) What is depreciation? State briefly the different causes of depreciation. Distinguish between straight-line method and diminishing-balance method. 2+5+8=15

Or

- (b) The following Trial Balance as at 31st March, 2019 is drawn from books of Raj Kumar a trader :

Trial Balance as at 31st March, 2019

<i>Particulars</i>	<i>Dr. (₹)</i>	<i>Cr. (₹)</i>
Cash in Hand	70,000	
Cash at Bank	1,30,000	
Wages	1,50,000	
Sales		40,00,000
Machinery	19,20,000	
Bills Receivable	3,00,000	
Opening Stock	6,40,000	—
Creditors		3,00,000
Purchases	25,00,000	
Salaries Return	60,000	
Salaries	2,70,000	
Debtors	8,10,000	
Insurance	1,70,000	
Bad Debts	60,000	
Freight on Purchases	48,000	
Capital		28,00,000
Commission		38,000
Input CGST	5,000	
Input SGST	5,000	
	71,38,000	71,38,000

Taking into consideration the following adjustments, prepare Trading and Profit & Loss Account for the year ended 31st March, 2019 and a Balance Sheet as on that date : 8+7=15

(i) Closing Stock—₹ 8,00,000

(ii) Outstanding Salaries—₹ 32,000
and Outstanding Wages—₹ 20,000

(iii) Prepared Insurance—₹ 10,000 and
Accrued Commission—₹ 12,000

(iv) Charge depreciation of Machinery
@ 10% p.a.

3. (a) What do you understand by hire-purchase system? Mention any six characteristics of hire-purchase system. Distinguish between hire-purchase system and installment system. 2+6+7=15

Or

- (b) From the following information, prepare
(i) Journal entries in the Book of Buyer
and (ii) Machinery A/c and Y's Motors
A/c in the Book of Buyer : 7+4+4=15

(1) X purchase a machinery from
Y Motors at ₹ 1,00,000 as on
01.01.2011

(2) Down payment made on the date
₹ 40,000

- (3) Three equal annual installments of ₹ 20,000 along with interest @ 5%
- (4) Rate of depreciation will be charged @ 10% on straight-line method as on 31st December each year

4. (a) What is Branch Accounting? Write its objects. Distinguish between Independent Branch and Dependent Branch. 2+5+8=15

Or

(b) Head Office of a company invoices goods to its branch at cost-plus 25%. From the following particulars, prepare (i) Branch Stock Account, (ii) Branch Adjustment Account and (iii) Branch Profit & Loss Account : 5+5+5=15

Particulars	(₹)
Opening Stock at Branch at Invoice Price	50,000
Goods sent to Branch at Invoice Price	5,00,000
Office Expenses	1,00,000
Loss of Goods-in-transit at Invoice Price	50,000
Sales	6,10,000
Pilferage at Invoice Price	20,000
Closing Stock at Branch at Invoice Price	60,000
Recovered from Insurance Company against Loss of Goods-in-transit	30,000

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

8+7=15

(5)

Or

- (b) X, Y and Z sharing profits in $\frac{1}{2}$ nd, $\frac{1}{3}$ rd and $\frac{1}{6}$ th respectively decided to dissolve the firm from 01-01-2019 when their Balance Sheet was as follows :

Balance Sheet

Liabilities	(₹)	Assets	(₹)
Creditors	40,000	Land & Buildings	57,000
Bills Payable	7,000	Stock	50,000
X's Loan	10,000	Sundry Debtors	50,000
X's Capital	90,000	Bank	3,000
Y's Capital	10,000	Y's Current A/c	2,000
Z's Capital	10,000	Z's Current A/c	5,000
X's Current A/c	1,500	Profit & Loss A/c	1,500
	1,68,500		1,68,500

Land and Buildings were sold for ₹40,000 and Stock and Debtors realized ₹30,000 and ₹42,000 respectively. Goodwill was sold for ₹600. The expenses on realization came to ₹1,200. Z is insolvent and a dividend of 50 paise in the rupee is received from his estate.

Prepare Realization Account, Partners' Capital Accounts and Bank Account as per Garner vs. Murray decision.

15

★ ★ ★