

**2021**

( 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) What is the difference between Concept and Convention? Explain any three accounting concepts. 3+6=9

*Or*

- (b) "Accounting is the language of business." Explain. 9

( 2 )

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

Or

- (b) From the following balances extracted from the books of Megha Tondon, you are required to prepare Trading, Profit & Loss A/c and Balance Sheet as on 31st March, 2018 : 9

Particulars	₹
Capital	80,000
Goodwill	8,000
Loan from X on 01-10-2017 @ 15% p.a.	10,000
Freehold Land and Building	30,000
Plant and Machinery	28,000
Furniture	5,000
Opening Stock	12,000
Purchases	45,000
Purchases Returns	2,000
Wages	4,000
Debtors	18,000
Bad Debts	500
Sales	70,000
Provision for Doubtful Debts	4,000
Creditors	19,700
Sales Returns	1,500
Miscellaneous Expenses	150

( 3 )

	₹
Sales of Old Newspaper	50
Advertisement Expenses	5,000
Discount Received	700
Office Expenses	1,800
Trade Discount on Purchases	1,000
Legal Expenses	500
Carriage Inward	1,200
Salaries	7,000
Rent	2,000
Cash in Hand	4,800
Audit Fees	1,200
Interest on Loan	500
Investment in Shares	2,000
Drawings	400
Dividend on Shares	300
Delivery Charges	600
Books	5,000

Additional Information :

Stock on 31st March, 2018 was ₹ 20,000. Maintain a provision of 5% on Debtors. Provide depreciation on Plant and Machinery @ 10% p.a. and on Furniture and Books @ 15% p.a. ₹ 4,000 of Advertising Expenses are to be carried forward to next year.

22L/27a

( Continued )

22L/27a

( Turn Over )

( 4 )

3. (a) What is hire-purchase system? Distinguish between Hire-purchase system and Instalment payment system. 3+6=9

Or

- (b) Textiles Limited purchased motor lorries on hire-purchase system over a period of four years. ₹ 12,000 was payable on delivery on 1st January, 2017 and the balance by 4 annual instalments of ₹ 12,000 each on 31st December. Motors Limited who sold the lorries charged 5% p.a. interest on the yearly balances. The cash value of the lorries on delivery was ₹ 54,551. Depreciation at the rate of 25% on diminishing balances was written off in each year.

Give the necessary Journal Entries and show Balance Sheet as on 31st December, 2020 in the books of Textiles Limited. 7+2=9

22L/27a

( Continued )

( 5 )

4. (a) What do you mean by recoupment of shortworkings? Write the Accounting Journal Entries written in the books of lessee for royalty payable through minimum rent and without opening minimum rent. 4+5=9

Or

- (b) ABC Co. acquired the lease of a mine at a minimum rent of ₹ 10,000 p.a. merging into a royalty of 50 paise per ton. Shortworkings could be recouped only within the three years following the year in which the shortworking occurs. The lease, however, stipulated that if in any year normal production was not attained due to strike or any accident, the minimum rent was to be regarded as having been reduced proportionately, having regard to the length of the stoppage.

The output was as follows :

	Tons
Year ended 31.12.2015	8000
Year ended 31.12.2016	12500
Year ended 31.12.2017	21500
Year ended 31.12.2018	26000
Year ended 31.12.2019	17000
Year ended 31.12.2020	30000

22L/27a

( Turn Over )

( 6 )

During the year 2019, there was a stoppage due to strike lasting for three months.

Show the Royalty A/c, Shortworking A/c and Landlord A/c in the books of the ABC Co. 3+3+3=9

5. (a) What is dissolution of partnership firm? What are the modes of dissolution of a firm? 2+7=9

Or

- (b) Balance Sheet of a firm as on 31st March, 2018 was as follows :

Liabilities		₹	Assets		₹
X's Capital	5,00,000		Freehold Property	8,00,000	
Y's Capital	4,00,000		Investments	2,00,000	
Z's Capital	3,00,000	12,00,000	Sundry Debtors	1,00,000	
Sundry Creditors	2,00,000		Stock	1,50,000	
Profit & Loss A/c	1,50,000		Cash at Bank	3,00,000	
		<u>15,50,000</u>			<u>15,50,000</u>

The partnership was dissolved on the above data. X took over the investments at a value of ₹ 1,90,000.

Cash realized was as follows :

Freehold Property—₹ 9,00,000  
Sundry Debtors—₹ 90,000  
Stock—₹ 1,40,000

( 7 )

Creditors were paid on a discount of 5%. Expenses of realization came to ₹ 20,000.

Prepare Realization A/c, Partners' Capital A/cs and Bank A/c. 3+3+3=9

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