

**1 SEM TDC FACC (CBCS) C 101**

**2 0 2 1**

( March )

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) Choose the correct answer : 1×3=3**

(i) The liabilities of a firm are ₹ 3,000; the capital of the proprietor is ₹ 7,000. The total assets are

(1) ₹ 7,000

(2) ₹ 10,000

(3) ₹ 4,000

(ii) Stock is valued at

(1) cost price

(2) market price

(3) cost or market price whichever is lower

(iii) At profit margin of 20% on sale price is equivalent to

(1) 20% profit on cost

(2) 25% profit on cost

(3)  $33\frac{1}{3}\%$  profit on cost

(b) Fill in the blanks : 1×2=2

(i) The business-entity concept implies that a business unit is \_\_\_\_ from the persons who supply capital to it.

(ii) Depreciation on hire-purchase asset is claimed by \_\_\_\_.

(c) Write *True* or *False* : 1×3=3

(i) Accounting Standards sets the tone of accounting.

(ii) AS-9 applies to revenue arising from hire-purchase, lease agreements also.

(iii) A partnership is dissolved on the death of a partner.

( 3 )

2. Write short notes on (any four) : 4×4=16
- (a) Capital and Revenue Expenditure
- (b) Financial and Operating Lease
- (c) Stock and Debtors System
- (d) Insolvency of Partners
- (e) Revaluation Account

3. (a) What do you mean by International Financial Reporting Standards? How does Accounting Standards differ from Accounting Principles? 2+4=6

Or

- (b) Pass the opening entry on 1st April, 2020 on the basis of the following information available from the books of Mr. Amit : 6

	₹		₹
Cash in Hand	60,000	Plant	2,00,000
Sundry Debtors	1,00,000	Land and	
Closing Stock	1,20,000	Building	5,00,000
Input IGST A/c	20,000	Sundry Creditors	4,00,000
Input CGST A/c	10,000		
Input SGST A/c	10,000		

16-21/416

( Turn Over )

( 4 )

4. (a) Define 'Revenue'. State the aspects to which revenue recognition does not apply. Give examples of such items. 2+8=10

Or

- (b) (i) Define 'Depreciation'. Why is depreciation provided for? 2+3=5

- (ii) Books of A Ltd. showed the following balances on 1st April, 2018 :

Machinery—₹ 5,00,000  
Provision for Depreciation A/c—  
₹ 2,00,000

On 1st April, 2018, a machine had a cost of ₹ 1,00,000 on 1st October, 2015, was sold for ₹ 40,000. The firm writes off depreciation @ 10% p.a. under the Diminishing Balance Method and its accounts are made-up on 31st March each year.

You are required to prepare the Machinery Account and Provision for Depreciation Account for the year ended 31st March, 2019. 3+2=5

5. (a) Explain the need of classification of receipts and expenses into capital and revenue in the financial accounting. Also distinguish between Capital loss and Revenue loss. 6+4=10

16-21/416

( Continued )

( 5 )

Or

(b) Following is the Trial Balance of M/s. Kasturi Agencies as on 31st March, 2020. Prepare Trading and Profit & Loss Account for the year ended 31st March, 2020 and a Balance Sheet as on that date :

Particulars	Dr.	Cr.
	₹	₹
Capital		1,00,000
Drawings	18,000	
Buildings	15,000	
Furniture and Fittings	7,500	
Motor Van	25,000	
Loan from Hari @ 12% Interest (1-4-2019)		15,000
Interest Paid on above	900	
Sales		1,00,000
Purchases	75,000	
Opening Stock	25,000	
Establishment Expenses	15,000	
Wages	2,000	
Insurance	1,000	
Commission Received		4,500
Sundry Debtors	28,100	
Sundry Creditors		10,000
Bank Balance	20,000	
Interest Received		3,000
	<u>2,32,500</u>	<u>2,32,500</u>

Adjustments :

- (i) Closing Stock was valued as on 31st March, 2020—₹ 32,000  
(ii) Outstanding Wages—₹ 500

16-21/416

( Turn Over )

( 6 )

- (iii) Prepaid Insurance—₹ 300  
(iv) Depreciate Furniture and Fittings @ 10% and Motor Van @ 20%  
(v) Charge interest on Capital @ 10%

6. (a) What do you mean by 'Instalment Purchase System'? What are its features? Mention any four distinctions between Hire-Purchase System and Instalment Purchase System. 2+4+4=10

Or

- (b) X Company purchased a machine on 1st April, 2017 on hire-purchase system. The payments were to be made as follows :

	₹
On signing of the agreement	5,000
On 31-03-2018	6,000
On 31-03-2019	3,500
On 31-03-2020	2,200
	<u>16,700</u>

Interest included in ₹ 16,700 was charged on the cash price @ 10% per annum.

You are required to ascertain the cash price of the machine and prepare Machinery Account and Hire Vendor's Account in the books of X Company.

4+3+3=10

16-21/416

( Continued )

( 7 )

7. (a) (i) What are the main classes of Branch Accounts? Discuss the need of Branch Accounts. 2+4=6
- (ii) Mention any four distinctions between Branch Accounts and Departmental Accounts. 4

Or

- (b) Sagar Ltd. has a branch at Silchar which sells goods at cost-plus 25%. From the following particulars, calculate the value of closing stock at Silchar branch and prepare Silchar Branch Account for the year ended 31st March, 2020 : 3+7=10

	₹
Stock at branch on 1st April, 2019	22,000
Goods sent to branch	1,78,000
Cash sales at branch	2,00,000
Expenses paid by Head Office :	
Salaries	₹ 5,000
Advertisement	₹ 2,000
	7,000

Commission of 10% on the net profit after charging such commission is to be credited to Branch Manager.

8. (a) What do you mean by Piecemeal Distribution of Cash? What are its objectives? Discuss the Maximum Possible Loss method of piecemeal distribution. 2+2+6=10

( 8 )

Or

- (b) P, Q and R are in partnership sharing profits and losses in the ratio of 2 : 2 : 1 respectively. They agreed to dissolve their firm. Their Balance Sheet as on the date of dissolution was as follows :

Liabilities	Amount	Assets	Amount
	(₹)		(₹)
Sundry Creditors	34,500	Cash in Hand	4,500
Bank Overdraft	20,000	Sundry Debtors	30,500
Capital Accounts :		Investments	32,500
P	₹ 19,000	Goodwill	12,000
Q	₹ 9,000	Capital Account :	
		R	3,000
			<u>82,500</u>
			<u>82,500</u>

The assets were realized as follows :

Goodwill—₹ 2,000

Investments—₹ 24,500

Sundry Debtors—₹ 20,500

The expenses of realization came to ₹ 2,000. The partners bring in cash to meet their respective deficiencies.

Prepare necessary accounts to close the books of the firm. 10

★ ★ ★