

2023

(FYUGP)

(1st Semester)

COMMERCE

(Major)

Paper Code : BC/C1

(Financial Accounting)

Full Marks : 75

Pass Marks : 40%

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. (a) Describe briefly about various concepts and conventions of financial accounting. 9+6=15

Or

- (b) Discuss the needs and qualitative characteristics of accounting information. Who are the users of financial accounting information? 5+6+4=15

2. (a) Explain the term 'depreciation' with reference to its objectives. Discuss the merits and demerits of straight-line and written-down methods of calculating depreciation. 5+5+5=15

24L/347

(Turn Over)

(2)

- (b) Following is the Trial Balance of the Assam Public School on 31st March, 2022 :

Or

Dr. Balances	₹	Cr. Balances	₹
Land	50,000	Capital Fund	15,60,000
School Building	15,00,000	Tuition Fees	
Furniture	3,00,000	Received	25,10,000
Salaries :		Salaries Payable	1,75,000
Teaching Staff	12,00,000	Prize Fund	2,00,000
Administrative		Tournament Fund	3,00,000
Staff	2,60,000	General Reserve	
Investments	7,00,000	Fund	2,00,000
Stationery Postage	1,73,000	Interest Received	
Lighting	36,000	on Fund Investments	77,000
General Expenses	65,000	Donation for	
Prizes Awarded	20,000	School Hall	1,50,000
Tournament			
Expenses	30,000		
Library Books	3,75,000		
Bank Balance	4,63,000		
	<u>51,72,000</u>		<u>51,72,000</u>

Depreciation is to be provided as follows :

Building—2%; Furniture—10%;

Library Books—20%

The investments were made against the various funds commonly.

- Prepare Income & Expenditure A/c for the year ending 31st March, 2022. 8+7=15

24L/347

(Continued)

3. (a) What is instalment purchase system? What are the Journal Entries to be passed in the books of buyer and vendor under instalment purchase system? Distinguish between Instalment Sale and Credit Sale. 2+9+4=15

Or

(b) On 1st January, Mr. A purchased a machine from Mr. B on hire-purchase basis. The cash price of the machine was ₹ 25,000 payable ₹ 5,000 on signing the agreement and balance in four annual instalments of ₹ 5,000 plus interest at 5% p.a. payable on 31st December each year. Mr. A writes off depreciation at 10% p.a. on the diminishing value of machine. Prepare Journal Entries in the books of buyer and show Machinery A/c and Mr. B's A/c (seller) in the books of buyer. 7+4+4=15

4. (a) What is branch accounting? Write notes on (i) dependent and independent branches and (ii) debtors system and stock and debtors system of branch accounting. 2+6+7=15

(b) A firm has a branch at Guwahati. Goods are invoiced to the branch at 25% above cost. Branch is instructed to deposit cash everyday in Head Office A/c in the bank. All expenses are paid by cheques except petty cash expenses which are paid by the Branch Manager. From the following information, prepare Branch A/c in the books of the Head Office and Debtors A/c and Cash A/c in the books of the branch : 10+2+3=15

Or

Stock at Branch (01.01.2019)	15,000
Stock at Branch (31.12.2019)	20,000
Branch Debtors (31.12.2019)	11,000
Cash Sales by Branch	70,000
Furniture Purchased by the Branch Manager	8,000
Head Office sent Cash to Branch for safe	10,000
Credit Sales by the Branch	40,000
Cash Remitted to Head Office	90,000
Liability for Petty Expenses	500
Cash Received from Debtors	38,000
Goods Invoiced from Head Office	1,15,000
Expenses paid by Head Office	10,000
Expenses paid by Branch	5,500
Goods Returned to Head Office (at Invoice Price)	5,000

5. (a) What is dissolution of firm? Explain different modes of dissolution of firm. Explain the underlying principles of Garner vs. Murray decision in the dissolution of partnership. 2+8+5=15

Or

(b) Ajay, Vijay, Ram and Shyam are partners in a firm sharing profits and losses in the ratio of 4 : 1 : 2 : 3. Following is their Balance Sheet as on 31st March, 2022 :

Liabilities	₹	Assets	₹
Sundry Creditors	3,00,000	Debtors	3,50,000
Capital A/cs :		Less : Doubt- ful Debts	50,000
Ajay	7,00,000	Cash in Hand	1,40,000
Shyam	3,00,000	Stock	2,00,000
		Other Assets	3,10,000
		Capital A/cs :	
		Vijay	2,00,000
		Ram	1,50,000
	<u>13,00,000</u>		<u>13,00,000</u>

On 31st March, 2022, the firm is dissolved and the following points are agreed upon :

- (i) Ajay is to take over Sundry Debtors at 80% of book value
- (ii) Shyam is to take over the Stocks at 95% of book value

- (iii) Ram is to discharge Sundry Creditors
- (iv) Other Assets realized ₹ 3,00,000 and expenses of realization is ₹ 30,000
- (v) Vijay is found insufficient and ₹ 21,900 is realized from his estate

Prepare Realization A/c, Capital A/cs of partners and Cash A/c. The loss arising out of capital deficiency may be distributed following the decisions in Garner vs. Murray. 6+5+4=15
