

**63/1 (SEM-1)**  
**(CC1/DSC1A)COMHC/RC1016**

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( Held in 2023 )

**COMMERCE**

Paper : COMHC1016/COMRC1016

**( Financial Accounting )**

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. Choose the correct answer : 1×6=6

(a) \_\_\_\_\_ is a specialized branch of accounting that keeps track of a company's financial transactions.

(i) Cost Accounting

(ii) Management Accounting

(iii) Financial Accounting

(iv) Corporate Accounting

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- (b) When goods are transferred from one department to other department, they are called
- (i) inter-departmental transfers
  - (ii) other departmental transfers
  - (iii) not a transfer
  - (iv) regular transfer
- (c) Which of the following is not a benefit of Financial Accounting?
- (i) Maintaining systematic record
  - (ii) Protecting and safeguarding business assets
  - (iii) Historical in nature
  - (iv) Facilitates rational decision making
- (d) Accounting Standard refers to specific accounting
- (i) principles
  - (ii) methods of applying those principles
  - (iii) Both (i) and (ii)
  - (iv) None of the above
- (e) Accounting for fixed assets :
- (i) AS-6
  - (ii) AS-10
  - (iii) AS-3
  - (iv) AS-2
- (f) AS-2 is on
- (i) disclosure of accounting policies
  - (ii) valuation of inventories
  - (iii) revenue recognition
  - (iv) depreciation accounting

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2. Answer the following questions : 2×5=10
- (a) What is an accounting convention?
  - (b) What is gateway of Tally?
  - (c) Mention the two objectives of Accounting Standards.
  - (d) What is meant by piecemeal distribution of cash?
  - (e) Give any two distinctions between straight-line method and diminishing balance method of computing depreciation.
3. Answer any six of the following questions : 5×6=30
- (a) Explain in brief the various modes of dissolution of a partnership firm.
  - (b) State the different types of branches from the accounting point of view.
  - (c) Give five distinctions between Capital Expenditure and Revenue Expenditure.
  - (d) Mention five features of computerized accounting system.
  - (e) Mention the salient features of (India AS) 101.
  - (f) Write a note on the recognition of expenses.

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(g) Y Ltd. has purchased and sold materials in the following order :

07.01.2020 : Purchased 3000 units at ₹ 40 each  
18.01.2020 : Purchased 4000 units at ₹ 50 each  
20.01.2020 : Purchased 1000 units at ₹ 48 each  
25.01.2020 : Sold 6600 units at ₹ 55 each

You are required to compute the value of closing inventory according to—

- (i) FIFO method;  
(ii) LIFO method.

Also ascertain the cost of goods sold and the amount of profit under each method.

(h) Nibir purchased a truck on hire-purchase system. As per terms he is required to pay ₹ 70,000 down, ₹ 53,000 at the end of first year, ₹ 49,000 at the end of second year and ₹ 55,000 at the end of third year. Interest is charged @ 10% p.a.

Calculate the cash price and the interest paid with each instalment.

(i) Mr. X is a tax consultant. He carried on his profession from a rented premises. His incomes and expenses for the year ended 31.03.2021 are as under :

Fees received from clients in cash	₹
Fees for the year 2020-21 due from the clients	2,94,600
	16,700

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Rent of chamber paid	₹
Rent for the month of March 2021 payable	33,000
Salary of clerk and office peon paid	3,000
Salary paid in advance to office peon	80,000
Salary of clerks outstanding	1,200
Telephone charges paid	2,000
Miscellaneous expenses paid	19,500
	14,860

You are required to ascertain Mr. X's net income for the year ended 31.03.2021 under (i) cash basis and (ii) accrual basis of accounting.

4. Answer any two of the following questions :  
10×2=20

(a) A and B are in partnership sharing profits and losses as two-thirds and one-third respectively. They decide to dissolve their firm on 31.12.2021. Their Balance Sheet as on that date was as follows :

Balance Sheet			
Liabilities	Amount	Assets	Amount
	₹		₹
Capital A/cs :		Plant and	
A	15,000	Machinery	15,000
B	<u>10,000</u>	Debtors	6,000
Creditors	5,000	Stock	8,000
		Cash	1,000
			<u>30,000</u>
			<u>30,000</u>

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The Plant and Machinery realized ₹ 14,000; Debtors ₹ 5,000 and Stock ₹ 10,500. Creditors are paid in full. Expenses of realization amounted to ₹ 200.

Prepare accounts to close the books of the firm.

- (b) What do you mean by Branch Accounting? Discuss the advantages and disadvantages of branch accounting. 2+4+4=10
- (c) On 01.04.2017, M/s Barman Traders purchased a car from 'Car Palace' on instalment purchase system. The terms of the contract were as follows :
- (i) The cash price of the car was ₹ 1,20,000
- (ii) The amount payable on signing the agreement was ₹ 45,000
- (iii) The balance of the purchase consideration was to be paid in three annual instalments of ₹ 25,000 each together with interest at 4% p.a. on the balance
- (iv) The asset was to be depreciated at 10% p.a. on fixed instalment method

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(v) Accounts are closed on 31st March each year

Prepare Car A/c, Car Palace A/c and Interest Suspense A/c in the books of hire-purchaser.

5. Answer any one of the following questions : 14

- (a) (i) Discuss the salient features of Indian Accounting Standard-2.
- (ii) What are the various methods of computing depreciation? 7+7=14

(b) From the following Trial Balance of a firm of Amal and Bimal as at 31.12.2021, prepare financial statements of the firm as on that date :

*Trial Balance*

Dr.	₹	Particulars	Cr.
			₹
Goodwill	40,000	Capital A/cs :	
Furniture	5,000	Amal	65,000
Purchases	85,000	Bimal	40,000
Sundry Debtors	40,500	Sales	1,60,000
Return Inward	1,500	Sundry Creditors	14,500
Rent	3,750	Return Outward	2,500
Printing and Stationery	8,740	Bills Payable	8,900
Advertisement	9,000		
Opening Stock	11,500		
Cash in Hand	16,000		
Wages	14,000		

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<i>Dr.</i>			<i>Cr.</i>
<i>Particulars</i>	<i>₹</i>	<i>Particulars</i>	<i>₹</i>
Salaries	12,250		
Carriage Inward	5,800		
Motor Van	20,860		
Plant and Machinery	10,000		
Drawings :			
Amal	4,000		
Bimal	3,000		
	<u>2,90,900</u>		<u>2,90,900</u>

*Adjustments :*

- (i) Write off ₹ 250 from Furniture, 10% on Plant & Machinery and 20% on Motor Van
- (ii) Create a provision of 5% on Sundry Debtors for Doubtful Debts
- (iii) Write off  $\frac{1}{5}$ th of advertisement expenses
- (iv) Provide for Interest on Capital at 6% per annum
- (v) Bimal is entitled to a salary of ₹ 1,800 per annum
- (vi) Stock on 31.12.2021 is amounted to ₹ 20,000
- (vii) Provide Interest on Drawings at 10% per annum

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