REV-01
BCM/18/23

2025/12

SET A

BACHELOR OF COMMERCE
FIRST SEMESTER
FINANCIAL ACCOUNTING
BCM – MAJ – 111
[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs. **Full Marks: 70**

Objective

Time: 30 mins. **Marks: 20**

Choose the correct answer from the following: ***1×20=20***

1. Which are of the following Accounting Standards is related to cash flow statements?
   a. AS 2
   b. AS 3
   c. AS 10
   d. AS 12

2. Under the straight-line method, the depreciation expense for each year:
   a. Decreases over time
   b. Increases over time
   c. Remains the same each year
   d. Depends on usage

3. In a hire purchase agreement, the ownership of the asset is transferred to the buyer:
   a. Immediately after signing the agreement
   b. After the first instalment
   c. After all instalments are paid
   d. After 50% of the payments are made

4. Which accounting concept states that personal transactions of owners should be kept separate from the business transactions?
   a. Dual Aspect
   b. Business Entity
   c. Accrual
   d. Prudence

5. The salvage value of an asset is:
   a. The purchase price of the asset
   b. The value of the asset at the end of its useful life
   c. The amount spent on maintenance
   d. The amount of depreciation charged each year

6. Opening Stock is shown on the..................side of the Trading Account.
   a. Credit
   b. Debit
   c. Asset
   d. Liability

7. Closing stock appears in:
   a. Only Trading Account
   b. Only Balance Sheet
   c. Trading Account (credit) and Balance Sheet (asset)
   d. Profit and Loss Account

8. Under a hire purchase agreement, who is responsible for maintaining the goods before full ownership is transferred?
   a. The seller
   b. The finance company
   c. The hirer (buyer)
   d. The manufacturer

9. If the hire purchaser fails to make payment of any installment, it is called
   a. Default
   b. Repossession
   c. Sale
   d. Purchase

10. Which of the following does not appear in Memorandum Branch Debtors Account?
    a. Cash received from debtors
    b. Return inward
    c. Credit purchases
    d. Bad debts

11. In which system are separate accounts like Branch Stock Account and Branch Debtors Account maintained?
    a. Debtors System
    b. Stock & Debtors System
    c. Final Accounts System
    d. Independent System

12. Which are of the following is NOT a feature of accounting?
    a. Recording transactions
    b. Interpretation of financial data
    c. Legal advice
    d. Communication of financial results

13. Wages related to production are classified under:
    a. Operating Expenses
    b. Indirect Expenses
    c. Direct Expenses
    d. Administrative Expenses

14. Which principle ensures comparability of financial statements?
    a. Consistency
    b. Objectivity
    c. Materiality
    d. Cost

15. Which accounting qualitative characteristic ensures financial statements are free from bias?
    a. Relevance
    b. Comparability
    c. Reliability
    d. Faithful representation

16. Goods returned by branch to Head Office is:
    a. Debited in HO books
    b. Credited to Branch Account
    c. Credited to Stock Reserve
    d. Ignored

17. Bad debts are shown in:
    a. Trading Account
    b. Balance Sheet
    c. Profit & Loss Account
    d. Cash Book

18. Goods sent to branch at invoice price includes:
    a. Cost only
    b. Cost + loading
    c. Cost - loading
    d. Selling price

19. Carriage outward is shown in:

a. Trading A/c
b. Profit & Loss A/c
c. Balance Sheet
d. Capital A/c

20. In branch accounting, if goods are sent to a branch at an invoice price, what does the "Loading" refer to?

a. Difference between cost price and selling price
b. Difference between cost price and invoice price
c. Additional charges for transportation
d. Cost of inventory shortage

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Descriptive

Time : 2 Hr. 30 Mins. Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. From the following balances, prepare the trading and profit and loss account and balance sheet as on March 31, 2024. 3+3+4=10

Debit Balances	Amount (₹)	Credit Balances	Amount (₹)
Drawings	6,300	Capital	1,50,000
Cash at bank	13,870	Discount received	2,980
Bills receivable	1,860	Loans	15,000
Loan and Building	42,580	Purchases return	1,450
Furniture	5,130	Sales	2,81,500
Discount allowed	3,960	Reserve for bad debts	4,650
Bank charges	100	Creditors	18,670
Salaries	6,420		
Purchases	1,99,080		
Stock (opening)	60,220		
Sales return	1,870		
Carriage	5,170		
Rent and Taxes	7,680		
General expenses	3,630		
Plant and Machinery	31,640		
Sundry debtors	82,740		
Bad debts	1,250		
Insurance	750		
Total	4,74,250	Total	4,74,250

Adjustments

a) Closing stock Rs 70,000
b) Create a reserve for bad and doubtful debts @ 10% on sundry debtors
c) Insurance prepaid Rs 50
d) Rent outstanding Rs 150
e) Interest on loan is due @ 6% p.a.

2. A head office in Kolkata supplies goods to its branch at Chennai at cost. The branch sells the goods for cash and on credit and remits the proceeds to the head office promptly, the branch expenses being met by the head office by cheque. The following are the transactions relating to the branch for the year ended 31st December, 2024. 6+2+2=10

Particulars	Rs.
Stock at branch on 1.1.24	6,000
Debtors at branch on 1.1.24	8,000
Goods sent to branch during the year	45,000
Total sales at branch (including cash sales Rs. 22,000)	74,000
Goods returned by branch	2,000
Goods returned by customers	2,000
Collection from debtors	42,000
Discount allowed	2,000
Bad debt written off	1,000
Cheques sent by head office towards branch expenses:	
Salaries	5,000
Rent	2,500
Petty expenses	500
Stock at branch on 31.12.24	9,000

Prepare Branch Account, Memorandum Debtors Account and Goods Sent to Branch Account in the books of head office.

3. Explain different accounting concepts and convention while reporting accounting information — 5+5=10

4. a) Explain the different important methods of inventory valuation. — 3+7=10
   b) From the following particulars write up Store ledger using FIFO method.

2020	Particulars
January 1	Opening stock 1,000 units @ ₹ 10
January 5	Received 500 units @ ₹ 11
January 10	Issued 1200 units
January 12	Received 800 units @ ₹ 11.50
January 20	Returned 100 units @ ₹ 10
January 25	Issued 500 units
January 30	Issued 200 units

5. Nestle Coffee Works Ltd., bought coffee drying machine costing ₹6,56,000 from Xavier Ltd on 1st January 2023 on hire purchase basis. ₹2,00,000 was paid on signing the contract and the balance in three annual instalments of ₹2,00,000 (each) by the end of December every year. Interest was charged at 15% per annum. Life of the machine was expected to be four years. You are required to pass the journal entries and necessary ledger accounts in the books of Nestle Coffee Works Ltd — 10

6. On 1 April 2021, Manisha Ltd. purchased a second-hand machine for ₹80,000 and spent ₹20,000 on its carriage, repairs, and installation, bringing the total cost to ₹1,00,000. 10
The company provides depreciation at 20% per annum on the Written Down Value (WDV) Method. On 30 September 2023, the machine was sold for ₹50,000.

You are required to prepare the Journal Entries, Machinery Account, and Depreciation Account for the first three years, assuming the accounts are closed on 31st March each year.

7. Explain the difference between the Straight-Line Method and the Written Down Value Method of depreciation. Also, discuss the advantages and disadvantages of each method. 4+6=10

8. From the following balances extracted from the books of a trader, prepare Trial Balanceas on 31st March, 2024 10

Particulars	Amount (₹)	Particulars	Amount (₹)
Cash in hand	4,200	Sales	1,05,000
Cash at Bank	16,800	Purchases	75,000
Bills Receivable	18,000	Carriage Inward	2,700
Bills Payable	16,000	Salaries	12,000
Sundry Debtors	24,600	Advertisement	2,400
Sundry Creditors	32,400	Insurance	1,600
Capital	50,000	Furniture	7,500
Drawings	18,000	Stock	18,600
Office Rent	2,000		

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