

BACHELOR OF COMMERCE
First Semester
Financial Accounting I
(BCM - 02)

Duration: 3Hrs.

Full Marks: 70

(PART-B: Descriptive)

Duration: 2 hrs. 40 mins.

Marks: 50

1. Answer the following questions (any five)

2×5=10

- a) Define the term accounting.
- b) What do you mean by financial statement?
- c) What do you mean by GAAP?
- d) What do you understand by sectional ledger balancing system?
- e) What do you understand by self balancing system?
- f) What do you mean by installment purchase system?
- g) Define the term royalty.

2 Answer the following questions (any five)

3×5=15

- a) From the following particulars of NT Ltd for the month of Sept 2009, prepare Total Creditors Account as on 30TH Sept, 2009.

	Rs
Debitors on 1st September, 2009	5,700
Credit purchase	22,000
Purchase Return	3,500
Cash paid to creditors	12000
Discount received	470
Allowances received	320
Bills Payable Accepted	8000
Closing balance of Creditors	3410

- b) Explain some features of sectional balancing ledger system.
- c) On 1.1.2007 L&M Ltd purchased a computer worth Rs 60,000 from TG Ltd on installment payment system and paid Rs 20,000 as down payment. The balance was payable in three equal annual installments of Rs 15000 each including interest on 31st Dec each year. You are required to calculate the amount of interest for the year 2007, 2008, 2009.
- d) Write a short note on Money Measurement Concept.
- e) AB Mines leased some land to XY Ltd at Rs 5 per tonne on the output subject to a dead rent of Rs 40,000 per annum with the right of recoupment of shortworking during the first three years of lease. The output for the first four years were as follows:
- 1st year-6000 tonnes
 - 2nd year-8000 tonnes
 - 3rd year-11000 tonnes
 - 4th year -7000 tonnes
- You are required to prepare a statement showing the calculation of royalty, shortworking etc
- f) Explain some features of hire purchase system.
- g) Explain some advantages of accounting standards.

3. Answer the following questions (any five)

5×5=25

- a) From the following particulars prepare Total Debtors Account as on 31st Dec 2009

	Rs
Debtors as on 1.1.2009	90,000
Bills Receivable received	42,500
Total Sales	4,44,000
Cash sales	64000
Cash paid	1000
Cash and cheque received	3,42,000
Discount allowed	9000
Returns	2300
Transfer to Bought Ledger	600
Bill Receivable met on maturity	35000
Bills dishonoured	7500

The balances extracted from Sales Ledger on 31.12.2009 amounted to Rs 82,600 and the Company's Trial Balance showed a difference of Rs 500.

b) On 1st Jan 2005, Delph Co purchased a machine worth Rs 45000 on hire purchase system. An amount of Rs 6000 was paid on delivery and the balance in 5 instalments of Rs 9000 each payable annually on 31st Dec each year. Vendor company charged 5% interest p.a. on yearly balance. Calculate the amount of interest and prepare machinery account under Cash Price method.

c) SD took a coal mine on lease on 1st Jan, 2006 on the following terms:

- (i) Minimum Rent Rs 25000 per year
- (ii) Each year's shortworking can be recovered during subsequent two years.
- (iii) The minimum rent is to be reduced by 25% in a year when there is any cessation of work due to strike or accident.
- (iv) Royalty is to be calculated at 50 paise per ton.

Production during the last four years as follows:

Year	Quantity
2006	30,000 tons
2007	35,000 tons
2008	60,000 tons
2009	40,000 tons (Strike for 3 months)

Prepare statement showing calculation of royalty, shortworking & Prepare minimum rent account and royalty account in the books of SD.

d) AM purchased a machinery from JM CO on hire purchase system on 1st Jan, 2008. The cash price of the machinery on the date of purchase was Rs 60,000. As per the agreement, Rs 12000 was paid on the date of purchase and the balance was paid in 6 quarterly instalments together with interest. JM Co charged interest @ 5% p.a. You are required to calculate the amount of interest.

e) BCM & CO. decide to maintain their ledgers under self-balancing system. From the following particulars, prepare the adjustment accounts as they would appear in the Debtors Ledger and the General Ledger of the firm under self-balancing system.

	Rs
Sundry Debtors as on 1-1-2009	32000
Credit sales	19,600
Received cash from Debtors	15,600

Allowed them discount	400
Bills receivable	6000
Returns Inward	1,750
Rebates allowed to Debtors	550
Bad Debts	900
Bills Receivable Dishonoured	750

f) On 1st Jan 2008, Mr KK purchased a Van on hire purchase basis from TP Automobiles. The total amount payable being Rs 2,13,500 payment was to be made Rs 60,000 on that day and the balance in three half yearly installments of Rs 57,000, Rs 54,000, and Rs 42,000 commencing from 30th June, 2008. The vendor charged interest at 10% pa. Mr KK closes his books on 30th June, 2008 and provides depreciation @ 10% pa on reducing balance method. Determine cash price of the machine.

g) Write a short note on GAAP.

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(The figures in the margin indicate full marks for the questions)

Duration: 20 minutes

Marks – 20

PART A- Objective Type

(Figure in the margin indicates Full marks of the question)

Choose the correct option from the following:

1×20=20

- i) Revenue Principle states that income should be measured in the period in which it is _____
a) earned b) gained c) to be earned in future d) none.
- ii) Method of valuing assets should not be changed. This principle is known as
a) Cost principle b) Matching principle c) Consistency d) none.
- iii) Debtors ledger is also called:
a) sold ledger b) sales ledger c) both d) none.
- iv) Debtors ledger adjustment account is opened in _____ ledger.
a) general b) sales c) both d) none.
- v) General ledger adjustment account is opened in both _____ account.
a) debtors b) creditors c) both d) none
- vi) Trade debtors means a person from whom goods in which trader deals in are sold on
a) credit b) cash c) both d) none
- vii) In sectional balancing system only _____ ledger is made self-balancing
a) general b) debtors c) creditors d) none
- viii) Under hire purchase system, the hire purchaser acquires the immediate _____ of the goods on signing the agreement.
a) ownership b) possession c) both d) none
- ix) The amount to be paid by the buyer under hire purchase system is called:
a) Hire purchase price b) cash price c) cheque price d) none.

- x) The hire purchaser can return the goods before the----- is paid.
 a) last installment b) down payment c) cash price d) none
- xi) In case of installment system, total interest payable by the buyer is debited to _____ account.
 a) interest b) interest suspense c) vendor d) none
- xii) In hire purchase system, the buyer charges depreciation on the _____ price.
 a) hire purchase b) cash c) both d) none
- xiii) The buyers position till the last installment is paid under hire purchase system is that of
 a) owner b) bailee c) both d) none
- xiv) Royalty is calculated on the basis of:
 a) output b) sales c) both d) none
- xv) Shortworking is the excess of minimum rent over:
 a) actual royalty b) dead rent c) both d) none
- xvi) Royalty payable is debited by lessee to _____ account.
 a) royalty b) landlord c) both d) none
- xvii) From the point of view of lessee, royalty account is _____ account.
 a) revenue b) expense c) both d) none
- xviii) When minimum rent is more than royalty the amount payable to landlord is:
 a) minimum rent b) actual royalty c) both d) none
- xix) When short working is recouped, debit is given to _____ account
 a) landlords b) shortworking c) profit & loss d) none
- xx) There are _____ accounting assumptions.
 a) two b) three c) four d) five.
