

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 very briefly any five out of the following seven questions: 2×5= 10

- (a) Mention any two roles of GAAP in preparation of financial statements
- (b) State any two essential features of Self Balancing Ledger
- (c) Mention any two defects of Sectional Balancing Ledger
- (d) Briefly mention the distinctions between 'Repossession' and 'Partial Repossession'.
- (e) Mention any two distinctions between Hire Purchase and Instalment Purchase Systems.
- (f) What is Dead Rent?
- (g) Write the significance of Royalty Suspense account.

2. Answer briefly any five out of the following seven questions: 3×5= 15

- (a) Explain the impact of Strike and Lock Out on Royalty Account.
- (b) What do you mean by Minimum Rent?
- (c) Mention any three disadvantages of Hire Purchase System?
- (d) Pass rectification entries for Self-balancing Ledger for the following errors:
 - (i) Purchases Day Book undercast by Rs. 1,000/-
 - (ii) Sales Day Book overcast by Rs. 2,000/-
- (e) Explain any three advantages of Accounting Standards?
- (f) Explain any three rights of hire vendor?
- (g) Briefly explain the accounting treatment of Interest Suspense Account.

3. Answer any five out of the following seven questions:

5×5= 25

- (a) Explain the Accounting Standards Setting procedure in India.
(b) From the following information, Prepare Debtors' Ledger Adjustment Account in the General Ledger of Assam Traders Co. for the year ended 31.03.2013

Balance of Debtors as on 01.04.2012:

	Rs. 30,000/- (Dr.)
	Rs. 2,000/- (Cr.)
Total Sales	Rs. 98,000/-
Cash Sales	Rs. 9,000/-
Bad debt recovered	Rs. 700/-
Discount allowed	Rs. 300/-
Bills Receivable received from customers	Rs. 8,000/-
Bills Receivable dishonoured	Rs. 3,000/-
Old furniture sold	Rs. 10,000/-
Cash received from customers	Rs. 52,000/-
Credit Purchases	Rs. 83,000/-
Closing Balance of Debtors	Rs. 2,000/- (Cr.)

- (c) From the following information, Prepare Total Creditors' Account in the General Ledger of Shillong Traders Co. for the year ended 31.03.2013

Balance of Creditors as on 01.04.2012	Rs. 9,700/-
Credit Purchase	Rs. 54,900/-
Returns Outwards	Rs. 5,900/-
Cash paid to Creditors	Rs. 27,800/-
Discount received	Rs. 860/-
Allowances received	Rs. 430/-
Bills Payable	Rs. 10,980/-

- (d) Arjun purchased a truck from Karna on hire-purchase system whose cash price was Rs. 1, 20,000/-. He paid Rs. 40,000/- on signing the contract and agreed to pay the balance in three equal annual instalments of Rs. 40,000/- each. The rate of interest was 22% p.a.

Calculate the amount of interest included in each instalment.

- (e) On 01.01.2010, Rainbow & Co. purchased a computer worth Rs. 60,000/- from Computer Ltd. on instalment payment system and paid Rs. 20,000/- as down payment. The balance was payable in three annual instalments of Rs. 15,000/- each including interest on 31st December each year. You are required to calculate the amount of interest to be debited to the Profit and Loss Account in the year 2010, 2011 and 2012.

Also pass the entries in the Profit and Loss Account of Rainbow & Co. for each of these three years.

- (f) A company took a mine on lease at a royalty of Rs. 5/- per ton with a minimum rent of Rs. 30,000/- per year. Each year's excess of minimum rent over actual royalty is recoupable out of the royalties for the next two years. It is provided in the lease deed that in the event of a strike or lock-out and actual royalty being less than minimum rent, minimum rent would be proportionately be reduced having regard to the length of the stoppage. The output for four years is given below:

<u>Year</u>	<u>Output (tons)</u>
1 st year	Nil
2 nd year	5,500/-
3 rd year	5,000/- (Strike for 3 months)
4 th year	4,000/- (Lock-out for 4 months)

Prepare the Statement of Royalty.

- (g) Give the journal entries in the books of Lessee and Landlord when:
(i) the royalty is more than the minimum rent; and
(ii) Short-working of the previous year is to be recouped.

BACHELOR OF COMMERCE

First Semester

Financial Accounting I

(BCM - 02)

(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)

A. Choose the correct alternative and put tick () mark in the appropriate box **1×20=20**

1. Accounting is a language of
(a) Assets (b) Liabilities (c) Business (d) Balance Sheet
2. Which of the following organisations is not connected to the accounting Standard Setting process in India?
(a) Accounting Standard Board (ASB)
(b) Institute of Chartered Accountants of India (ICAI)
(c) Assam Industrial Development Corporation (AIDC)
(d) Institute of Cost and Works Accountants of India (ICWAI)
3. Hire Purchase transactions are governed by the Hire Purchase Act of
(a) 1872
(b) 1972
(c) 1956
(d) 1999
4. Disclosure of Accounting Policies is covered by
(a) AS 1 (b) AS 10 (c) AS 12 (d) AS 20
5. Accounting for Amalgamation is covered by
(a) AS 6 (b) AS 9 (c) AS 14 (d) AS 21
6. International Accounting Standards Board (IASB) was founded on
(a) April 1, 2012 (b) April 1, 2001 (c) April 1, 1973 (d) April 1, 1956
7. Debtors Ledger records
(a) All credit transactions (b) Only credit sales
(b) Both credit and cash transactions (d) None of the above
8. The source of information for credit sales is
(a) Cash Book (b) Returns Outward Book
(c) Journal Proper (d) Sales Day Book
9. Bad Debts previously written off, now recovered is recorded in
(a) Total Debtors Account (b) Total Creditors Account
(c) Cash Book (d) None of the above

10. Cash collected from customers is entered in
 (a) Debit side of Total Debtors Account
 (b) Credit side of Total Debtors Account
 (c) Both Total Debtors and Total Creditors Account
 (d) None of the above
11. Under Self Balancing System, Trial Balance is prepared in
 (a) Only Debtors Ledger (b) Only Creditors Ledger
 (c) Only General Ledger (d) Each of the above three Ledgers
12. Under Hire Purchase System, ownership of goods passes from seller to buyer
 (a) After Down Payment is made (b) After payment of the last installment
 (c) After signing the agreement (d) None of the above
13. Under Hire Purchase System, Down Payment includes
 (a) Interest for the first installment (b) Interest for all the installments
 (c) No Interest (d) Interest for the Cash Price
14. Hire Purchase Price means
 (a) Total Payments to be made by the buyer including interest
 (b) Only Cash Price
 (c) Cash Price Plus Down Payment
 (d) None of the above
15. The Hire Purchase agreement gives the buyer the right to get the possession of the goods
 (a) Immediately after signing the agreement (b) After the last payment is made
 (c) After Down Payment is made (d) None of the above
16. Shortworking means
 (a) Excess of minimum rent over actual royalty
 (b) Excess of actual royalty over minimum rent
 (c) Difference between shortworking lapsed and shortworking recouped
 (d) None of the above
17. The agreement in connection with 'Royalty' is subject to the provisions of the
 (a) Indian Companies Act, 1956 (b) Indian Partnership Act, 1932
 (c) Indian Contract Act, 1872 (d) Income Tax Act, 1961
18. In the books of the lessee, the 'Royalty' account is closed by transferring to
 (a) Profit and Loss A/c (b) Manufacturing A/c (c) Trading A/c (d) Any of the above
19. In the books of the lessor, Shortworking lapsed is a
 (a) Loss (b) Gain (c) Liability (d) None of the above
20. For recoupment of past Shortworking, in the books of the lessee
 (a) Landlord A/c is debited
 (b) Landlord A/c is credited
 (c) Shortworking A/c is debited
 (d) None of the above.
