

**BACHELOR OF COMMERCE
FIRST SEMESTER [REPEAT]
FINANCIAL ACCOUNTING
BCM – 101**

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

1. Which are of the following is the underlying assumption of the accounting concept that states the business will continue operating in the foreseeable future?
 - a. Accrual Concept
 - b. Conservatism Concept
 - c. Going Concern Concept
 - d. Matching Concept
2. 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
3. Which are of the following is related to cash flow statements?
 - a. AS 2
 - b. AS 3
 - c. AS 10
 - d. AS 12
4. Which of the following is classified as an indirect expense in the Profit & Loss Account?
 - a. Wages
 - b. Carriage Inwards
 - c. Office Rent
 - d. Raw Materials
5. Goodwill is an example of:
 - a. Current Liability
 - b. Current Asset
 - c. Intangible Asset
 - d. Tangible Asset
6. According to which accounting concept, only transactions that can be expressed in terms of money are recorded?
 - a. Accrual Concept
 - b. Money Measurement Concept
 - c. Dual Aspect Concept
 - d. Business Entity Concept
7. Wages related to production are classified under
 - a. Operating Expenses
 - b. Indirect Expenses
 - c. Direct Expenses
 - d. Administrative Expenses
8. 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

9. 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
10. The primary objective of a Trading Account is to determine:
 - a. Net Profit or Loss
 - b. Gross Profit or Loss
 - c. Financial Position
 - d. Operational Expenses
11. The accounting equation for the balance sheet is:
 - a. Assets = Liabilities + Revenue
 - b. Assets = Liabilities + Owner's Equity
 - c. Assets = Owner's Equity - Liabilities
 - d. Liabilities = Assets - Expenses
12. 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
13. A machine was purchased for 50,000. It has a salvage value of Rs. 5,000 and a useful life of 10 years. Using the Straight-Line Method, what is the annual depreciation?
 - a. Rs. 4,500
 - b. Rs. 5,000
 - c. Rs. 7,000
 - d. Rs. 4,000
14. The convention of conservatism in accounting suggests that:
 - a. Profits should be overstated, and losses understated.
 - b. Profits should not be recognized until they are realized, but losses should be accounted for immediately.
 - c. All expenses should be recorded immediately, and revenues deferred.
 - d. Both profits and losses should be recorded equally.
15. 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
16. In periods of rising prices, the LIFO method will result in:
 - a. Lower cost of goods sold and higher net income
 - b. Higher cost of goods sold and lower net income
 - c. Lower cost of goods sold and lower ending inventory
 - d. Higher taxes
17. 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 installment
 - c. After all installments are paid
 - d. After 50% of the payments are made

18. In a hire purchase agreement, the initial payment made at the time of purchase is called:
- a. Down payment
 - b. Installment
 - c. Final payment
 - d. Interest payment
19. The FIFO inventory valuation method assumes that the items sold are:
- a. The last ones purchased
 - b. The first ones purchased
 - c. The ones with the highest cost
 - d. Randomly selected from inventory
20. 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
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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 of M/s Keshav Bros, you are required to prepare trading and profit and loss account and a balance sheet as at March 31, 2020.

3+3+4=10

Debit Balances	Amount	Credit Balances	Amount
Plant and Machinery	1, 30,000	Sales	3,00,000
Debtors	50,000	Return outwards	2,500
Interest	2,000	Creditors	2,50,000
Wages	1,200	Bills payable	70,000
Salary	2,500	Provision for bad debts	1,550
Carriage inwards	500	Capital	2,20,000
Carriage outwards	700	Rent received	10,380
Return inwards	2,000	Commission received	16,000
Factory rent	1,450		
Office rent	2,300		
Insurance	780		
Furniture	22,500		
Buildings	2,80,000		
Bills receivable	3,000		
Cash in hand	22,500		
Cash at bank	35,000		
Commission	500		
Opening stock	60,000		
Purchases	2,50,000		
Bad debts	3,500		
	8,70,430		8,70,430

Adjustments

- Closing stock for the year was Rs. 70,000
- Provision for bad debts @ 5% and further bad debts Rs 2,000.
- Rent received in advance Rs 6,000.
- Prepaid insurance Rs 200.
- Depreciation on furniture @ 5%, plant and machinery @ 6%, building @ 7%.

You are required to make trading and profit and loss account and a balance sheet on March 31, 2020

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.

7+3=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 and Goods Sent to Branch Account in the books of head office.

3. On January 1, 2018, Decan Ltd. acquired machinery on hire purchase basis from Honda Motor Ltd. The cash price of the machine is Rs. 1,00,00. The down payment of Rs 40,000 was made on the purchase date and the balance was to be paid on three annual equal instalments of Rs 20,000 plus interest. Interest chargeable @ 6% on the outstanding balance. Depreciation @10% is to be charged on the machinery on original cost method. You are required to record journal entries in the books of Decan Ltd for the first three years. Also prepare the machinery account.

7+3=10

4. a) Write two differences between straight line and diminishing balance method.
b) M/s Mehra and Sons acquired a machine for Rs. 1,80,000 on October 01, 2014, and spent Rs 20,000 for its installation. The firm writes-off depreciation at the rate of 10% on original cost every year. Record necessary journal entries for the first three years from the year 2014 and draw up Machine Account. The book of accounts closes on March 31 every year.

2+8=10

5. a) Explain the different important methods of inventory valuation
b) From the following particulars write up Store ledger using FIFO method

3+7=10

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

6. Aman and Bikash are partners in a partnership firms sharing profit and losses equally. You are required to prepare Profit & Loss Account and Balance Sheet with the help of following information.

5+5=10

Trial Balance as on 31st March 2019

Debit Balances	Amount	Credit Balances	Amount
Insurance	15,000	Interest	1,500
Land & Building (out of which Rs. 20,000 purchased on 01 st July, 2018)	50,000	Capital a/c: Aman: 50,000 Bikash: 50,000	1,00,000
Salaries	5,000	Bills Payable	8,000
Export Duty	2,500	10% Bank Loan (taken on 01 st October, 2018)	30,000
Interest	1,000		
Furniture	40,000		
Debtors	26,000		
	1,39,500		1,39,500

Adjustments:

- Gross Profit amounted to Rs 34, 500
 - Insurance paid for 15 months from 1.4.2018
 - Depreciate Land & Building @ 10% p.a. and Furniture by @ 5% p.a.
 - Write off Rs 1000 for bad debts and maintain reserve for doubtful debt @ 5% on sundry debtors.
 - Closing stock is valued at Rs. 34,500
7. Write any five accounting standards followed in Indian context. 10
8. Explain different accounting concepts and convention while reporting accounting information. 10

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