

(10)

You are required to prepare the Departmental Trading and Profit & Loss Account from the above information.

★★★

Total No. of Questions : 4]

[Total No. of Printed Pages : 10

Course Code
BCO – 01

Term End Examination - December, 2019

FINANCIAL ACCOUNTING

Bachelor of Commerce (Honours) (BCOM)

Time : 3 hours

Full Marks : 100

The figures in the right-hand margin indicate marks

Answer **all** Groups as directed

Group—A

1. Answer *all* the questions, each within 1 word : 1×10=10
 - (a) State the name of that accounting concept because of which the capital is shown on the liabilities side of the Balance Sheet.
 - (b) Name the classes of accounts which are not found in an opening journal entry.
 - (c) Specify the name of the account book which is also called as the principal book.

(2)

- (d) Which Indian accounting standard deals with the depreciation accounting?
- (e) Name the accounting term which is used to express the decrease in the value of wasting assets.
- (f) The expenditure whose benefit is expected to receive over or after a number of accounting year is called _____.
- (g) The financial health of a business concern is reflected by which statement of the final accounts?
- (h) Name the lease in which the lease period is almost equal to the useful life of the leased asset.
- (i) The excess of the hire purchase price over the cash price is called _____.
- (j) Which account in the case of dissolution of a partnership firm is prepared to deal with the existing assets and liabilities?

(9)

- (e) How is the Hire Purchases System different from the Instalment Purchase System? Discuss in brief.
- (f) There are three retail departments in a business concern. The detail of these departments for the year ended 31st March 2019 are as follows.

Opening Stock	7,200	6,000	10,080
Purchase	33,600	23,568	62,976
Sales	59,140	39,600	98,880
Purchases Return	1,200	744	1,848
Sales Return	2,040	1,200	2,880
Wages	6,720	3,936	13,512
Closing stock	5,904	68,888	11,712

Other expenses are as under:

- (i) Rent Rs. 4,800 (Floor space occupied in the ratio of 2:1/2:2)
- (ii) Salaries Rs. 9,600 (To be apportioned in the ration of 7:5:8)
- (iii) Advertisement expenses Rs. 4,320, Discount Rs. 2,400 and office expense Rs. 5,760.
- (iv) Sundry expenses Rs. 8,640 to be divided equally.

(8)

Liabilities	Rs.	Assets	Rs.
P's capital	4,000	Profit & Loss account	400
Q's capital	4,000	Advertise Suspense Acc	400
	25,200		25,200

The firm was dissolved on 31st December 2018 and the following arrangements were made:

- (i) P agreed to pay out his brother's loan
- (ii) Debtors of Rs. 1,000 became bad
- (iii) The realization of machinery was Rs. 4,000, from Land and building, was Rs. 10,000 and from Goodwill was Rs. 1,200.
- (iv) Trade creditors and Bills payable were settled at Rs. 7,200.
- (v) Q took away the stock at Rs. 1,600, all investments at Rs. 2,400.
- (vi) P took over the Bills Receivable at Rs. 1,600.
- (vii) Realisation expenses amounted to Rs. 400.

You are required to prepare the Realisation Account to effect the dissolution.

(3)

Group—B

2. Answer any *ten* questions each within 2 sentences : 2×10=20

- (a) Why is accounting called the language of the business? Give appropriate justification.
- (b) What do you mean by going concern concept? Explain.
- (c) Express the needs of the business owners as the users of accounting information.
- (d) What do you mean by "Continuity Doctrine" in accounting? Explain.
- (e) Why is a provision for depreciation account prepared? Specify.
- (f) Give a brief explanation about the 'Diminishing Balance Method' for charging depreciation.
- (g) Distinguish between capital and revenue receipts.
- (h) What do you mean by 'adjustments' for the preparation of final accounts?

(4)

- (i) Specify the meaning and need of 'Gaining Ratio'.
- (j) What do you mean by a foreign branch? Define.
- (k) Explain in brief about the operating lease.
- (l) Distinguish between the cash price and the hire purchase price.

Group—C

3. Answer any *ten* questions each within 75 words : 3×10=30

- (a) Discuss in brief about the accrual basis of accounting.
- (b) What does the 'convention of materiality' suggest? Explain.
- (c) Distinguish between the accounting concept and convention.
- (d) What do you mean by revenue recognition? Explain.
- (e) Discuss in brief about the determinants of depreciation of the fixed assets.

(7)

- (i) Closing stock Rs. 900
 - (ii) Outstanding wages Rs. 50
 - (iii) Prepared Rent Rs. 30
 - (iv) Depreciation on furniture @10% p.a.
- (d) The following is the Balance Sheet of P & Q as on 31st December 2018

Liabilities	Rs.	Assets	Rs.
Trade creditors	4,000	Goodwill	2,000
Bills payable	4,000	Land and Buildings	5,000
Bank overdraft	1,600	Machinery	5,000
Outstanding expenses	400	Investments	3,060
Loan from P's brother	4,000	Stock	1,740
Loan from Q	2,000	Debtors	3,400
Plant replacement reserve	560	Less: provision	400
Employees provident fund	240	Bills Receivable	2,000
General reserve	400	Cash at Bank	2,600

(6)

- (b) Discuss in brief about various concepts and conventions generally followed during the measurement of business income.
- (c) The following is the trial balance of S. Chand & Co. as on 31st March 2019.

Debit Balances	Rs.	Credit Balances	Rs.
Opening Stock	700	Sundry creditors	1,500
Purchases	8,500	Return outward	80
Sales Return	250	Sales	10,000
Carriage	80	Commission	250
Wages	200	Interest	150
Repairs	70	Bills payable	1,100
Printings	150		
Rent & Rates	380		
Cash in hand	400		
Sundry Debtors	1,800		
Furniture	4,300		
Drawings	500		
Cash at Bank	1,500		

You are required to prepare the trading and Profit & Loss Account for the year ended 31st March 2019 and the Balance Sheet on that day considering the following adjustments.

I/9(163)

(Continued)

(5)

- (f) Explain in brief about the matching concept of accounting.
- (g) Distinguish between the income statement and the position statement.
- (h) Give the adjustments journal entries for the accrued interest, outstanding salaries and prepaid insurance.
- (i) What do you mean of the marshalling of the Balance Sheet? Explain in brief.
- (j) What are the contents of a hire purchase agreement? Explain in brief.
- (k) When is the interest suspense account prepared in Hire Purchase System of accounting? Explain.
- (l) What do you mean by Branch Adjustment Account and why is it prepared? Discuss in brief.

Group—D

4. Answer any *four* questions each within 500 words : 10×4=40

- (a) Who are the users of financial accounting information and what are their needs? Discuss in brief.

I/9(163)—200

(Turn Over)