

2023

(Held in 2024)

COMMERCE

Paper : COMMAJ1014

(Financial Accounting)

Full Marks : 70

Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. Choose the correct answer from the following : 1x8=8

- (a) Financial accounting is governed by
 - (i) local standards only
 - (ii) international standards
 - (iii) local as well as international accounting standards
 - (iv) local, international as well as company's internal accounting standards for top management

- (b) Which is not a benefit of financial accounting?
 - (i) Maintaining systematic records
 - (ii) Protecting and safeguarding business assets
 - (iii) Historical in nature
 - (iv) Facilitates rational decision making
- (c) Accounting for revenue recognition is
 - (i) AS-9
 - (ii) AS-1
 - (iii) AS-2
 - (iv) AS-3
- (d) Which is not the method of disclosure of inventory under Accounting Standards?
 - (i) LIFO
 - (ii) FIFO
 - (iii) Weighted average method
 - (iv) Straight-line method
- (e) On intra-State and inter-State sales of goods, GST charges are
 - (i) CGST & IGST and CGST
 - (ii) SGST & IGST and SGST
 - (iii) CGST & SGST and IGST
 - (iv) IGST & SGST and CGST

- (f) Electronic Data Processing (EDP) is associated with
 - (i) electronic computer
 - (ii) digital computer
 - (iii) analog computer
 - (iv) supercomputer
- (g) Gross Profit + Opening Stock + Purchases + Direct Expenses - Sales = ?
 - (i) Revenue Profit
 - (ii) Closing Stock
 - (iii) Net Profit
 - (iv) Trading Account
- (h) The Hire-Purchase Act came into force with effect from
 - (i) 1st September, 1972
 - (ii) 1st September, 1973
 - (iii) 1st September, 1974
 - (iv) 1st September, 1975

2. Answer any six of the following questions : 2x6=12

- (a) Mention two needs for Accounting Standards.
- (b) Mention two salient features of computerized accounting system.
- (c) What is the gateway of Tally?
- (d) Write a brief note on IFRS.

- (e) Mention the methods for valuation of inventory.
- (f) Mention any two circumstances under which a partnership firm is dissolved.
- (g) Mr. Ravi purchased a machine with its cash price of ₹ 40,000. On the day of signing of agreement, Mr. Ravi paid ₹ 6,384 as down and the balance in 3 equal annual instalments @ 5% rate of interest per annum. Instalments are paid on yearly basis. ₹ 1 can buy an annuity of ₹ 0.367215 at 5% for 5 years. Calculate the amount of instalment.
- (h) Write down two advantages of FIFO method of inventory valuation.

3. Answer any six of the following questions :
5×6=30

- (a) Explain the objectives of measurement of business income.
- (b) What is branch accounting? Write the objectives of branch accounting. 1+4=5
- (c) Explain in brief the salient features of Indian AS-101.
- (d) Write a note on Indian Accounting Standards (AS) 3.
- (e) Write the distinction between hire-purchase system and instalment purchase system.

(f) The following are the details of materials in respect of a certain item of M/s Himalayan Co. Ltd. on October 2023 :

01.01.2023	Purchases	400 units @ ₹ 20 each
02.02.2023	Purchases	200 units @ ₹ 24 each
28.03.2023	Sales	200 units @ ₹ 30 each
01.04.2023	Purchases	300 units @ ₹ 30 each
25.05.2023	Sales	400 units @ ₹ 40 each
01.07.2023	Purchases	300 units @ ₹ 40 each
25.08.2023	Sales	350 units @ ₹ 50 each
15.09.2023	Purchases	1000 units @ ₹ 50 each
18.10.2023	Sales	500 units @ ₹ 60 each
30.10.2023	Sales	300 units @ ₹ 70 each

Find out the cost of closing stock as on 31st October, 2023 according to First-In-First-Out (FIFO).

(g) One motorbike is purchased on hire-purchase system. The term of payment is four annual instalments of ₹ 16,920 at the end of each year. The rate of interest charged is 5% p.a. Accounting year closes on 31st March each year. Calculate hire-purchase price, showing capital value and yearly interest charged.

(h) M/s Chirang Traders of Kokrajhar has a branch at Tangla. The following is the list of transactions between head office and branch for the year ending 31st March, 2023 :

Stock at Tangla branch on 1st April, 2022	₹ 20,000
Petty cash at branch on 1st April, 2022	500
Branch furniture on 1st April, 2022	15,000
Goods sent to branch during the year	1,80,000
Goods returned by branch	5,000
Cash sent to branch for expenses :	
Salaries and rent	12,000
Office expenses	4,000
Petty cash	200
	<u>16,200</u>

Remittance received from the branch out of the cash sales of the branch during the year 2,50,000
 Stock on 31st March, 2023 10,000
 Branch furniture on 31st March, 2023 14,250
 Branch petty expenditure during the year 500
 Prepaid salary on 31st March, 2023 1,000
 Outstanding rent on 31st March, 2023 800

Prepare Tangla Branch Account under debtor's system in the books of head office.

(i) Distinguish between capital expenditure and revenue expenditure.

4. Answer any two of the following questions :
 10×2=20

(a) Explain the procedure for setting up and issue of Accounting Standards in India.

(b) The following Trial Balance was extracted from the books of M/s Arun and Barun as on 31st March, 2023. Prepare Financial Statement of the firm as on that date :

Trial Balance	
Dr.	Cr.
Particulars	(₹)
Land and Building (at cost)	80,000
Plant and Machinery (at cost)	90,000
Stock on 1st April, 2022	40,000
Debtors	25,000
Purchases	1,10,000
Arun's Current Account	15,000
Barun's Current Account	9,000
Sales Return	3,000
Furniture (at cost)	50,000
General Trade Expenses	3,000
Wages for Manufacturing	15,000
Insurance, Rates and Taxes	3,000
Expenses for Manufacturing	2,500
Cash in Hand	10,000
Discount	1,500
Salaries	7,000
Bad debts	3,000
	<u>4,67,000</u>
	<u>4,67,000</u>

Adjustments :

- (i) Partners are entitled to salary @ ₹ 600 per month each
- (ii) The partners are entitled for interest on capital at 6% p.a.
- (iii) Partners are agreed to share their profits and losses in the proportion of their capital ratio
- (iv) Depreciation is to be provided at 5% on land and building, 10% on plant and machinery and 5% on furniture
- (v) There is a further bad debt of ₹ 2,000 and provision for doubtful debts is to be increased to 5% on debtors. At the end of the year, there is recovery of bad debts of ₹ 1,000
- (vi) Insurance ₹ 200 and rates ₹ 300 are to be carried forward
- (vii) Wages for manufacturing includes ₹ 1,000; pertaining to installation charges of a machinery
- (viii) Closing stock at the end of the year amounted to ₹ 30,000

- (c) Amal and Bimal are in partnership, sharing profits and losses in the ratio of 2 : 1. They decided to dissolve their firm on 31st March, 2023. Their Balance Sheet as on that date was as follows :

Balance Sheet		
Liabilities	Amount (₹)	Assets (₹)
Capital Account :		Plant and Machinery 20,000
Amal 60,000		Land and Building 50,000
Bimal 20,000	80,000	Debtors 10,000
Creditors	20,000	Stock 15,000
		Cash 5,000
	1,00,000	1,00,000

The Plant and Machinery realized—
₹ 18,000; Land and Building—₹ 48,000;
Debtors—₹ 8,000 and Stock—₹ 30,000.
Creditors are paid in full. Expenses
of realization amounted to ₹ 1,000.

Prepare the accounts to close the books
of the firm.

- (d) Explain the various modes of
dissolution of partnership firm.
