

**I/BCO (i) (Revised)**

**2008**

**COMMERCE**

Paper : BC-1.1

**( Financial Accounting )**

**( Under Revised Syllabus )**

*Full Marks : 100*

*Pass Marks : 30*

*Time : 3 hours*

**( PART : B—DESCRIPTIVE )**

*( Marks : 60 )*

*The figures in the margin indicate full marks  
for the questions*

**SECTION—I**

*( Marks : 32 )*

Answer Question No. **1** and *any two* from the rest

**1.** Write brief notes on any *two* of the following :

4×2=8

- (a) Reserves and Provisions
- (b) Objectives of Indian Accounting  
Standard for Depreciation
- (c) Preparation of Revaluation Account
- (d) Process of Conversion of Single Entry  
System to Double Entry System

8/G—350/134a

*( Turn Over )*

2. Puia Ltd. purchased machinery on 1st April, 1999 for Rs 5,00,000 incurred wages and transportation Rs 8,750 to be depreciated @ 28% p.a. on straight line method. On 1st April, 2001 purchased another machinery for Rs 1,00,000 incurred transportation cost of Rs 1,395 to be depreciated @ 23% p.a. on straight line method. On 1st July, 2002 disposed off the machinery bought on 1st April, 1999 for Rs 3,45,761 and bought another machinery for Rs 30,000 for which he incurred installation charges amounted to Rs 5,037 to be depreciated @ 17% p.a. on straight line method.

Show the Machine Account from 1st April, 2000 till 31st December, 2002.

12

3. X Trading Ltd. has its Head Office at Mumbai with Branch at Aizawl. Goods are invoiced by the Head Office to Branch at cost plus 25%. From the following particulars, draw Branch Stock Account, Goods sent to Branch Account, Branch Adjustment Account, Branch Debtors Account, and Branch Profit & Loss Account :

12

<i>Particulars</i>	<i>Amount</i> Rs
Branch stock at invoice price as at 1.4.2005	25,000
Branch Debtors on 1.4.2005	20,000
Goods sent to Branch at invoice price	1,50,000

( 3 )

	Rs
Invoice price of goods returned by Branch	15,000
Branch Sales :	
Cash	60,000
Credit	<u>90,000</u> 1,50,000
Cash received on Ledger Account	85,000
Bad Debts written off	1,000
Discount Allowed	2,000
Branch Expenses	16,500
Branch stock at invoice price as at 31st March, 2006	18,000

4. Phela, Fella and Fiela are partners in a firm sharing profits in the ratio of 4 : 7 : 3 following is the Balance Sheet as at 31st March, 2004 :

<i>Liabilities</i>	<i>Amount</i>	<i>Assets</i>	<i>Amount</i>
	Rs		Rs
Capital A/c :		Cash and Bank	8,890
Phela	39,900	Debtors	26,460
Fella	33,600	Stock	29,400
Fiela	<u>16,800</u>	Furniture	7,350
Reserve	7,000	Land &	
Bills Payable	6,400	Buildings	50,400
Creditors	18,800		
	<u>1,22,500</u>		<u>1,22,500</u>

( 4 )

They agreed to admit Philla for  $\frac{1}{8}$ th share of profit on the following terms :

- (i) Philla brings Rs 16,000 as his capital
- (ii) That furniture be written down by Rs 920 and stock be depreciated by 10%
- (iii) That provision of Rs 1,320 be made for outstanding repair bills
- (iv) That the value of Land & Buildings be Rs 65,100
- (v) The value of Goodwill be fixed at Rs 8,820
- (vi) That the capitals of all partners be adjusted as per their new profit sharing ratio

Giving effects to the above arrangements, show Revaluation A/c, Partners Capital A/cs and the Opening Balance Sheet of the firm as newly constituted.

12



( 5 )

SECTION—II

( Marks : 28 )

Answer Question No. 5 and any **one** from the rest

5. From the following Trial Balance of Decosta as at 31st March, 2004, prepare Trading A/c, Profit & Loss A/c and Balance Sheet for the period : 20

*Trial Balance of Decosta  
as at 31st March, 2004*

Dr.				Cr.
	Particulars	Amount	Particulars	Amount
		Rs		Rs
	Drawings	10,000	Capital	60,000
	Furniture and		Bank Overdraft	8,400
	Fixtures	5,200	Creditors	26,600
	Business Premises	40,000	Rent	2,000
	Stock as		Sales	3,00,000
	at 1.1.2003	44,000	Discount	4,000
	Debtors	36,000	Reserve for Bad	
	Purchases	2,20,000	and Doubtful Debts	1,000
	Sales Returns	4,000		
	Discount	3,200		
	Taxes and			
	Insurance	4,000		
	General Expenses	8,000		
	Salaries	18,000		
	Commission	4,400		
	Carriage Inwards	3,600		
	Bad Debts			
	written off	1,600		
		<u>4,02,000</u>		<u>4,02,000</u>

*Adjustments :*

- (i) Stock as at 31st March, 2004 was Rs 40,120
  - (ii) Write off depreciation on premises @ 10% p.a., on Furniture and Fixtures @ 30% p.a.
  - (iii) Debtors for Rs 2,000 further confirmed to be bad
  - (iv) Provide for Reserve for Bad and Doubtful Debts @ 7% on Debtors
  - (v) Provide for Reserve for Discount on Debtors @ 2.5% on Debtors
  - (vi) Allow interest on Capital @ 11% p.a.
  - (vii) Insurance Premium is unexpired to the extent of Rs 1,000 for the current accounting period
6. What is a statement of affairs? Explain the process of preparing statement of affairs. 8
7. Enumerate the steps essential for preparing Income and Expenditure Account from Receipts and Payments Account and additional information. 8

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**( PART : A—OBJECTIVE )**

**( Marks : 40 )**

*The figures in the margin indicate full marks for the questions*

Answer **all** questions

**SECTION—I**

**( Marks : 10 )**

1. State whether the following statements are *True (T)* or *False (F)* by a Tick (✓) mark : 1×5=5

(a) The Historical Cost Concept implies that the accounting entity shall report the value of assets and liabilities at cost plus profit.

**( T / F )**

( 2 )

(b) In Cash Book only *Revenue* income and expenses incurred in cash are recorded.

( T / F )

(c) Accounting for Depreciation of assets is stated in Accounting Standard 9.

( T / F )

(d) Subscriptions received in advance are considered as income for the current year.

( T / F )

(e) In order to arrive at the figure of Capital at the end, Drawings are added to the Capital at the beginning of the year.

( T / F )



2. Fill in the blanks :

1×5=5

- (a) Matching Principle states that .....  
shall be compared with revenues of the same  
period.
- (b) Closing Stock of an accounting entity is usually  
valued at ..... .
- (c) The Premium for Goodwill brought in by new  
partner is shared by existing partner in  
..... ratio.
- (d) The process of adjustment of Branch Stock  
Account with profit margin and cost price is  
known as ..... .
- (e) In ..... method of amortisation  
of depreciation an amount equal to the annual  
amount of depreciation is invested in securities  
in order to sell them at the end of lifetime of  
asset so as to replace the asset.

( 4 )

SECTION—II

( Marks : 30 )

1. Write short notes on the following in not more than  
5 sentences each : 3×5=15

(a) Expired Costs

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(b) Partnership Deed

( 5 )

( 6 )

(c) Accrued Income



(d) Basic Accounting Equation

- (e) Accounts to be maintained in Debtors method of  
Branch Accounting

( 9 )

2. Distinguish between the following in not more than  
5 sentences each : 3×5=15

(a) Straight Line Method and Reducing Balance  
Method of charging depreciation

(b) Revenue and Capital nature of expenses



(c) Cash and Mercantile basis of Accounting

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(d) Debtors System and Stock and Debtors System  
of Branch Accounts

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