

2023
COMMERCE
(Major)
FIAC-MAJ-1014
(FINANCIAL ACCOUNTING)
Total Marks : 60
Time : 2½ Hours

Total number of printed pages - 8
The figures in the margin indicate full marks for the questions
(Simple Calculator is Permissible)

1. Select the most appropriate alternative :

1×7=7

(a) IASB stands for—

- (i) International Accounting Standard Bureau
- (ii) International Advisory Standard Board
- (iii) International Accounting Standard Board
- (iv) None of the above

(b) Which concept states that 'for every debit, there is a credit'?

- (i) Money Measurement Concept
- (ii) Going Concern Concept
- (iii) Separate Entity concept
- (iv) Dual Aspect concept

(c) Subscription received in advance during the accounting year is—

- (i) an income
- (ii) an expenses
- (iii) an asset
- (iv) a liability

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- (d) When an asset is acquired on hire purchase system, the asset account is debited with of the assets in the books of hire purchases.
 - (i) Hire purchase price
 - (ii) Cash price
 - (iii) Installment price
 - (iv) None of these
 - (e) Branch not keeping the full system of accounting is also known as –
 - (i) Dependent Branch
 - (ii) Independent Branch
 - (iii) Foreign Branch
 - (iv) None of these
 - (f) Accounting Standard deals with the Revenue Recognition.
 - (i) AS: 7
 - (ii) AS: 8
 - (iii) AS: 9
 - (iv) AS: 10
 - (g) Advertising expenditure incurred for launching a new product is a –
 - (i) Revenue Expenditure
 - (ii) Capital Expenditure
 - (iii) Deferred Revenue Expenditure
 - (iv) All of the above
2. Answer the following questions : 2×4=8
- (a) What do you mean by 'Accounting Standards'?
 - (b) Indicate the GAAP followed in recording the following transaction in the books of accounts :
"Provision for bad debt provided for Rs. 15000".

- (c) Write two points of distinction between cash basis and accrual basis of accounting.
 - (d) Write two advantages and disadvantages of Hire purchase system.
3. Answer the following questions (any three) : 5×3=15
- (a) In 2021 the subscription received were ₹ 20,000. This includes ₹ 500 for 2020 and ₹ 800 for 2022. On 31st December 2021 subscription due but not received were ₹ 1000.
What amount should be credited to the Income and Expenditure Account as subscription?
 - (b) Write about the procedure for issuing IFRS?
 - (c) What do you mean by mean by Goods-in-Transit and Cash-in-transit in branch accounting?
 - (d) From the following information calculate the total of each installment including interest and the Hire purchase price.
 - (i) Cash price of the machine = ₹ 10,000
 - (ii) Amount payable on the date of signing the agreement = ₹ 2000
 - (iii) Date of agreement was 1st January 2019
 - (iv) Balance of ₹ 8000 is payable in two equal installment of ₹ 4000 each at the end of each year with interest @ 15% p.a.
 - (e) Alice Ltd. had purchased machinery on 01.04.2012 for ₹

500,000. On 01.04.2014 the company sold a part of the machinery bought of 01.04.0212 costing ₹ 1,00,000 for ₹ 78000 and subsequently on 1.10.2014 the company bought new machinery for ₹ 58,000. Installation charges incurred were ₹ 2000. The company used to charge depreciation @10% per annum on Diminishing Balance Method and the accounts are closed on 31st March each year.

From the above information calculate the amount of profit/ Loss on sale of the machinery also show machinery account for the period of the above three years.

4. Answer the following questions (any three). 10×3=30

- (a) Give a brief account of the structure of generally accepted accounting principles [GAAP].
- (b) On 1st April 2017, the Assam motor Co. Ltd. purchased a motor car from Joy Motor Ltd. on Hire purchase basis. The terms of the contract were as follows—
- (i) The cash price of the motor car was ₹ 80,000.
- (ii) The payments were to be made—
- | | |
|------------------------------|----------|
| (a) On signing the agreement | ₹ 20,000 |
| (b) On 31st March, 2018 | ₹ 20,000 |
| (c) On 31st March, 2019 | ₹ 20,000 |
| (d) On 31st March, 2020 | ₹ 26,408 |
- (iii) Interest chargeable on outstanding balance of the cash price was 5% p.a.

(iv) Depreciation @ 10% p.a. was to be written off on the straight line method.

Write up Motor Car Account, Hire Vendor's Account and Interest Account in the books of the Hire Purchaser for three years ending 31st March 2020.

(c) Modi International Ltd. Mumbai, opened a branch at Kanpur on 1.1.2020. The goods were sent by Head Office to the branch at selling price of the branch which is 125% of the cost price of the Head Office. Following information are available in respect of the branch for the year 2020.

Goods sent to branch (at cost to Head Office)	₹ 3,25,000
Total sales	₹ 4,25,000
Cash Sales	₹ 2,50,000
Cash Collected from debtors	₹ 1,36,000
Bad debts	₹ 4,000
Branch expenses paid in cash	₹ 15,000
Damaged goods written off at invoice price	₹ 4,000
Returns from debtors	₹ 7,000
Stock on 31.12.2020 at invoice price	₹ 26,000

Prepare necessary accounts in the books of Head Office and determine the branch profit or loss for the year ended. 31.12.2020 by applying synthetic method.

(d) Following is the Receipt and Payments accounts of a club for the year ended 31st December 2021.

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Receipt	Amount(₹)	Payment	Amount(₹)
Cash in hand (01.01.21)	1,000	Sports materials	2,500
Cash in bank (01.01.21)	4,000	Salaries	3,250
Donation for building fund	10,000	Furniture	1,600
Sale of old Furniture (Balance on 01.01.21 was Rs.100)	80	Newspaper	500
Sale of old newspapers	200	Building Fund Investment	10,000
		Tournament expenses	11,000
		Postage	200
Subscription	20,000	Cash in hand (31.12.21)	1,030
		Cash at bank (31.12.21)	5,200
	35,280		35,280

The following adjustments are to be made:

- Subscription collected ₹ 2000 was for outstanding of 2020.
- On 01.01.21 the stock of sports materials was ₹ 500 and on 31.12.2021 it was ₹ 700.

Prepare an Income and Expenditure Account for the year

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ended on 31st December 2021 and show the capital fund of the club as on that date.

(e) The following is the trial balance of M/S Barua and Sharma partnership firm as on 31st March 2020. Prepare trading, profit and loss account for the year ended 31st March 2020 and a Balance sheet as on that date.

Debit	Amount(₹)	Credit	Amount(₹)
Bills receivable	4,000	Bank loan	80,000
Cash in Hand	4,000	Sundry creditors	50,000
Bad Debts	3,000	Sales	4,10,600
Trade Expenses	12,000	Bills payable	20,000
Advertisement	10,000	Capital :	
Machinery	76,000	Barua	1,40,000
Sundry debtors	70,000	Sharma	1,40,000
Goodwill	75,000		
Joint Life Policy A/c	1,60,000		
Fuel	20,000		
Wages	1,50,000		
Purchases	1,50,000		
Opening Stock	85,000		
Rent & Taxes	18,000		
Discount	3,600		
	840,600		840,600

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Adjustments:

- (i) Closing Stock ₹ 60,000
- (ii) Depreciate Machinery @ 10%
- (iii) Prepaid Wages ₹ 30,000
- (iv) Allow 3% as provision for discount and 2 1/2 % as provision for bad debts against sundry debtors.
- (v) Provide ₹ 200 for income tax and ₹ 3000 for Joint Life Insurance Premium.
