

TDC Odd Semester Exam., 2020
held in July, 2021

UNIT—II

COMMERCE

(Honours)

(1st Semester)

Course No. : BCMH-101

(Financial Accounting)

Full Marks : 50

Pass Marks : 17

Time : 2 hours

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

Answer **four** questions, selecting **one** from each Unit

UNIT—I

1. Define accounting. Explain eight objectives of accounting. 2+8=10
2. Write a note on qualitative characteristics of accounting information. 10

3. What do you mean by hire-purchase? Distinguish between hire-purchase system and instalment payment system. 3+7=10

4. On January 1, 2018, Johncena & Co. acquired a van on hire-purchase from Roman Reigns & Co. The terms of the contract were as follows :

(i) The cash price of the van was ₹ 1,00,000

(ii) ₹ 40,000 were to be paid on signing of the contract

(iii) The balance was to be paid on annual instalments of ₹ 20,000 plus interest

(iv) Interest chargeable on the outstanding balance was 6% p.a.

(v) Depreciation of 10% p.a. is to be written off using the straight-line method

You are required to give Journal Entries in the books of Johncena & Co. from January 1, 2018 to December 31, 2020. 10

UNIT—III

5. What is meant by dissolution of a firm?
Under what grounds, a partnership firm may be dissolved? 2+8=10
6. A, B and C were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1 respectively. The Balance Sheet of the firm as on 31st December, 2020 was as follows :

Liabilities	₹	Assets	₹
Sundry Creditors	25,000	Cash	3,000
Bills Payable	12,000	Sundry Debtors	20,000
Capital A/cs :		Less : Provision	
A	40,000	for Bad Debts	1,000
B	40,000	Closing Stock	30,000
C	30,000	Furniture	10,000
Reserve	15,000	Buildings	60,000
		Plant and Machinery	40,000
	1,62,000		1,62,000

On 31st December, 2020, B retired. The terms of retirement provided the following :

- (i) The Goodwill of the firm was to be valued at ₹ 20,000
- (ii) Stock and Buildings were to be appreciated by 20% and 10% respectively

- (iii) Furniture, Plant and Machinery were to be depreciated by 10% and 5% respectively
- (iv) Provision for Bad Debts was to be increased to ₹ 1,500
- (v) The amount due to B was to be transferred to a Separate Loan A/c earning interest @ 10% p.a.

Show the Revaluation A/c, Partners' Capital A/cs and the Balance Sheet of the firm after B's retirement. 4+2+4=10

UNIT—IV

7. HHH Ltd. with an authorized capital consisting of 20000 equity shares of ₹ 10 each issued 10000 equity shares of ₹ 10 each at ₹ 12 per share payable ₹ 2.50 on application, ₹ 4.50 on allotment (including premium), ₹ 2.50 on first call and the balance on final call.

Applications were rejected for 15000 shares. The directors allotted 10000 shares rejecting 5000 shares with the money received thereon refunded. The allotment money was duly

(5)

received while first call money on 9500 shares and final call money on 8000 shares were only received.

Show the Journal Entries, Cashbook and draw a Balance Sheet of the company.

10+5+5=20

8. (a) What is bonus share? What are the merits and demerits of issuing bonus shares? 2+4+4=10

(b) What is capital redemption reserve? State the conditions to be fulfilled by the companies in redeeming their redeemable preference shares. 4+6=10

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