

Roll No.



**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF COMMERCE

TEST 1

Sem & AY: Odd Sem 2019-20

Date: 27.09.2019

Course Code: COM 101

Time: 9:30AM to 10:30AM

Course Name: FINANCIAL ACCOUNTING

Max Marks: 30

Program & Sem: B.Com & B.Com Hons & I

Weightage: 15%

Instructions:

- (i) All are required to be present 10 Minutes prior to start of examination at their examination hall.(ii) Student are allowed into the examination hall only with a valid ID card.(iii) Student should follow the dress code mentioned in Student Handbook at the time of examination or else strict action will be taken against them

Part A (Memory Recall Questions)

Answer all the Questions. Each Question carries five marks. (5Qx1M=5M)

1.

- (i) . _____ is the external user of the financial statements: (C.O.NO.1) (Knowledge)

- A. Manager of the business
B. CEO of the business
C. Creditor of the business
D. Owner of the business

- (ii). Assets are always equal to: (C.O.NO.2) (Comprehension)

- A. Capital
B. Liabilities
C. Liabilities + Capital
D. Liabilities + Accounts payable

- (iii). Accounting conventions do not include: (C.O.NO.1) (Knowledge)

- A. Depreciation conventions
B. Conservatism convention
C. Consistency convention
D. Full disclosure convention

(iv). Bookkeeping mainly consists of ___part of accounting process:

(C.O.NO.1) (Knowledge)

- A. Analysing
B. Preparing financial statements
C. Recording financial information
D. Auditing the books of accounts

(v). Which one of the following represents correct sequence of accounting cycle?

(C.O.NO.2)(Comprehension)

- A. Journal > Trial balance > Ledger > Transaction analysis
B. Transaction analysis > Journal > Ledger > Trial balance
C. Purchases > Journal > Ledger > Trial balance
D. None of the above

Part B (Thought Provoking Question)

Answer both the Questions. Each Question carries five marks. (2Qx5M=10M)

2. Describe any 5 Accounting Concepts. (C.O.NO.1) (Knowledge)

3. Journalize the following transactions: (C.O.NO.2) (Comprehension)

Date	Particulars	Amount (Rs.)
2018 Jan 1	Started business with cash	45,000
Jan1	Paid into bank	25,000
Jan 3	Goods purchased for cash	15,000
Jan 4	Purchase of furniture and payment by cheque	5,000
Jan 5	Sold goods for cash	8,500
Jan 8	Sold goods to Arvind Walia	4,000
Jan 10	Goods purchased from Amrit Lal	7,000
Jan12	Goods returned by Amrit Lal	1,000
Jan 15	Goods returned by Arvid Walia	200

Part C (Problem Solving Questions)

Answer the Question. The Question carries fifteen marks.

(1Qx15M=15M)

4. From the following balance of Mr. X prepare a Trading, Profit and Loss Account and Balance Sheet as on 31st March 2018.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Drawing	1,700	Salaries	800
Plant & Machinery	12,000	Repairs	190
Creditors	2,000	Opening Stock	1,600
Sales	4,200	Rent	450
Land & Buildings	2,600	Miscellaneous expenses	150
Debtors	3,600	Bad debts	500
Purchases	2,000	Carriage inwards	160
Wages	800	Interest received	1,350
Cash at bank	2,600	Commission received	1,600
		Capital	20,000

Adjustments:

- Closing stock Rs. 1,600
- Depreciate Plant & Machinery 10%, Land & Buildings 15%.
- Allowed interest on capital at 5% p.a.
- Rs. 150 due for wages
- Paid rent Rs. 150 in advance
- Accrued interest Rs. 150
- Commission received in advance Rs. 200
- Interest on drawings Rs. 100
- Further bad debts Rs. 200

(C.O.NO.2) (Comprehension)



SCHOOL OF COMMERCE & ECONOMICS

Semester: I

Course Code: COM101

Course Name: Financial Accounting

Date: 27-09-19

Time: 9:30AM to 10:30AM

Max Marks: 30

Weightage: 15%

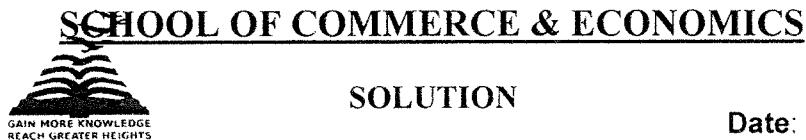
Extract of question distribution [outcome wise & level wise]

Q.NO	C.O.NO	Unit/Module Number/Unit /Module Title	Memory recall type [Marks allotted] Bloom's Levels			Thought provoking type [Marks allotted] Bloom's Levels			Problem Solving type [Marks allotted]			Total Marks
			K			C			A			
1	1	Module 1		K								1
2	2	Module 2					C					1
3	1	Module 1		K								1
4	1	Module 1		K								1
5	2	Module 2					C					1
6	1	Module 1		K								5
7	2	Module 2					C					5
8	2	Module 2					C					15
	Total Marks											30

K = Knowledge Level C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

**SCHOOL OF COMMERCE & ECONOMICS****SOLUTION**

Semester: I

Course Code: COM101

Course Name: FINANCIAL ACCOUNTING

Date: 27-09-19

Time: 9:30AM to 10:30AM

Max Marks: 30

Weightage: 15%

Part A

(5 x 1 = 5 Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
1	C	01	1 Min
2	C	01	1 Min
3	A	01	1 Min
4	C	01	1 Min
5	B	01	1 Min

Part B

(2Q x 5M = 10 Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
6	Separate Business Entity Going Concern concept Money Measurement concept Accounting period concept Cost concept		10 Mins
7	1. Cash Account Dr. To Capital Account 2. Bank Account Dr. To Cash Account 3. Purchases Account Dr. To Cash Account 4. Furniture Account Dr To Bank Account 5. Cash Account Dr. To Sales Account 6. Arvind Walia Account Dr. To Sales Account 7. Purchases Account Dr. To Amrit Lal Account	5Marks	10 Mins

	To Purchases returns account 9. Sales returns account Dr. To Arvind Walia account		
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Part C

(1Q x 15M = 15 Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
8	Trading Account – Gross Profit – Rs. 1,090 Profit & Loss Account – Net Loss – Rs. 640 Balance Sheet – Rs. 20,910	4 Marks 5 Marks 6 Marks	25 Mins



Roll No.

**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF COMMERCE

TEST -- 2

Sem & AY: Odd Sem 2019-20

Course Code: COM 101

Course Name: FINANCIAL ACCOUNTING

Program & Sem: B.Com./ B.Com(Hons.) & I

Date: 16.11.2019

Time: 9:30 AM to 10:30 AM

Max Marks: 30

Weightage: 15%

Instructions:

- (i) Answer all the questions.

Part A [Memory Recall Questions]

Answer all the Questions. Each Question carries one mark.

(5Qx1M=5M)

1. Ownership of goods under Instalment sale is transferred at the time of
(C.O.NO.3) [Comprehension]
A. Inception of the agreement
B. Payment of first instalment
C. Payment of last instalment
D. None of the above
2. Possession of goods under Hire Purchase Agreement is transferred at the time of
(C.O.NO.3) [Comprehension]
A. Payment of first instalment
B. Payment of down payment
C. Payment of last instalment
D. None of the above
3. Cash price =
(C.O.NO.3) [Comprehension]
A. Hire purchase price-Total interest
B. Cash price+ total interest
C. Down payment+ interest
D. Sum total of instalments
4. Selling expenses are apportioned in the ratio of
(C.O.NO.4) [Comprehension]
A. Ratio of Sales
B. Ratio of purchases
C. Ratio of expenses
D. Ratio of income
5. ___ is an advantage of Departmental Accounts
(C.O.NO.4) [Comprehension]
A. Helps to know the comparative results
B. To assess the position of stock
C. To identify area of weakness
D. All of the above

Part B [Thought Provoking Questions]

Answer both the Questions. Each Question carries five marks. (2Qx5M=10M)

6. State any 5 differences between Departmental Accounting and Branch Accounting.
(C.O.NO.4) [Comprehension]

7. Calculate the Cash price of an asset from the following:

Rs. 3,000 paid at the time of agreement

1. Rs. 21,600 paid at the time of I Year
 2. Rs. 20,700 paid at the time of II year
 3. Rs. 19,800 paid at the time of III year
 4. Rs. 18,900 paid at the time of IV year
- Rate of interest – 5% p.a.

(C.O.NO.3) [Comprehension]

Part C [Problem Solving Questions]

Answer the Question. The Question carry fifteen marks. (1Qx15M=15M)

8. The following Trial Balance for the year ended 31st March 2018 was extracted from the books of Sri Bikram Singh:

Particulars	Debit	Credit
Capital on 1/4/2017		50,000
Drawings Account	10,000	
Stock on 1/4/2017:		
Radios	45,000	
Watches	21,000	
Sales:		
Radios		2,94,000
Watches		1,46,000
Purchases:		
Radios	2,25,000	
Watches	1,15,000	
Salaries	12,600	
Publicity Expenses	8,900	
Rent, Rates and taxes	3,200	
Commission	10,600	
Miscellaneous Expenses	5,000	
Furniture and Fixtures	12,400	
Sundry Debtors	16,800	
Sundry Creditors		8,800
Interest		400
Provision for bad and doubtful debts		800
Cash balance	4,500	
	5,00,000	5,00,000

Prepare the Departmental Trading and Profit & Loss Account for the year ended 31st March 2018 after taking into account the following:

- i. The stock as on 31st March 2018 was: Radios – Rs. 30,000; Watches – Rs. 24,000
 - ii. An amount of Rs. 1,200 out of Sundry Debtors has to be written off as bad and the provision for doubtful debts has to be increased thereafter to 10% of the debts outstanding.
 - iii. The following expenses are outstanding as on 31st March 2018:
Publicity Rs. 1,300; Salaries Rs. 1,200; Commission Rs. 1,700
 - iv. Provide 10% depreciation on Furniture and Fixtures
 - v. Revenue items to be allocated in the ratio of 2:1 as between Radios and Watches.
- Ignore fractions of a Rupee in calculations.

(C.O.NO.4) [Comprehension]



SCHOOL OF COMMERCE

Semester: I

Course Code: COM 101

Course Name: FINANCIAL ACCOUTING

Date: 16TH November 2019

Time: 9:30AM-10:30AM

Max Marks: 30

Weightage: 15%

Extract of question distribution [outcome wise & level wise]

Q.NO	C.O.NO	Unit/Module Number/Unit /Module Title	Memory recall type [Marks allotted] Bloom's Levels			Thought provoking type [Marks allotted] Bloom's Levels			Problem Solving type [Marks allotted]			Total Marks
			K			C			A			
1	3	3		1								1
2	3	3		1								1
3	3	3		1								1
4	4	4		1								1
5	4	4		1								1
6	4	4					5					5
7	3	3					5					5
8	4	4					15					15
	Total Marks											30

K =Knowledge Level C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

I hereby certify that all the questions are set as per the above guidelines. [Ms. Rajalakshmi]

Annexure- II: Format of Answer Scheme



SCHOOL OF COMMERCE

SOLUTION

Semester: I

Course Code: COM 101

Course Name: FINANCIAL ACCOUNTING

Date: 16TH NOVEMBER 2019

Time: 9:30AM-10:30AM

Max Marks: 30

Weightage: 15%

Part A

(5Q x 1M = 5 Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
1	A	1 Mark	1 Min
2	B	1 Mark	1 Min
3	A	1 Mark	1 Min
4	A	1 Mark	1 Min
5	D	1 Mark	1 Min

Part B

(2Q x 5M = 10Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
6.	Accounting are relating to each of the several department or divisions of a business In the case of a branch types of organisation the parent establishment Various parts of the business are located under the same roof Various parts of the business are located in different places	5 Marks	8 mins



Roll No

**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF COMMERCE

END TERM FINAL EXAMINATION

Semester: Odd Semester: 2019 - 20

Course Code: COM 101

Course Name: FINANCIAL ACCOUNTING

Program & Sem: B.Com, B.Com (Hons.) & I

Date: 3 January 2020

Time: 1:00 PM to 4:00 PM

Max Marks: 100

Weightage: 50%

Instructions:

All are required to be present 10 Minutes prior to start of examination at their examination hall

Part A [Memory Recall Questions]

Answer all the Questions. Each Question carries 2 marks.

(10Qx2M=20M)

1. What is Accounting Standards? (C.O.No.1) [Knowledge]
2. State any 4 Concepts of Accounting. (C.O.No.1) [Knowledge]
3. Classify the following accounts into personal, real and nominal:
(C.O.No.2) [Comprehension]
a) Drawings Account, b) Bank Account
c) Cash Account d) Discount Account
4. State any two objectives of preparing Trial Balance. (C.O.No.2) [Knowledge]
5. Mention any two differences between Hire purchase system and Installment Purchase system. (C.O.No.3) [Knowledge]
6. What is a Hire Purchase Agreement? (C.O.No.3) [Knowledge]
7. What is an Inter-Department Transfers? (C.O.No.4) [Knowledge]
8. Write any 2 advantages of preparing Departmental Accounting? (C.O.No.4) [Knowledge]
9. What is a Realization Account? (C.O.No.5) [Knowledge]
10. Mention any two advantages of converting a partnership firm into a limited liability company. (C.O.No.5) [Knowledge]

Part B [Thought Provoking Questions]

Answer all the Questions. Each Question carries 8 marks.

(5Qx8M=40M)

11. a. What is an Accounting Information Systems? [1M]
b. Explain any 7 Users of Accounting. [7M]
(C.O.No.1) [Knowledge]

12. Journalize the following transactions in the books of Imran.

(C.O.No.2) [Comprehension]

- June 1 – Started business with cash Rs. 45,000
- June 2 – Goods purchased for cash Rs. 15,000
- June 3 – Purchase of furniture and payment by cheque – Rs. 5,000
- June 5 – Sold goods to Arvind Walia – Rs. 4,000
- June 10 – Goods purchased from Amrit Lal – Rs. 7,000
- June 12 – Goods returned to Amrit Lal – Rs. 1,000
- June 15 – Goods returned by Arvind Walia – Rs. 200
- June 18 – Cash received from Arvind Walia Rs. 3,760 and discount allowed to him
- June 28 – Cash paid to Amrit Lal in full settlement of his account – Rs. 5,940

13. On 1st April 2015, Bhaskar purchased a machine from Ravi Enterprises on hire purchase basis. The particulars are as follows:

The cash price – Rs. 1,00,000. On signing the contract Rs 40,000 is to be paid and the balance in 3 instalments of Rs. 20,000 each. Interest charged on outstanding balance at 5%. Depreciation at 10% p.a. on written down value method.

Calculate Interest and Depreciation.

(C.O.No.3) [Comprehension]

14. The following is the profit and loss account of Hindustan Electronics for the year ending 31st March 2018

(C.O.No.4) [Comprehension]

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Purchases:		Sales:	
Transistors (X)	1,60,000	Transistors (X)	1,75,000
Tape Recorders (Y)	1,25,000	Tape Recorders (Y)	1,40,000
Instruments for repairs etc., (Z)	80,000	Services of Repairs etc.	35,000
Wages	48,000	Stock at 31 st March 2018;	
Rent	10,800	Transistors (X)	60,100
		Tape Recorders (Y)	20,300
		Instruments for repairs etc., (Z)	44,600
Sundry Expenses	11,000		
Profit	40,200		
	4,75,000		4,75,000

Other particulars are given below:

- i. Transistors and Tape Recorders have been sold in showroom and repairs etc made in the factory
- ii. Apportionment of Wages is: Showroom $\frac{3}{4}$; Factory $\frac{1}{4}$; Wages of showroom are to be divided in 1:2 ratio in X and Y departments.
- iii. Rent of factory is Rs. 500 p.m., Rent of showroom is apportioned equally in X and Y departments
- iv. Sundry expenses are apportioned in the sales ratio of the departments.

15. A, B and C were partners in a firm sharing profits and losses in the ratio of 1/2, 1/3 and 1/6 respectively. They decided to sell their firm to XYZ Pvt. Ltd on 31st March 2019. Their Balance sheet as on that date was as follows:

(C.O.No.5) [Comprehension]

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital:		Machinery	34,200
A	52,200		
B	24,000		
C	18,000		
Creditors	24,000	Stock	30,000
		Debtors	30,000
		Less: Provision	3,000
			27,000
		Cash	18,000
		Profit & Loss Account	9,000
	1,18,200		1,18,200

The new company took over the assets and liabilities and agreed to pay the purchase price of Rs.98,700. The company paid the purchase price by issue of 540 fully paid equity shares and the balance in cash. Partners agreed to share the shares received in their final claim ratio.

Prepare Realization Account and Purchasing Company Account.

Part C [Problem Solving Questions]

Answer both the Questions. Each Question carries 20 Marks.

(2Qx20M=40M)

16. (A) Explain any 3 Accounting Concepts and 3 Accounting Conventions

[5M] (C.O.No.1) [Knowledge]

16. (B) From the following balances of Mr. X, prepare Trading, Profit and Loss Account and Balance Sheet for the year ending 31/3/2019.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Drawings	1,700	Creditors	2,000
Plant & Machinery	12,000	Sales	4,200
Land & Buildings	2,600	Interest received	1,350
Debtors	3,600	Commission received	1,600
Purchases	2,000	Capital	20,000
Wages	800		
Cash at bank	2,600		
Salaries	800		
Repairs	190		
Opening Stock	1,600		
Rent	450		
Miscellaneous expenses	150		
Bad debts	500		
Carriage inwards	160		

Adjustments:

- Closing Stock valued at Rs. 1,600
- Depreciate plant & machinery at 10% and land and buildings at 15%p.a.
- Allowed interest on capital at 5% p.a.

- Rs. 150 is due for wages
- Paid rent Rs. 150 in advance
- Accrued interest Rs. 150
- Commission received in advance Rs. 200
- Interest on drawings Rs. 100
- Further bad debts Rs. 200

[15M] (C.O.No.2) [Comprehension]

17. (A) Explain 5 differences between Departmental Accounting and Branch Accounting.

[5M] (C.O.No.4) [Comprehension]

17. (B) A,B & C were partners in a firm sharing the profits and losses in the ratio of 5:3:2. On 31/03/2019, they agreed to sell their business to a limited company on that date their position was as follows:

[15M] (C.O.No.5) [Comprehension]

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital:		Buildings	90,000
A	60,000		
B	36,000		
C	30,000		
Creditors	30,000	Machinery	15,000
Loan from bank	10,000	Stock	25,000
		Debtors	35,000
		Cash	1,000
	1,66,000		1,66,000

The company agreed to take over the following assets at the values shown against them:

- Buildings – Rs. 1,00,000
- Machinery – Rs.10,000
- Stock - Rs. 26,000
- Debtors - Rs. 32,000
- Goodwill - Rs. 20,000

The company also took-over the creditors at Rs. 28,000. The company paid the purchase consideration by allotment of 10,000 shares of Rs. 10 each and the balance in cash.

The realization expenses amounted to Rs. 5,000

Show the necessary ledger accounts in the books of the firm.



SCHOOL OF COMMERCE

END TERM FINAL EXAMINATION

Extract of question distribution [outcome wise & level wise]

Q.NO	C.O.NO (% age of CO)	Unit/Module Number/Unit /Module Title	Memory recall type [Marks allotted] Bloom's Levels	Thought provoking type [Marks allotted] Bloom's Levels	Problem Solving type [Marks allotted]	Total Marks
			K	C	A	
1	1	1	2			2
2	1	1	2			2
3	2	2		2		2
4	2	2	2			2
5	3	3	2			2
6	3	3	2			2
7	4	4	2			2
8	4	4	2			2
9	5	5	2			2
10	5	5	2			2
11	1	1	8			8
12	2	2		8		8
13	3	3		8		8
14	4	4		8		8
15	5	5		8		8
16	1&2	1&2	5	15		20
17	4&5	4&5		20		20
		Total Marks				100

K = Knowledge Level, C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

I hereby certify that all the questions are set as per the above guidelines.

Faculty Signature:

Reviewer Commend:

Format of Answer Scheme



SCHOOL OF COMMERCE

SOLUTION

Semester: Odd Sem. 2019-20

Course Code: COM 101

Course Name: FINANCIAL ACCOUNTING

Program & Sem: B.COM, B.COM (Hons) I SEM

Date: 3rd Jan 2020

Time: 3 HRS

Max Marks: 100

Weightage: 50%

Part A

(10Q x 2M = 20Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
1	Accounting standards are the written statements consisting of rules and guidelines, issued by the accounting institutions, for the preparation of uniform and consistent financial statements and also for other disclosures affecting the different users of accounting information.	2 Marks	2 Mins
2	Accounting period concept Business entity concept Dual aspect concept Money measurement concept	2 Marks	2 Mins
3	- Personal account - Personal account - Real account - Nominal account	2 Marks	2 Mins
4	- To know the arithmetical accuracy - To show the ledger account balances	2 Marks	2 Mins
5	- Time of ownership - Right to terminate - Risk	2 Marks	2 Mins
6	Hire purchase is an agreement whereby a person hires goods for a period of time by paying instalments, and can own the goods at the end of the agreement if all instalments are paid. Hire purchase agreements usually last between 2 and 5 years, the most common last 3 years.	2 Marks	2 Mins
7	An inter-departmental transfer (IDT) is used to record charges and revenue for sales of goods and services between departments . For non-automated or non-routine IDTs, the Inter-Departmental Transfer Voucher (IDT) form is completed and submitted to the Office of Accounting to request the IDT.	2 Marks	2 Mins

8	<ul style="list-style-type: none"> - It shows each departmental profits - Comparison of profits - Helps to remove the weaker departments 	2 Marks	2 Mins
9	Realisation account refers to an account opened by the firm when it goes to dissolution to record the profit made from the sale of assets and loss suffered on the settlement of liabilities.	2 Marks	2 Mins
10	<ul style="list-style-type: none"> - To get the advantage of limited liability - To increase the capital - To increase the managerial skills 	2 Marks	2 Mins

Part B

(0Q x 0M = 0 Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
11	<p>Accounting, being the language of business, is used to communicate financial and other information to individuals, organizations, governments etc. about various aspects of business and non-business entities.</p> <p>1. Internal Users: These are: (a) Shareholders, (b) Management, and (c) Trade unions employees, etc.</p> <p>(a) Shareholders are interested to know the welfare of the business. They can know the operational results through such financial statements and the financial position of the business.</p> <p>(b) Management is interested to take important decisions relating to fixing up the selling prices and making future policies.</p> <p>(c) Trade unions and employees are interested to know the operational results because their bonus etc. is dependent on the profit earned by the business. Financial statements also help in their negotiations for wages/salaries.</p> <p>2. External Users: The following are most important external users of financial statements:</p> <p>(a) Investors: They are interested to know the earning capacity of business which can be known through financial statements. They can also know the financial soundness of the business through financial statements.</p> <p>(b) Creditors, Lenders of Money etc.: The creditors and lenders of money etc. can also know the financial soundness through financial statement. They have to see two things (i) Regularity of income and (ii) solvency of the business so that their investment is risk free.</p> <p>(c) Government: Government is interested to formulate laws to regulate business activities and also law relating to taxation etc. Financial statements help while computing National Income statistics etc.</p>	<p>1 Mark</p> <p>3 Marks</p> <p>4 Marks</p>	10 Mins
12	<p>Cash a/c Dr – To Capital a/c</p> <p>Purchases a/c Dr. – To Cash a/c</p> <p>Furniture a/c Dr. – To bank a/c</p> <p>Arvind Walia a/c Dr. – To Sales a/c</p> <p>Purchases a/c Dr. – To Amrit Lal a/c</p> <p>Amrit Lal a/c Dr. – To purchase returns a/c</p> <p>Sales returns a/c Dr. – To Arvind walia a/c</p> <p>Cash a/c Dr. Discount a/c Dr. – To Arvind walia a/c</p>	8 Marks	15 Mins

	Amrit Lal a/c Dr. – To cash a/c To Discount a/c		
13	Interest - I Year – 3,000 - II year – 2,000 - III year – 1,000 Depreciation: - I year – 10,000 - II year – 9,000 - III year – 8,100	5 Marks 3 Marks	15 Mins
14	- Gross profit – 63,100 & 11,300 Gross loss – 12,400 - Net profit – 55,200 & 4,200 Net loss – 19,500	3 Marks 5 Marks	15 Mins
15	Discharge: Shares – 54,000 Cash – 44,700 Realization a/c Profits – 6,750, 4,500, 2,250 Purchasing company a/c – 98,700	2 mark 4 Marks 3 Marks	15 Mins

Part C

(0Q x 0M = 0Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
16	<p>Accounting principles are those rules of actions on the basis of which the transactions of the business are recorded, classified and summarized. If the financial statements are not prepared on the basis of these principles, there will be low acceptability and difficulty to understand them, and the comparison will be impossible and unreliable.</p> <p>(i) Separate Business Entity: As per this assumption, business is considered a separate entity from its owner(s). This assumption helps in keeping the business transactions strictly free from the effect of personal affairs of the owner.</p> <p>Going Concern Concept: It is a fundamental accounting assumption underlying the preparation of financial statements.</p> <p>(iii) Money Measurement Concept: Money is medium to value quantities. As per this assumption, only those transactions of the business are recorded in the accounting which can be measured in money</p> <p>(iv) Accounting Period Assumption: As per the going concern concept, the income of the business can be measured at the time of the liquidation of the business or at the time when business is sold.</p> <p>Full Disclosure Principle As per this principal, the financial statements should disclose true and fair view so that these may provide accurate and sufficient information to the users of</p>	3 Marks 5 Marks	10 Mins

	<p>financial statements. Disclosure principle means to give all the information relating to the economic activities of the business to the owner, creditors and investors.</p> <p>Conservation (Prudence): As per the law of conservatism, at the time of preparing the financial statements, all the possible losses must be kept in mind and all anticipated profits/gains should be left out.</p> <p>Consistency: In order to enable the management to do the comparison of the results of the several years of the business, whatever accounting policy is adopted in a year, must be adopted in the coming years.</p> <p>B. Gross profit – 1,090 Net loss – 640 Balance sheet – 39,470</p>	15 Marks	25 Mins
17	<p>1. Departmental trading with their Head Office is conducted under the same roof although each department deals with a separate line of activity.</p> <p>2. The chief executive who is to keep a constant watch over the departments supervises closely and controls effectively.</p> <p>3. Functional division is possible in case of departmental trading which is a must for the existence of a department.</p> <p>4. Allocation of common expenses is the primary consideration in case of a departmental trading.</p> <p>5. Departmental accounting presents the trading results of each individual department.</p> <p>1. Branch trading is conducted in different parts of the country under the Head Office dealing with usually the same line of activity.</p> <p>2. Control is practically un-practicable in case of a far-off branch since it is not possible for the Head Office to keep a constant watch.</p> <p>3. It is not possible in case of a branch trading.</p> <p>4. Allocation of common expenses does not arise in case of branch accounting.</p> <p>5. Branch accounting presents the trading results of each individual branch.</p> <p>B. Purchase consideration – 1,60,000 Discharge Shares – 1,00,000 Cash – 60,000 Realization a/c Profits – 10,000, 6,000, 4,000 Equity shares a/c 47,940, 28,770, 23,290 Capital a/c 70,000, 42,000, 34,000</p>	5 Marks	10 Mins
		15 Marks	25 Mins

	Cash a/c 61,000		
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