

FACULTY OF COMMERCE

B. Com. (Finance) (CBCS) I-Semester (New) Examination, December 2024
(Common for B.Com Finance)

Subject: Financial Accounting – I

Paper: DSC – 101

Time: 3 Hours

Max. Marks: 80

PART – A

Note: Answer any five questions.

(5 x 4 = 20 Marks)

1. State the functions of Accounting.
2. Dual Aspect Concept.
3. Classification of Subsidiary books.
4. Rectify the following error and find out the effect of the errors on Net Profit.
 - (i) Purchases of ₹ 300 from Raman passed through the Sales Book.
 - (ii) Bill received from Ramu for ₹ 500 passed through Bills Payable Book.
 - (iii) An item of ₹ 150 relating to Prepaid Rent was omitted to be brought forward from last year.
 - (iv) ₹ 400 paid to Metha B, against our acceptance was debited to Mehta N.
5. Advantages of Bank Reconciliation Statement.
6. On 1st January 2020 a lease was acquired for 5 years at a cost of 40,000. Write up the lease account assuming that depreciation is charged under the fixed instalment method.
7. Ascertain the Gross Profit from the following figures.

	₹		₹
Opening Stock of Goods	60,000	Sales Returns	9,000
Closing Stock of Goods	90,000	Carriage Inwards	6,000
Purchases	2,40,000	Carriage Outwards	12,000
Purchases Returns	6,000	Freight, Duty and Clearing Charges	15,000
Sales	4,80,000	Rent and Taxes	10,500

8. Prepare a Balance Sheet from the following information:

	₹		₹
Creditors	1,00,000	Debtors	2,00,000
Closing Stock	50,000	Capital	5,00,000
Motor Van	50,000	Machinery	5,00,000
Goodwill	1,00,000	Loan	3,00,000

PART – B

Note: Answer all the questions.

(5 x 12 = 60 Marks)

9. (a) What is Accounting? What are the objectives and Limitations of Financial accounting?
(OR)

-2-

- (b) Following Trial Balance has been prepared wrongly. You are asked to prepare the Trial Balance Correctly.

Name of the Account	Debit Balance ₹	Credit Balance ₹
Cash in hand		2,000
Purchases Returns	4,000	
Wages	8,000	
Establishment Expenses	12,000	
Sales Returns		8,000
Capital	22,000	
Carriage Outward		2,000
Discount Received	1,200	
Commission Earned	800	
Machinery		20,000
Stock		10,000
Debtors	8,000	
Creditors		12,000
Sales		44,000
Purchases	28,000	
Bank Overdraft	14,000	
Manufacturing Expenses		14,000
Loan from Ashok	14,000	
Carriage Inward	1,000	
Interest on Investments		1,000
	1,13,000	1,13,000

10. (a) Enter the following transactions in a Cash Book with Discount and Bank columns, assuming that all payments are made by cheques and all receipts are immediately banked.

2020 Nov. 1	Paid into bank ₹ 5,000.	2020 Nov. 19	Sold goods for ₹ 750
" 3	Purchased goods ₹ 2,000	" 20	Sold goods to Chatterjee on Credit ₹ 450
" 7	Sold goods for cash ₹ 1,700	" 21	Purchased goods from Gopal for ₹ 1,100 on credit
" 9	Purchased goods ₹ 1,500	" 24	Received cash from Chatterji ₹ 440
" 10	Sold goods to Raju on credit ₹ 500	" 25	Paid to Gopal on account ₹ 600
" 13	Purchased goods from Gopi for ₹ 1,000 on credit	" 26	Paid salaries ₹ 175
" 14	Paid electricity charges ₹ 45	" 27	Withdrawn for personal use ₹ 300
" 15	Received from Raju ₹ 490 in full settlement	" 28	Paid to Gopal ₹ 485 in full settlement
" 16	Paid office rent ₹ 150	" 29	Sold goods for cash ₹ 400
" 17	Withdrawn from bank for petty payments ₹ 50	" 30	Purchased goods by cheque ₹ 300
" 18	Paid to Gopi ₹ 975 in full settlement	" 30	Paid telephone charges ₹ 55

-3-

(OR)

(b) Following errors were detected in the accounts for Asa Ram and Sons for the year ended 30th June, 2022:

- (i) A builder's bill for ₹ 2,700 for the erection of a small shed was debited to repairs account.
- (ii) A cheque for ₹ 300 received from Rahim Bux and Co. was dishonoured and debited to allowances account.
- (iii) Goods to the value of ₹ 150 returned by Chandmal Bros. were included in stock, but no entry was made in the books.
- (iv) Repairs to plant amounting to ₹ 567 had been charged to plant and machinery account.
- (v) Wages paid to the firm's own workmen for making certain additions to machinery amounting to ₹ 550 were posted to wages account.
- (vi) A cheque for ₹ 75 received from Lala Ram was credited to the account of Tika ram and debited incorrectly to cash account.
- (vii) A sum of ₹ 100 drawn by the proprietor for personal use was debited to travelling expenses account.

Give journal entries to correct these errors. Which of these errors, if any, will cause disagreement of the trial balance ? Give reasons for your answer.

11. (a) On 31st March, 2021 the Cash Book of a firm showed a bank balance of ₹ 3,000. From the following information, prepare a Bank Reconciliation Statement, showing the balance as per Pass Book.
- (i) Cheque have been issued for ₹ 2,500 out of which cheques worth ₹ 2,000 only were presented for payment.
 - (ii) Cheques worth ₹ 700 were deposited on 28th March but had not been credited by the Bank. One cheque for ₹ 250 was entered in the Cash Book on 30th March but was banked on 3rd April, 2021.
 - (iii) A cheque from Mohan for ₹ 200 was paid in on 26th March but was dishonoured and the advice was received on 2nd April, 2021.
 - (iv) Pass Book showed bank charges ₹ 10 debited by the bank. It also showed ₹ 400 collected by the bank as interest.
 - (v) One of the debtors deposited a sum of ₹ 250 in the account of the firm on 20th March. Intimation in this respect was received from the bank on 2nd April, 2021.

(OR)

- (b) On 31st Jan., 2021, the pass Book of Prabhu showed a debit balance of ₹ 41,000. Prepare a bank reconciliation statement with the following information:
- (i) Cheques amounting to ₹ 15,600 were drawn on 27th Jan. 2021 out of which cheques for ₹ 11,000 were cashed upto 31st Jan. 2021.
 - (ii) A wrong debit of ₹ 800 has been given by the bank in pass book.
 - (iii) A cheque for ₹ 200 was credited in pass book but was not recorded in cash book.
 - (iv) Cheque amounting to ₹ 21,000 were deposited for collection. But cheques for ₹ 7,400 have been credited in pass book at 5th Feb. 2021.
 - (v) A cheque for ₹ 1,000 returned dishonoured and were debited in pass book only.
 - (vi) Interest and bank charges amounted to ₹ 100 and were not accounted for in cash book.
 - (vii) A cheque of ₹ 500 debited in the cash book omitted to be banked.
 - (viii) A wrong credit has been given by the banker for ₹ 500 in the Pass Book.

-4-

12. (a) On 1st January, 2017, machinery was purchased by X for ₹ 50,000. On 1st July 2018, additions were made to the extent of ₹ 10,000. On 1st April, 2019, further additions were made to the extent of ₹ 6,400.
On 30th June, 2020 machinery, the original value of which was ₹ 8,000 on 1st January, 2017, was sold for ₹ 6,000. Depreciation is charged at 10% p.a. on original cost.
Show Machinery Account for the years from 2017 to 2020 in the books of X. X Closes his books on 31st December.

(OR)

- (b) (Change from DBM to SLM with retrospective effect) P.Ltd. which depreciated its Machinery @ 10% p.a. on written down value desires to change the basis to straight line method, the rate remaining the same. The decision is taken on 31st December, 2020 to be effective from 1st January, 2018.
On 1st January, 2020 the balance in the machinery account is ₹ 29,16,000.
On 1st July, 2020 a part of machinery purchased on 1st January, 2018 for ₹ 2,40,000 was sold for ₹ 1,35,000. On the same date a new machine is purchased for ₹ 4,50,000 and installed at a cost of ₹ 24,000.
Prepare Machinery Account for 2020.
13. (a) (With GST) Following Trial balance is extracted from the books of a trade as at 31st March, 2023.

TRIAL BALANCE AS AT 31ST March, 2023

Particulars	Dr. (₹)	Cr. (₹)
Furniture and Fittings	1,64,000	
Motor Vehicle	7,25,000	
Building	8,50,000	
Capital A/c		14,00,000
Bad Debts	13,000	
Provision for Doubtful Debts		20,000
Sundry Debtors	4,00,000	
Sundry Creditors		3,00,000
Opening Stock	3,66,000	
Purchases	6,47,000	
Sales		18,45,000
Bank Loan		3,05,000
Sales Return	20,000	
Purchases Return		20,000
Advertising	55,000	
Interest	21,800	
Commission received		30,000
Cash	75,000	
Insurance	1,25,000	
General Expenses	88,200	
Salaries	3,50,000	
Input CGST	50,000	
Input SGST	50,000	
Output CGST		40,000
Output SGST		40,000
	40,00,000	40,00,000

-5-

(OR)

(b) Following figures are given in the Trial Balance:

	Dr.(₹)	Cr.(₹)
Sundry Debtors	2,10,000	-
Sundry Creditors	-	50,000
Discount Allowed	1,500	-
Discount Received	-	500
Bad Debts	1,000	-
Provision for Doubtful Debts	-	15,000
Provision for Discount on Debtors		4,000
Reserve for Discount on Creditors	700	-
Advertisement Suspense A/c	1,00,000	-

Adjustments:

- (i) Further Bad debts ₹ 10,000,
- (ii) Provide for doubtful debts @ 5% on sundry debtors,
- (iii) Make provision for discount on debtors and reserve for discount on creditors @ 2%
- (iv) ₹ 60,000 out of Advertisement Suspense A/c are to be carried forward.

Show how the above items will appear in the Final Accounts.
