

FIRST SEMESTER UG EXAMINATION, NOVEMBER 2023
(Regular/Improvement/Supplementary)

B.Com. HONOURS

GBCH1B03T: FINANCIAL ACCOUNTING

Time: 3 Hours

Maximum Marks: 80

PART A: Answer all the questions. Each carries one mark.

Choose the correct answer.

1. The concept that the business is treated as being separate from the owner.
A) Matching B) Business Entity C) Realization D) Accrual
2. Intangible assets include _____.
A) Software. B) Website. C) Patent. D) All of the above.
3. A Single entry system is usually adopted by:
A) Partnership. B) Company. C) Government. D) None of the above.
4. At the end of the year, depreciation is transferred to.....
A) Balance Sheet B) P & L A/c C) Fixed Asset A/c D) All of the above
5. A sale of ₹80000 to Mr.P was entered as sale to Mr.Q. This is an example of
A) Error of Omission. B) Error of Commission.
C) Compensating error. D) Error of Principle.

Fill in the Blanks.

6. Summary of all ledger balances is called _____ .
7. Income is considered as earned only when it is _____.
8. Depreciation account is a _____ account.
9. Commission received is credited in _____.
10. The object of preparing _____ is to test the accuracy of the books.

(10 x 1 = 10 Marks)

PART B. Answer any eight questions. Each carries two marks.

11. What is Straight Line Method?
12. Return inwards book is overcast by ₹90. Write the rectification entry.
13. What is going concern concept?
14. Give two merits of single entry system.
15. What is error of principle?
16. What do you mean by Bank reconciliation statement?
17. What is “statement of affairs”?
18. Comment on Trial balance.
19. Why Suspense A/c is prepared?
20. Name the different types of errors?

(8 x 2 = 16 Marks)

(PTO)

PART C: Answer any six questions. Each carries four marks.

21. Explain the different types of single entry system?
22. Distinguish between Journal and Ledger?
23. State the difference between provisions and reserves?
24. From the following, ascertain total purchases:
- Balances of creditors on 1.1.2021 ₹14,000
 - Cash paid to creditors ₹ 10,000
 - B/P given ₹ 10,000 Discount allowed by them ₹ 500
 - Return outward ₹3,000
 - Creditors as on 31.12.2021 ₹ 25,000
 - Cash purchases ₹10,000
25. From the following transactions, prepare the Sales Book of M. Ltd. and post the transactions recorded in the Sales book to the Ledger:
- Sold on credit to Lal Bros – 4 Polyester sarees @700 Less: Trade Discount @ 20%
 - Sold on credit to Kamal Ltd – 6 silk sarees @8000 Less: Trade Discount @ 20%
26. ABC & Co. purchased Furniture on 1st April 2019 for ₹ 60,000. Additional Furniture was purchased on 1st October 2019 for ₹ 30,000. On 1st October 2021 Company sold half of the furniture purchased on 1st April 2019 for ₹ 20,000. Depreciation was to be provided annually on 31st March under written down value method @ 10% p.a.
- Show Furniture A/c and Depreciation A/c for 2019-20, 2020-21 and 2021-22.
27. Rectify the following errors:
- Credit purchases from Raghu ₹ 20,000
 - (i) were not recorded.
 - (ii) were recorded as ₹10,000.
28. The bank passbook of M/s. Rajiv & Co. showed a balance of ₹ 45,000 on May 31, 2022.
- a) Cheques issued before May 31, 2022, amounting to ₹ 25,940 had not been presented for encashment.
 - b) Two cheques of ₹ 3,900 and ₹ 2,350 were deposited into the bank on May 31 but the bank gave credit for the same in June, 2022.
 - c) There was also a debit in the passbook of ₹ 2,500 in respect of a cheque dishonoured on 31.5.2022.
- Prepare a bank reconciliation statement as on May 31, 2022.

(6 x 4 = 24 Marks)

PART D: Answer any two questions. Each carries fifteen marks.

29. Sri. Ajay keeps his books by single entry system. His position on 1st Jan 2022 was as follows:

Cash at bank ₹ 5,000	Machinery and plant ₹ 6,500
Cash in hand ₹ 1,000	Bills receivable ₹ 2,600
Stock ₹ 7,000	Creditors ₹ 2,500
Sundry debtors ₹ 8,400	Bills payable ₹ 4,000

On 31st Dec 2022 his position was as under.

Cash at bank ₹ 4,300	Machinery and plant ₹ 6,500
Cash in hand ₹ 1,700	Bills receivable ₹ 3,200
Stock ₹ 9,000	Creditors ₹ 160
Sundry debtors ₹ 6,000	Bills payable ₹ 3,200

During the year Mr. Ajay introduced further capital of ₹ 2000, and his drawings were ₹ 800 per month. Depreciate machinery and plant by 5% and create a reserve for bad and doubtful debts at 5%. From the above information prepare a statement showing the profit and loss made by him for the year ended 31st Dec 2022.

30. From the following Trial Balance of Akash as on 31st March, 2022, prepare Trading A/c, Statement of Profit or Loss and Statement of Financial Position as on that date:

Trial Balance

Debit	Amount	Credit	Amount
Stock on 1-4-2022:		Sundry Creditors	23,500
Raw materials	21,000	Bills payable	7,500
Work-in-progress	9,500	Sale of scrap	2,500
Finished goods	15,500	Commission	450
Sundry Debtors	24,000	Provision for doubtful debts	1,650
Carriage	1,500	Capital	1,00,000
Bills Receivable	15,000	Sales	1,67,200
Wages	13,000		
Salaries	10,000		
Postage and telegrams	1,000		
Repairs and Renewals	1,100		
Purchases	85,000		
Cash at Bank	17,000		
Plant and Machinery	70,000		
Furniture	10,000		
Rent	6,000		
Lighting	1,350		
General expenses	1,850		

(PTO)

Adjustments

(i) Stock on 31st March, 2022:

Raw materials – ₹ 16,200

Work-in-progress - ₹7,800

Finished goods - ₹18,100

(ii) Salaries and wages outstanding were ₹ 900 and ₹ 2,000

(iii) Machinery is to be depreciated by 10% and furniture by 7.5%.

(iv) Office premises occupy quarter of total area. Lighting is to be charged as to two- third to factory and one-third to office.

31. Describe in detail various methods of recording Depreciation. Also give the necessary journal entries.

(2 x 15 = 30 Marks)