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Roll No.

BCH-102

B. COM. (HONS.) (FIRST SEMESTER)
END SEMESTER

EXAMINATION, Jan., 2023

FINANCIAL ACCOUNTING

Time : Three Hours

Maximum Marks : 100

Note : (i) All questions are compulsory.

(ii) Answer any *two* sub-questions among
(a), (b) and (c) in each main question.

(iii) Total marks in each main question are
twenty.

(iv) Each sub-question carries 10 marks.

1. (a) What are Accounting Concepts ? Explain
any *two* of them. (CO1)
- (b) State the internal and external users of
financial accounting. (CO1)

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- (c) The following balances appeared as on 1 January, 2021 : (CO1)

Assets : Cash ₹ 20,000; Stock ₹ 45,000; Anil ₹ 15,600; Gopal ₹ 22,000; Machinery ₹ 60,000.

Liabilities : Mohan ₹ 4,000.

Jan. 3 Sold goods for cash ₹ 5,000 and on credit ₹ 8,000 to Anil.

Jan. 5 Anil returned goods for ₹ 2,000.

Jan. 8 Purchased goods from Mohan, list price ₹ 6,000 valued at ₹ 5,400.

Jan. 15 Paid to Mohan ₹ 9,150 in full settlement of his account.

Jan. 20 Received from Anil ₹ 20,000.

Pass Journal Entries for the above balances and transactions.

2. (a) "To estimate the net income, expenses are to be matched to the revenue but it is important to measure both correct amounts of revenue as well as expense." Comment

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on this statement with reference to applicable accounting concept(s). (CO2)

- (b) Prepare the Purchases Book and Sales Book from the following transactions : (CO2)

Date	Transactions
2021	
Jan. 1	Bought from M/s. X and Co., on credit : 100 copies of Book A @ ₹ 160 100 copies of Book B @ ₹ 100
Jan. 2	Sold to Mr. D 24 copies of Book A @ ₹ 170 25 copies of Book A ₹ 114
Jan. 8	Bought from M/s. S and Co. 40 copies of Book C @ ₹ 160 Less : Trade discount @ 15%
Jan. 12	Sold to Mr. U 20 copies of Book C @ ₹ 160
Jan. 18	Sold to Mr. R 20 copies of Book A @ ₹ 170
Jan. 22	Bought from M/s. J and Co.

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- 100 copies of Book D @ ₹ 90
 Less : Trade discount @ 20%
- Jan. 25 Bought from Mr. H
 50 copies of Book E @ ₹ 100
 Less : Trade discount @ 15%
- Jan. 31 Sold to Mr. K
 25 copies of Book D @ ₹ 90

(c) Prepare Triple Column Cash Book from the following transactions given to you :

(CO2)

2021

- Jan. 1 Cash in hand 15,000 and Cash at bank 7,000
- Jan. 2 Received cash from Mr. Kamal 9,900 discount allowed, 100
- Jan. 3 Deposited into bank 5,000
- Jan. 4 Purchased merchandise for 5,000 and paid by cheque.
- Jan. 5 Sold merchandise on credit 6,000
- Jan. 7 Received 5,000 from the customer by cheque and deposited on the same day.

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- Jan. 8 Sold merchandise from cash 7,000
- Jan. 9 Paid to Rakesh 9,800 by cheque, discount received 200
- Jan. 10 Paid wages for labour 10,000
- Jan. 11 Paid telephone bill of the previous month of 6,500
- Jan. 16 Received from a customer of 5,900 in full settlement of his account for 6,000.

3. (a) "Capital expenditure is different form revenue expenditure". Explain by giving suitable examples. (CO3)
- (b) Mr. B purchased on 1st April, 2018, a machine for ₹12,000. On 1st October, 2018, he also purchased another machine for ₹ 10,000. On 1st October, 2019, he sold the machine on 1st April, 2018 for ₹ 8,000. It was decided that Depreciation @ 10% p.a. was to be written off every year underdiminishing Balance Method. Assuming the accounts were closed on 31st March every year, show the

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Machinery Account for the years ended 31st March, 2019 and 2020. (CO3)

- (c) A machine was acquired on 1st April, 2020 at a cost of ₹ 90,000, the cost of installation was ₹ 10,000. It is expected that its total life will be 2,00,000 hours. During 2020-21, it worked for 16,000 hours and during 2021-22 for 24,000 hours. Write up the machinery account for 2020-21 and 2021-22 charging depreciation on the basis of Machine Hour Rate Method. (CO3)

4. (a) State the causes of depreciation. Also state the factors considered for its measurement. (CO4)

- (b) Differentiate between Straight Line Method and Diminishing Balance Method of charging Depreciation. (CO4)

- (c) Prepare Trading and Profit and Loss Account for the year ended March 31st, 2021 and Balance Sheet as on that date of Mr. A after taking into account the

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following ledger balances and additional information : (CO4)

Particulars	Amount (Dr.)	Particulars	Amount (Cr.)
Opening Stock	12,600	Capital	60,000
Purchases	45,000	Sales	1,00,000
Sales Returns	500	Purchase Returns	1,000
Wages	7,500	Provision for Bad Debts	2,000
Carriage Inwards	1,100	12% Bank Loan	20,000
Octroi Duty	800	Sundry Creditors	11,560
Salaries	5,200	Rent Received	3,000
Taxes and Insurance	1,700	Discount	1,440
Advertisement	2,800		
Drawings	5,000		
Bills Receivable	3,500		

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Sundry Debtors	52,000		
Cash in Hand	1,500		
Building	28,000		
Furniture	10,000		
Machinery	15,000		
Printing and Stationery	4,400		
Interest on Bank Loan	2,400		
	1,99,000		1,99,000

Adjustments :

- The stock on March 31st, 2021 was valued at ₹ 26,800.
- The proprietor had taken away goods worth ₹ 3,000 for personal use. This has not been recorded in books.
- Depreciate Machinery at 20%.
- Provision for Bad Debts required is ₹ 1,500.
- Provide for Manager's Commission at 10% on the net profit after charging such commission.

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- State the importance of Financial Statement Analysis to Top management, lenders and investors. (CO5)
 - Current Ratio is 3.5 : 1. Working Capital is ₹ 90,000. Calculate the amount of Current Assets and Current Liabilities.
 - HMT Ltd. has inventory of ₹ 20,000. Total liquid assets are ₹ 1,00,000 and quick ratio is 2 : 1. Calculate current ratio. (CO5)
 - Compute Working Capital Turnover Ratio, Debt Equity Ratio and Proprietary Ratio from the following information : (CO5)
 Paid-up Share Capital ₹ 5,00,000
 Current Assets ₹ 4,00,000
 Revenue from Operations ₹ 10,00,000
 13% Debentures ₹ 2,00,000
 Current Liabilities ₹ 2,80,000

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