

Adjustments-

- (a) Closing stock was valued Rs. 35,000.
- (b) Depreciation charged on furniture and fixture @ 5%.
- (c) Further bad debts Rs. 1,000. Make a provision for bad debts @ 5% on sundry debtors.
- (d) Depreciation charged on motor car @ 10%.
- (e) Interest on drawings @ 6%.
- (f) Rent, rates and taxes was outstanding Rs. 200.
- (g) Discount on debtors 2%

**Q.5 i** Explain three objectives of depreciation. 3 1 2,4,8 1

**ii.** Berlia Ltd. purchased a second-hand machine for ₹56,000 on July 01, 2020 and spent ₹24,000 on its repair and installation and ₹5,000 for its carriage. On September 01, 2021, it purchased another machine for ₹2,50,000 and spent ₹10,000 on its installation. 7 3 1,4,8. 3

(a) Depreciation is provided on machinery at 10% p.a. on the original cost method annually on December 31. Prepare the Machinery Account and Depreciation Account from the year 2020 to 2023.

(b) Prepare the machinery account and depreciation account from the year 2020 to 2023, if depreciation is provided on machinery at 10% p.a. on the written-down value method annually on December 31.

**OR iii.** Prepare bank reconciliation statement. 7 3 1,4,8. 3

- (a) Overdraft showed as per cash book on December 31, 2023, Rs 10,000.
- (b) Bank charges for the above period are also debited in the passbook Rs 100.
- (c) Interest on overdraft for six months ending December 31, 2023, Rs 380 debited in the passbook.
- (d) Cheques issued but not encashed prior to December 31, 2023, amounted to Rs 2,150.
- (e) Interest on Investment collected by the bank and credited in the passbook Rs 600.
- (f) Cheques paid into bank but not cleared before December 31, 2023 were Rs 1,100.

**Q.6** Attempt any two:

- i. What is the role of automation in computerized accounting systems? 5 1 2,5,6. 1
- ii. Explain the main advantages of computerized accounting systems. 5 2 2,5,6. 1
- iii. Explain the process of creating individual accounts within an accounting software. 5 2 2,5,6. 1

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Total No. of Questions: 6

Total No. of Printed Pages: 4

Enrollment No.....



Faculty of Management Studies  
End Sem Examination Dec 2024  
MS3CO17 Financial Accounting

Programme: BBA

Branch/Specialisation: Management

Maximum Marks: 60

Duration: 3 Hrs.

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

**Q.1 i.** IFRS stands for-

- (a) International Financial Reporting Standards
- (b) International Financial Regulations Standards
- (c) Integrated Financial Reporting System
- (d) Independent Financial Reporting Standards

**ii.** In voucher entry, the process of changing or modifying an existing voucher is called:

- (a) Recording      (b) Editing      (c) Posting      (d) Balancing

**iii.** Journal proper is used to record-

- (a) All types of cash transactions
- (b) Adjusting entries, closing entries, and non-cash transactions
- (c) Only bank transactions
- (d) Only debit transactions

**iv.** Which of the following is classified as a real account?

- (a) Capital account      (b) Sales account
- (c) Cash account      (d) Drawings account

**v.** Under IND-AS, which of the following would be included in the preparation of financial statements?

- (a) P&L account & balance sheet      (b) Trial balance
- (c) Statement of changes in equity      (d) Cash flow statement

**vi.** Provision for bad debts is created to-

- (a) Increase the revenue of the business
- (b) Meet potential future bad debts
- (c) Reduce current liabilities
- (d) Increase net profit

**vii.** When an asset is disposed of, the difference between the book value and sale proceeds is recorded as-

- (a) Depreciation      (b) Profit or loss on disposal
- (c) A liability      (d) Accumulated depreciation

Marks BL PO CO PSO  
1 1 2,4. 1  
8

1 1 2,4. 1  
8

1 1 2,4. 1  
8

1 1 2,4. 1  
8

1 1 2,4. 1  
8

1 1 2,4. 1  
8

1 1 2,4. 1  
.8

[2]

- viii. Which of the following could cause a difference between the cash book and pass book balances? 1 1 2,4. 1  
8
- (a) Interest credited by the bank (b) Cash sales
  - (c) Purchase of goods (d) Depreciation on fixed assets
- ix. When creating inventory in a computerized accounting system, which element is not required? 1 1 2,4. 1  
8
- (a) Stock categories (b) Group of accounts
  - (c) Units of measurement (d) Stock items
- x. The first step in setting up a computerized accounting system is- 1 1 2,4. 1  
8
- (a) Creating an organization profile
  - (b) Entering financial transactions
  - (c) Creating inventory items
  - (d) Generating financial reports
- Q.2** i. Explain accounting equation with the help of example. 2 2 2,4. 2  
8 2 2,4. 2  
8,9 8,9
- ii. What is accounting? Discuss advantages and limitations of accounting? Also discuss different users of accounting information. 8 2 2,4. 2  
8,9 8,9
- OR** iii. Explain the basic accounting concepts and conventions. 8 2 2,4. 2  
8,9 8,9
- Q.3** i. Define Ledger. 2 1 1,4. 1  
8 8
- ii. Mr. Nirmal has the following transactions in the month of April 2023. Write Journal Entries for the transactions.
- 10<sup>th</sup> April : Commenced business with a capital of 1,00,000
- 11<sup>th</sup> April : Purchased goods from Veeru for 20,000
- 13<sup>th</sup> April : Purchased Goods for Cash 15,000
- 14<sup>th</sup> April : Purchased Goods from Abhiram for cash 9,000
- 16<sup>th</sup> April : Bought Goods from Shyam on credit 12,000
- 17<sup>th</sup> April : Sold goods worth 15,000 to Tarun
- 19<sup>th</sup> April : Sold goods for cash 20,000
- 20<sup>th</sup> April : Sold goods to Utsav for cash 6,000
- 21<sup>st</sup> April : Sold goods to Pranav on credit 17,000
- 22<sup>nd</sup> April : Returned goods to Veeru 3,000
- 23<sup>rd</sup> April : Goods returned from Tarun 1,000
- 25<sup>th</sup> April : Goods taken by the proprietor for personal use 1,000
- 26<sup>th</sup> April : Bought Land for 50,000
- 27<sup>th</sup> April : Purchased machinery for cash 45,000
- 28<sup>th</sup> April : Bought computer from Intel Computers for 25,000
- 28<sup>th</sup> April : Cash sales 15,000
- 29<sup>th</sup> April : Cash purchases 22,000
- 30<sup>th</sup> April : Bought furniture for proprietor's residence and paid cash 10,000

[3]

- OR iii. ABC Ltd. has prepared a trial balance for the year ending March 31, 2024. However, the trial balance did not tally, and a difference of ₹5,000 was noted on the credit side. After investigating, the following errors were discovered. 8 3 2,4. 3  
8,9 8,9
- (a) Sales of ₹10,000 were recorded on the debit side of the sales account instead of the credit side.
  - (b) A cash purchase of furniture amounting to ₹6,000 was wrongly recorded in the purchases account.
  - (c) An electricity expense of ₹3,500 was not posted to the electricity expenses account.
  - (d) A payment of ₹7,000 received from a debtor was credited to the sales account instead of the debtors account.
  - (e) The Rent Expense Account was understated by ₹2,500 due to an error in recording.
- Identify and explain how each error affects the trial balance. Prepare the adjusted trial balance after making these corrections, showing both debit and credit totals.

- Q.4** i. What do you mean by outstanding expenses? 2 1 2,4. 1  
8 2 2,4. 1  
8,9 8,9
- ii. What is the purpose of preparing financial statements? How do they assist in decision-making for various users of accounting information? 8 3 1,4. 3  
8,9 8,9
- OR** iii. Prepare the trading and profit and loss account and a balance sheet of M/s Shine Ltd. from the following particulars.

Particulars	Amount (Rs)
Sundry Debtors	1,00,000
Bills Payable	85,550
Bad Debts	3,000
Sundry Creditors	25,000
Trade Expenses	2,500
Provision for Bad Debts	1,500
Printing and Stationery	5,000
Return Outwards	4,500
Rent, Rates, and Taxes	3,450
Capital	2,50,000
Freight	2,250
Discount Received	3,500
Sales Return	6,000
Interest Received	11,260
Motor Car	25,000
Sales	1,00,000
Opening Stock	75,550
Furniture and Fixture	15,500
Purchases	75,000
Drawings	13,560
Investments	65,500
Cash in Hand	36,000
Cash at Bank	53,000

**Marking Scheme**  
**MS3CO17 (T) Financial Accounting (T)**

Q.1	i) a) International Financial Reporting Standards ii) b) Editing iii) b) Adjusting entries, closing entries, and non-cash transactions iv) c) Cash account v) c) Statement of Changes in Equity vi) b) Meet potential future bad debts vii) b) Profit or loss on disposal viii) a) Interest credited by the bank ix) b) Group of accounts x) a) Creating an organization profile	1 1 1 1 1 1 1 1 1 1	Q.6	ii. For machinery account <b>5 marks</b> and for depreciation A/c <b>2 marks</b> <span style="float: right;">7</span> (Solution attached in word format)
			OR	iii. For correct entry <b>6 marks</b> and for format <b>1 marks</b> (Solution attached in word format) <span style="float: right;">7</span>
Q.2	i. As per the Explanation ii. As per the Explanation Accounting 2M Advantages & limitation 2M Users of accounting 4M	2 8	Q.6	i. As per the Explanation (1*5 points) ii. As per the Explanation (1*5 points) iii. As per the Explanation (1*5 points) <span style="float: right;">5</span>  ***** <span style="float: right;">5</span>
OR	iii. As per the Explanation (1mark for each concept and 1 mark for each convention)	8		
Q.3	i. As per the Explanation ii. 1/2 marks for each entry. 1 Mark for format	2 8	Q.6	
OR	iii. <b>5 marks</b> for identifying the errors (Solution attached in word format) and <b>3 marks</b> for rectifying entries	8		
Q.4	i. As per the explanation ii. As per the explanation ( <b>Purpose 4 marks</b> ), Explanation on assist in decision-making for various users of accounting information ( <b>4 marks</b> )	2 8	Q.6	
OR	iii. <b>4 Marks</b> for Trading profit and Loss account and <b>4 marks</b> for Balance sheet.	8		
Q.5	i. Explain three objectives of Depreciation. (1*3)	3		

# Solutions.

(1)

Q.3 II

Date	Particulars	Debit (₹)	Credit (₹)
10th April	Cash A/c .....Dr. To Capital A/c	1,00,000 1,00,000	
	(Commenced business with capital)		
11th April	Purchases A/c .....Dr. To Veeru A/c	20,000 20,000	
	(Purchased goods on credit)		
13th April	Purchases A/c .....Dr. To Cash A/c	15,000 15,000	
	(Purchased goods for cash)		
14th April	Purchases A/c .....Dr. To Cash A/c	9,000 9,000	
	(Purchased goods from Abhiram for cash)		
16th April	Purchases A/c .....Dr. To Shyam A/c	12,000 12,000	
	(Bought goods on credit from Shyam)		
17th April	Tarun A/c .....Dr. To Sales A/c	15,000 15,000	

Q

	<i>(Sold goods on credit to Tarun)</i>		
<b>19th April</b>	Cash A/c .....Dr.	20,000	
	To Sales A/c		20,000
	<i>(Sold goods for cash)</i>		
<b>20th April</b>	Cash A/c .....Dr.	6,000	
	To Sales A/c		6,000
	<i>(Sold goods for cash to Utsav)</i>		
<b>21st April</b>	Pranav A/c .....Dr.	17,000	
	To Sales A/c		17,000
	<i>(Sold goods on credit to Pranav)</i>		
<b>22nd April</b>	Veeru A/c .....Dr.	3,000	
	To Purchases Return A/c		3,000
	<i>(Returned goods to Veeru)</i>		
<b>23rd April</b>	Sales Return A/c .....Dr.	1,000	
	To Tarun A/c		1,000
	<i>(Goods returned by Tarun)</i>		
<b>25th April</b>	Drawings A/c .....Dr.	1,000	
	To Purchases A/c		1,000

(B)

	<i>(Goods taken by proprietor for personal use)</i>		
<b>26th April</b>	Land A/c .....Dr.	50,000	
	To Cash A/c		50,000
	<i>(Bought land)</i>		
<b>27th April</b>	Machinery A/c .....Dr.	45,000	
	To Cash A/c		45,000
	<i>(Purchased machinery for cash)</i>		
<b>28th April</b>	Computer A/c .....Dr.	25,000	
	To Intel Computers A/c		25,000
	<i>(Bought computer from Intel Computers)</i>		
<b>28th April</b>	Cash A/c .....Dr.	15,000	
	To Sales A/c		15,000
	<i>(Cash sales)</i>		
<b>29th April</b>	Purchases A/c .....Dr.	22,000	
	To Cash A/c		22,000
	<i>(Cash purchases)</i>		
<b>30th April</b>	Drawings A/c .....Dr.	10,000	
	To Cash A/c		10,000

Q3 (iii)

- 1) Sales A/c £ 2000 will be credited.
- 2) Purchase A/c will be debited or credited by Rs. 6000  
→ Furniture A/c will be debited by £ 6000.
- 3) → Electricity exp A/c will be debited by £ 6000.  
4) → Sales A/c will be debited by £ 2000  
Deb A/c will be credited by £ 2000
- 5) Rent exp - A/c will be debited more by £ 2500.

(W)

Q4(iii)

Trading Acc & P&L Acc M/S Shine LTD.  
For the Year Ended .. - -

# Balance sheet

Capital	250000	Sundry Debtors	100000	
-> Net loss	(27482)	(-) F.B ID	(1000)	
-> Drawing	(13560)	(-) B.D New	(4950)	
-> Interest on Dr. (814)		(-) Discount	(1881)	92169
	208144			
Bills Payable	85550	Motor Car	25000	
Sundry creditors	25000	(-) Depreciation	(2500)	22500
Outstanding Rent	200	Furniture & fittings.	15500	
Rates & Taxes		(-) Depreciation	(775)	14725
		Investments	65500	
		Cash in hand	36000	
		Cash at Bank	53000	
		Closing stock	35000	
	318894			318894

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①

## 5(ii) (a) Machinery A/c

SLM

7

Date	Particulars	Amt	Date	Particulars	Amt
1.7.20	To Bank A/c (M1) (56000 + 24000 + 500)	85000	31.12.2020	By Depreciation A/c By Balance C/d.	4250 80750 <u>85000</u>
1.1.2021	To Balance b/d Machine (I)	80,450	31.12.2021	By Depreciation A/c Machine (I) 8500 Machine (II) 8664	<u>17,164</u>
1.9.2021	To Bank a/c. Machine (II) (2,50,000 + 10,000)	2,60,000	31.12.2021	By Balance C/d Machine (I) 72,250 Machine (II) 2,51,333	3,23,583 <u>3,40,450</u>
1.01.2022	To Balance b/d Machine (I) Machine (II)	72,250 2151,333	31.12.2022	By Depreciation A/c Machine (I) 8500 Machine (II) 26,000	34,500
		<u>3,23,583</u>		By Balance C/d Machine (I) 63,450 Machine (II) 2,25,333	2,89,083 <u>3,23,583</u>
01.01.2023	To Balance b/d Machine (I) Machine (II)	63,450 2,25,333	31.12.2022	By Depreciation A/c Machine (I) 8500 Machine (II) 26,000	3,45,000
		<u>2,89,083</u>	31.12.2023	By Balance C/d Machine (I) 55,250 Machine (II) 199,333	<u>2,54,583</u> <u>2,89,083</u>

# Depreciation a/c

8

Date	Particulars	Drmt.	Date	Particulars	Credit
1.12.20	To Machinery a/c	4,250	31.12.20	By Profit & Loss a/c	4250
		4,250			4,250
31.12.21	To Machinery a/c M <sub>1</sub> 8500 M <sub>2</sub> 8,664	14,164	31.12.21	By Profit & Loss a/c	14,164
		14,164			14,164
31.12.22	To Machinery a/c M <sub>1</sub> 8500 M <sub>2</sub> 26,000	34,500	31.12.22	By Profit & Loss a/c	34,500
		34,500			34,500
31.12.23	To Machinery a/c M <sub>1</sub> 8500 M <sub>2</sub> 26,000	34,500	31.12.23	By Profit & Loss a/c	34,500
		34,500			34,500

## Working Note :-

### Calculation of Depreciation $\Rightarrow$

$$\begin{aligned} \text{Machine (I)} &= \frac{1}{4}(56,000 + 24,000 + 5000) \times 10\% \\ &= \frac{1}{4} \text{Rs. } 8500 \end{aligned}$$

$$\begin{aligned} \text{Machine (II)} &= \frac{1}{4}(250,000 + 10,000) \times 10\% \\ &= \frac{1}{4} \text{Rs. } 26,000 \end{aligned}$$

- Depreciation on Machine (I) will be charged half year  
 $\Rightarrow \frac{8500}{2} = \text{Rs. } 4250$
- Depreciation on Machine (II) will be charged for 4 months  
 $\Rightarrow \frac{26,000 \times 4}{12} = 8,664 \text{ Rs.}$

(g)

### Depreciation A/c

<del>31.12.20</del>	To Machinery A/c	4250	31.12.20	By PSL A/c	4250
		<u>4250</u>		<u>18</u>	<u>4250</u>
31.12.21	To Machinery A/c		31.12.21	By <del>PSL A/c</del>	
	M(i) 8075			M(ii) 8075	
	M(iii) 8695	<u>16745</u>		M(iii) <u>8695</u>	<u>16745</u>
		<u>16745</u>			<u>16745</u>
31.12.22	To Machinery A/c		31.12.22	By PSL A/c	
	M(i) 7263			M(ii) 7263	
	M(iii) 25133	<u>32396</u>		M(iii) <u>25133</u>	<u>32396</u>
		<u>32396</u>			<u>32396</u>
31.12.23	To Machinery A/c		31.12.23	By PSL A/c	29162
	M(i) 6542				
	M(ii) <u>22620</u>	<u>29162</u>			<u>29162</u>
		<u>29162</u>			<u>29162</u>

5ii(b)		Machinery A/c		<u>W.D.V</u>	(10)
Date	Particulars	Amt	Dr/ Cr	Particulars	Amt.
1.7.20	To Bank A/c (M1)	85000	31.12.20	By Dep. A/c (M1)	4250
			31.12.20	By Bal. Cld (M1)	80750
		<u>85000</u>			<u>85000</u>
1.1.21	To Balance b/d M1 = 80750	80750	31.12.2021	By Dep A/c M(i) 8075	16745
1.9.21	To Bank A/c (250000+10000)	260000		M(ii) 8670	<u>17167</u>
				By Balance c/d M(i) 72675	324005
				M(ii) 251330	<u>8670</u>
		<u>340,750</u>			<u>340750</u>
1.1.22.	To Bal. b/d M(i) 72675		31.12.22	By Dep A/c M(i) 7263	
	M(ii) 251330	324005		M(ii) 25133	32396
			31.12.22	By Bal. c/d M(i) 65412	
				M(ii) 226197	291609
		<u>324005</u>			<u>324000</u>
1.1.23	To Bal. b/d M(i) 65412		31.12.23	By Dep A/c M(i) 6542	
	M(ii) 226197	291609	31.12.23	M(ii) 23620 By Bal. c/d	29162
				M(i) 58870	262447
				M(ii) 203577	<u>291,609</u>

Q.5 (iii)  
Rs. 1 = ₹ 5) (ii)

# Bank Reconciliation Statement

[As on 31<sup>st</sup> Dec, 2017]

(11)

S. No.	Particulars	Amount (+)	Amount (-)
	Overdraft as per Cash Book:-		10,000
(i)	Bank charges debited in Pass book		100
(ii)	Interest on overdraft for six months		380
(iii)	cheque issued but not presented for payment	2,150	
(iv)	Interest on investment credited by bank	600	
(v)	cheque paid into bank for collection but not collected		1,100
	Overdraft as per Pass book	8,830	
		11,580	11,580

D.H. (iii)  
Rs. 1 = ₹ 5) (ii)

  
D.H.  
23/12/2017

  
Given  
23/12/2017.

  
J

