

- OR iii. On 31st March 2021, bank column of the cash book showed balance of Rs. 12000 but the passbook showed a different balance due to the following reasons: **7**
- (a) Cheques paid into the bank Rs. 8000 but out of these only cheques of Rs. 6500 credited by the bankers.
 - (b) The receipt column of the Cash Book undercast by Rs. 200.
 - (c) On 29th March 2021, a customer deposited Rs. 3000 directly in the bank account but it was entered in the Passbook only.
 - (d) Cheques of Rs. 9200 were issued out of which Rs. 2200 were presented for payment on 15th April 2021.
 - (e) Passbook shows a credit of Rs. 330 as interest and a debit of Rs. 60 as bank charges.

Prepare bank reconciliation statement as on 30th March 2021.

- Q.6 Attempt any two:
- i. Write down the various advantages of computerized accounting. **5**
 - ii. Explain in detail the system of voucher and documenting transaction using voucher. **5**
 - iii. Explain different types of vouchers. **5**

Enrollment No.....



Faculty of Commerce / Management Studies

End Sem (Odd) Examination Dec-2022

CM3CO03 / MS3CO03

Financial Accounting -I / Financial Accounting

Programme: B.Com.(Hons),

Branch/Specialisation:

BBA

Commerce / Management

Duration: 3 Hrs.

Maximum Marks: 60

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.

- Q.1 i. Dividing the expenditure into capital and revenue is according to- **1**
- (a) Business entity concept (b) Going concern concept
 - (c) Money measurement concept (d) Accounting period concept
- ii. IFRS _____ deals with first time adoption of international financial standards. **1**
- (a) 1 (b) 2 (c) 3 (d) 4
- iii. The process of recording financial data upto trial balance is- **1**
- (a) Bookkeeping (b) Classifying
 - (c) Summarising (d) Analysing
- iv. A person who owes money to a firm is _____. **1**
- (a) Creditor (b) Debtor (c) Lender (d) None of these
- v. Outstanding salaries (when given in additional information) are shown on- **1**
- (a) Profit and Loss Account (debit side)
 - (b) Profit and Loss Account (credit side)
 - (c) Balance Sheet (Asset Side)
 - (d) Balance Sheet (Liability Side)
- vi. Which one of the following is not a clerical error? **1**
- (a) Error of omission (b) Error of commission
 - (c) Error of principle (d) Compensating error
- vii. The depreciated value after two years of an assets costing Rs.10,000 depreciated at 10% on Straight line method is _____ and on reducing balance method is _____. **1**
- (a) Rs. 8100 and Rs. 8000 (b) Rs. 8000 and Rs. 8100
 - (c) Rs. 9000 and Rs. 8100 (d) Rs. 9000 and Rs. 9500

[2]

- viii. Depreciation is a process of _____. **1**
 (a) Assets valuation
 (b) Valuation and allocation of assets
 (c) Maintenance of asset in a state of efficiency
 (d) Appropriation of the cost of the asset over its useful life
- ix. What are the features of a computerised accounting system? **1**
 (a) It facilitates off-line input and storage of accounting data
 (b) This system never fails
 (c) It generates a print-out of purchase and sale invoices
 (d) None of these
- x. An accounting information system processes financial transactions and events based on _____. **1**
 (a) Governing principles
 (b) Management principles
 (c) Accepted principles
 (d) Generally accepted accounting principles
- Q.2 i. Differentiate between cash system and accrual system of accounting. **3**
 ii. "Accounting standards ensure the consistency and comparability of Financial Statements". Explain it. **7**
- OR iii. What is financial accounting? Describe the objectives of financial accounting. **7**
- Q.3 i. Explain the rules of personal, real and nominal accounts with examples. **4**
 ii. Journalise the following transactions: **6**
 (a) Received an order for Rs. 100000 from Ashok for the supply of goods and received a bank draft for Rs. 50000 as an advance against the order, which was immediately deposited into the bank.
 (b) Ordered goods dispatched to Ashok.
 (c) Ashok returned 1/5th goods being defective.
 (d) Ashok cleared the account and received 1% cash discount on total sales.
- OR iii. "Cash book is a substitute of cash account". In light of this statement differentiate between cash book and cash account. **6**
- Q.4 i. Describe any two types of errors that may arise during accounting procedure. **2**

[3]

- ii. What is meant by final accounts? Why is balance sheet included in final accounts, when in fact it is a statement, not an account? **8**
- OR iii. The following balances are extracted from the books of M/s Devanshu as on 31-3-2021: **8**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Wages	4097	Discount (Dr.)	487
Purchases	25659	Bad Debts	362
Sales Returns	278	Drawings	1055
Stock (1-4-2020)	8968	B/R	950
Sales	35643	Plant and Machinery	2880
Rent and Taxes	562	Debtors	6200
Salaries	1100	Cash	53
Travelling Expenses	188	Bank	1897
Commission (Cr.)	564	Furniture	897
Insurance	40	Capital	11940
Repairs	337	Loan at 6%	2000
Interest on Loan	100	Creditors	5963

Adjustments:

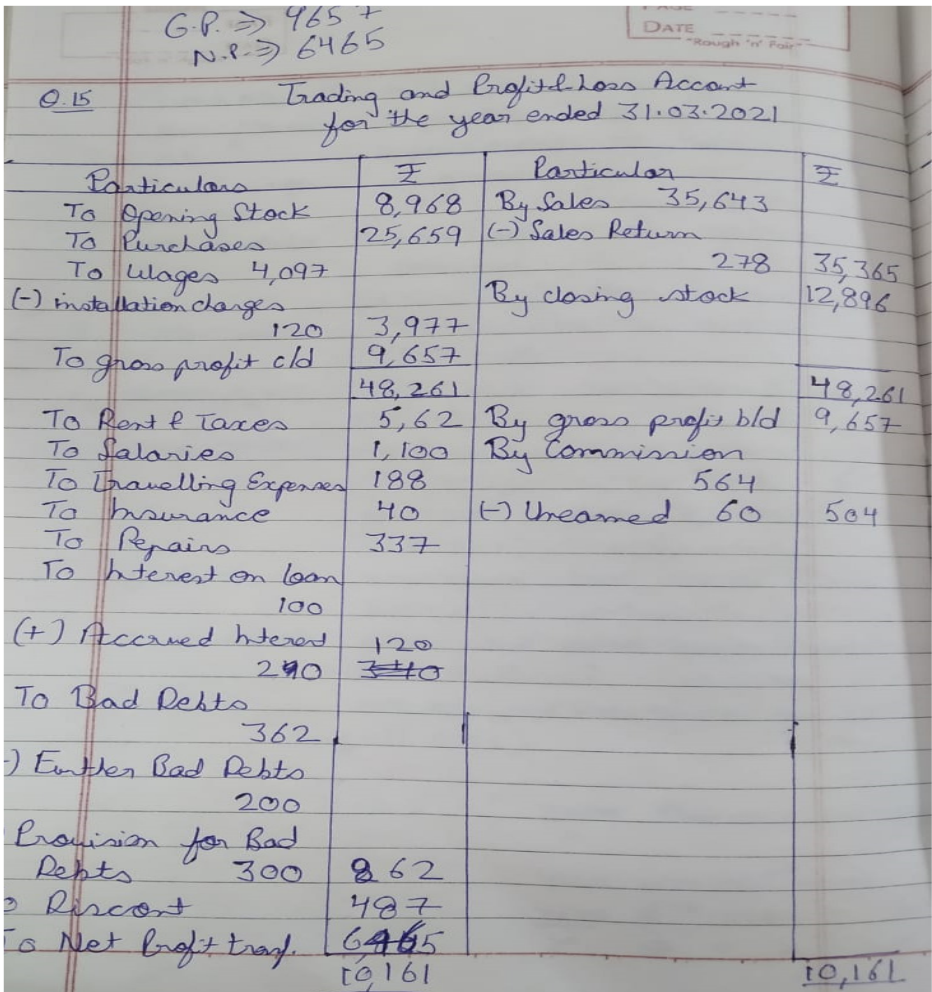
- (a) Stock on 31-3-2021 Rs. 12896.
 (b) Write-off bad debts Rs. 200 and provide at 5% on debtors for doubtful debts.
 (c) Wages include Rs. 120 for installation of new machinery.
 (d) Unearned commission Rs. 60.
 (e) 2-month interest is accrued on loan.
 Prepare trading and profit and loss account only.
- Q.5 i. Define depreciation. Explain the objectives for providing depreciation. **3**
 ii. A trading concern as on 1st July 2020 purchased a machine for Rs. 65000 and paid Rs. 2200 on its freight. Spent Rs. 2800 on its establishment. On 1st January 2021 another machine was purchased at a cost of Rs. 10000. The concern decided to provide depreciation at 10 % per year on diminishing balance method. The concern closes its books every year on 31st December. Prepare machinery account for the first three years. **7**

P.T.O.

Marking Scheme CM3CO03 / MS3CO03
Financial Accounting -I / Financial Accounting

Q.1	i)	d. accounting period concept	1
	ii)	a. 1	1
	iii)	a. Book keeping	1
	iv)	b. Debtor	1
	v)	a) Profit and Loss Account (debit side) & d. Balance Sheet (Liability Side)	1
	vi)	(c) Error of principle	1
	vii)	b. Rs. 8000 and Rs. 8100	1
	viii)	d. Appropriation of the cost of the asset over its useful life.	1
	ix)	c. It generates a print-out of purchase and sale invoices	1
	x)	d. Generally accepted accounting principles	1
Q.2	i.	The basic difference between the two approaches to bookkeeping of an entity is in timing, i.e. in cash accounting, the recording is done when there is an inflow or outflow of cash. On the other hand, in accrual accounting, it records the income and expense immediately when it arises.	3
OR	ii.	Accounting standards ensure the financial statements from multiple companies are comparable. Because all entities follow the same rules, accounting standards make the financial statements credible and allow for more economic decisions based on accurate and consistent information.	7
	iii.	Financial accounting is a specific branch of accounting involving a process of recording, summarizing, and reporting the series of transactions resulting from business operations over a period of time. Objectives of Financial accounting 1 – Compliance with Statutory Requirements 2 – Safeguarding of Interest of Various Stakeholders 3 – Helps in the Measurement of Profit and Loss of Business 4 – Presentation of Historical Records 5 – Focus on External Transaction of Business 6 – Periodic Reporting and Wide Availability 7 – Basis for Other Accounting 8 – Meeting the Objective of Various Stakeholders 9 – Only Financial Transactions 10 – Reliability and Relevance 11 – Easy to Understand	2+5 =7
Q.3	i.	Rules Real Account- Debit What Comes In, Credit What Goes Out Personal Account- Debit the Receiver, Credit the Giver	1+1 +1= 3

		Nominal Account- Debit All Expenses and Losses, Credit all Incomes and Gains																										
	ii.	<table><tr><th>Date</th><th>Particulars</th><th>L.F.</th><th>Dr. Bal</th><th>Cr. Bal</th></tr><tr><td>a.</td><td>Bank a/c Dr. To advance from Ashok a/c</td><td></td><td>50,000</td><td>50,000</td></tr><tr><td>b.</td><td>Ashok a/c Dr. Advance from Ashok a/c Dr. To Sales a/c</td><td></td><td>50,000 50,000</td><td>1,00,000</td></tr><tr><td>c.</td><td>Sales Returns a/c Dr. To Ashok a/c</td><td></td><td>20,000</td><td>20,000</td></tr><tr><td>d.</td><td>Cash a/c Dr. Discount a/c Dr. To Ashok a/c</td><td></td><td>29,000 1,000</td><td>30,000</td></tr></table>	Date	Particulars	L.F.	Dr. Bal	Cr. Bal	a.	Bank a/c Dr. To advance from Ashok a/c		50,000	50,000	b.	Ashok a/c Dr. Advance from Ashok a/c Dr. To Sales a/c		50,000 50,000	1,00,000	c.	Sales Returns a/c Dr. To Ashok a/c		20,000	20,000	d.	Cash a/c Dr. Discount a/c Dr. To Ashok a/c		29,000 1,000	30,000	7
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OR	iii.	<p>Differentiate between Cash Book and Cash Account</p> <p>The major differences between a cash account and cash book are as follows –</p> <table><tr><th>Cash account</th><th>Cash book</th></tr><tr><td><ul style="list-style-type: none">It is an account in a ledger.Transactions are made from journals.Serves the purpose of a ledger.Dependent on journal daybook.One type of cash account.Represents only cash balances.Journal folio.Cash transactions are recorded in the journal and then posted in a cash account.Don't have any narrations.</td><td><ul style="list-style-type: none">It is a separate book.Transactions are recorded directly.Serves as both journal and ledger.Independent of other books.Three types of cash books.Cash balances, bank balances, discount allowed, discount received.Ledger folio.Transactions are recorded directly.It has narration.</td></tr></table>	Cash account	Cash book	<ul style="list-style-type: none">It is an account in a ledger.Transactions are made from journals.Serves the purpose of a ledger.Dependent on journal daybook.One type of cash account.Represents only cash balances.Journal folio.Cash transactions are recorded in the journal and then posted in a cash account.Don't have any narrations.	<ul style="list-style-type: none">It is a separate book.Transactions are recorded directly.Serves as both journal and ledger.Independent of other books.Three types of cash books.Cash balances, bank balances, discount allowed, discount received.Ledger folio.Transactions are recorded directly.It has narration.	7																					
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Q.4	i.	Accounting Errors (any two)	2																									

		<ul style="list-style-type: none"> Errors of omission: Errors of commission: Errors of principle: Compensating errors: 	
	ii.	<p>Final accounts show the profit earned or loss sustained by the business in a particular period.</p> <p>Why is Balance Sheet included in Final Accounts</p> <p>A balance sheet provide a quick snapshot of business's finances - typically at a quarter- or year-end—and provide insights into how much cash or how much debt company has. Final accounts mean inclusions contain profit and loss as well as to define the Assets and liabilities of the business so balance sheet is must.</p>	8
OR	iii.	<p>Gross Profit-> 9657 Net Profit-> 6465</p> 	8
Q.5	i.	The term depreciation refers to an accounting method used to allocate the	3

		cost of a tangible or physical asset over its useful life. Objective of providing depreciation The main objective of providing depreciation is to calculate the true profit and provide funds for replacement of fixed assets. 1. Knowledge of True Profits 2. True Financial Position 3. Replacement of Assets 4. Correct Cost of Production																																																																													
	ii.	<div>Machinery Account (Diminishing Balance Method) Note: Depreciation p.a. = $Opening\ balance \times \frac{10}{100}$</div> <table><thead><tr><th colspan="4">Dr.</th><th colspan="4">Cr.</th></tr><tr><th>Date</th><th>Particulars</th><th>J. F.</th><th>Amount</th><th>Date</th><th>Particulars</th><th>J. F.</th><th>Amount</th></tr></thead><tbody><tr><td rowspan="3">I Year Jan, 01</td><td rowspan="3">Bank (65000+2200+2800= 70,000)</td><td rowspan="3"></td><td>70,000</td><td>I Year Dec 31</td><td>Depreciation (6 Months)</td><td rowspan="3"></td><td>3,500</td></tr><tr><td></td><td>Dec 31</td><td>Balance c/d</td><td>66,500</td></tr><tr><td>70,000</td><td></td><td>70,000</td></tr><tr><td rowspan="3">II Year Jan, 01</td><td rowspan="3">Balance c/d Bank (10,000)</td><td rowspan="3"></td><td>66,500</td><td>II Year Dec 31</td><td>Depreciation</td><td rowspan="3"></td><td>7,650</td></tr><tr><td></td><td>Dec 31</td><td>Balance c/d</td><td>68,850</td></tr><tr><td>10,000</td><td></td><td>76,500</td></tr><tr><td rowspan="3">III Year Jan, 01</td><td rowspan="3">Balance c/d</td><td rowspan="3"></td><td>68,850</td><td>III Year Dec 31</td><td>Depreciation</td><td rowspan="3"></td><td>6,885</td></tr><tr><td></td><td>Dec 31</td><td>Balance c/d</td><td>61,965</td></tr><tr><td>68,850</td><td></td><td>68,850</td></tr><tr><td>IV Year Jan, 01</td><td>Balance c/d</td><td></td><td>61,965</td><td></td><td></td><td></td><td></td></tr></tbody></table>								Dr.				Cr.				Date	Particulars	J. F.	Amount	Date	Particulars	J. F.	Amount	I Year Jan, 01	Bank (65000+2200+2800= 70,000)		70,000	I Year Dec 31	Depreciation (6 Months)		3,500		Dec 31	Balance c/d	66,500	70,000		70,000	II Year Jan, 01	Balance c/d Bank (10,000)		66,500	II Year Dec 31	Depreciation		7,650		Dec 31	Balance c/d	68,850	10,000		76,500	III Year Jan, 01	Balance c/d		68,850	III Year Dec 31	Depreciation		6,885		Dec 31	Balance c/d	61,965	68,850		68,850	IV Year Jan, 01	Balance c/d		61,965					7
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		1.	Cheques paid into the			1,500																																																																									

			bank but not cleared				
		2.	Receipts column of the Cash Book undercast	200			
		3.	Amount directly deposited by customer	3,000			
		4.	Cheque issued in March but presented in April	2,200			
		5.	Bank allowed interest	330			
		6.	Bank Charges		60		
			Balance as per the Pass Book		16,170		
				17,730	17,730		
Q.6		Attempt Any TWO					
	i.	The mentioned below are the various advantages of <ul style="list-style-type: none"> • Computerised Accounting Systems. • Speed. • Accuracy. • Reliability. • Up-to-Date Information. • Real Time User Interface. • Automated Document Production. • Scalability. • Legibility. 					5
	ii.	Any written documentation supporting the entries reported in the account books, indicating the transaction's accounting accuracy can be referred to as a voucher . For example, a bill, invoice, receipt, salary and wages sheet, pay-in-slip counterfoil, cheque book counterfoil, or trust deed					2+3 =5
	iii.	Different types of vouchers 1 mark for each vouchers (1 mark * 5)					5
