



Institute of Management
JK Lakshmipat University
Jaipur



END TERM EXAMINATION 2015

B.COM(Hons.)Sem-I
MM: 50 Marks

Course: Financial Accounting-I
Time: 3 Hours
Subject code: BCH-102

Instructions: Attempt any three questions from Section A. Section B is compulsory.

Section A

Q1. The following balances are taken from the books of Shri Mayank Shukla. (10 marks).

Particulars	₹	Particular	₹
Capital	1,20,000	Drawings	21,000
Stock(1.1.2013)	45,000	Plant & Machinery	24,000
Furniture	1,500	Purchases	2,95,000
Sales	4,35,000	Insurance	1,500
Purchase returns	4,000	Sales Returns	7,000
Rent	5,000	Trade Expenses	2,000
Salaries	24,000	Wages	40,000
Bad Debts	1,000	Investment (1.4.2013 Int. 6%)	50,000
Sundry Debtors	40,000	Sundry Creditors	19,000
Commission Received	800	Cash	12,200
Freehold Premises	6,000	Misc. Receipts	1,200
Patents	4,800		

After making the following adjustments prepare a trading and profit and loss account for the year ended 31st December, 2013 and a Balance sheet as on that date.

- Stock on 31st December, 2013 was ₹ 75,000.
- Depreciate Machinery by 10% and furniture by 20%.
- Wages ₹ 5000 and Salaries ₹ 1200 are outstanding.
- Write off ₹ 500 as bad debts and create a reserve on bad and doubtful debts at 5% and reserve for discount on debtors at 2%.
- Investment is made on 1.4.2013 and no interest has been so received so far.

Q2. On 31st December, 2013 the cash book of Miss. Aditi showed an overdraft of ₹18,000 with Bank of India. This Balance did not agree with the balance as shown by the bank pass book and you find that Aditi had paid into bank on 26th December, four cheques for ₹ 10,100; ₹ 12,000; ₹6000; and ₹8000. Of these the cheques for ₹6000 was credited by the bank in January 2014. Aditi had issued on 24th December cheques for ₹ 35000. Out of these cheques for ₹ 27000 had been presented and paid while one cheque for ₹1000 was returned for conversion into bearer cheque. This was done, the amount is included in the figure of ₹ 35000. The others were not yet presented.

You also find that on 31st December 2014 the bank had debited Aditi's account with ₹ 500 for interest and ₹ 20 for charges but Aditi has not recorded these amounts in the books. Total of a page on the debit side of the cash book ₹ 9670 was carried to the next page as ₹ 6790.

It was also found that the total of one page on the payment side of the cash book was ₹ 5670 but it was written on the next page as ₹ 7650.

You are required to prepare a bank reconciliation statement as at 31st December, 2014. (10 marks).

Q3. Distinguish between any (2). (10 marks).

- a. Capital expenditure and Revenue Expenditure
- b. Trial balance and Balance sheet
- c. Event and Transaction

Q4. Define Accounting Standard and discuss the procedure of issuing accounting standards in India. Name any five accounting standards you are aware of and discuss one of them in detail. (10 marks).

Q5. . Enter the following transactions in the cash book with cash, discount and bank columns. (10 marks).

2015

- July 1 Balance of cash in hand ₹ 1400. Overdraft at bank ₹ 5000.
- July 2 Invested further capital of ₹ 10,000 out of which ₹ 6000 deposited in the bank.
- July 5 Sold goods for cash ₹ 3000.
- July 6 collected from debtor of last year ₹ 8000; Discount allowed to them ₹ 200.
- July 10 purchased goods for cash ₹ 5500.
- July 11 Paid Ram Vilas, our creditor ₹ 2500 ; discount allowed ₹65.
- July 13 Commission paid to our agent ₹530.
- July 14 office furniture purchased from keshav ₹200.
- July 14 Rent paid ₹ 50.
- July 14 Electricity charges paid ₹10.
- July 16 Drew cheque for personal use ₹700.
- July 17 Cash Sales ₹ 2500.
- July 18 Collection from Atal ₹ 4000 ; deposited in the bank next day.
- July 19 Drew from bank for office use ₹500.
- July 22 Drew cheque for petty cash ₹150.
- July 24 Dividend received by cheque ₹50 ; deposited in the bank on 28th.
- July 25 Commission received by cheque ₹ 230 ; deposited in the bank on 28th.
- July 29 Drew from the bank for salary of the office staff ₹1500.
- July 29 paid salary of the manager by cheque ₹500.
- July 30 Deposited Cash in the bank ₹10,000.

Section B

Q6. (a) Define Reserve & Provision, what is the rationale behind creating reserve & Provision, distinguish between reserve and provision. Also give a brief about various types of reserve created by the firms. (10 Marks)

(b) You decided to depreciate machinery @ 20% P.A under straight line method. Prepare a machinery account for three years ending 31st March, 2009. (10Marks)

Date	Transactions	₹
Apr 1, 2006	Purchased a second hand machinery I	1,20,000
Apr 1, 2006	Repairs on it.	30,000
Oct 1, 2006	Purchased a new machinery II	3,00,000
Apr 1, 2007	Spent repairs on Machinery II	3,000
Sep 30, 2008	Sold Machinery I	67,500
Sep 30, 2008	Purchased a new machinery III	4,50,000

