

2022

FINANCIAL ACCOUNTING - I — HONOURS

Paper : CC-1.1 Ch.

Full Marks : 80

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

1. What is Asset? Using the accounting equation, calculate the value of total assets from the following data :

Capital	₹ 2,00,000	
Creditors	₹ 50,000	
Revenue during the period.	₹ 4,50,000	
Expenses during the period	₹ 1,65,000	2+3

Or,

State the name of accounting concepts or conventions applied in each of the following cases :

- (a) Recording of capital withdrawn by the owner of the business.
 - (b) Deduction of cost of goods sold from the revenue earned while calculating gross profit of the business.
 - (c) Creation of provision for bad debt on outstanding closing debtors.
 - (d) Liabilities are classified into current liabilities and non-current liabilities.
 - (e) Contingent liabilities are shown in the Balance Sheet as a footnote. 5
2. The value of physical stock was verified on 04.04.2022 at ₹ 85,000. Determine the value of closing stock as on 31.03.2022 for Balance Sheet purpose given that the following transactions took place between 01.04.2022 to 04.04.2022 :
- (a) Purchase between 01.04.2022 to 04.04.2022 amounted to ₹ 2,500, but of these, goods worth ₹ 400 was not received till 04.04.2022.
 - (b) Sales between 01.04.2022 to 04.04.2022 amounted to ₹ 8,000.
 - (c) Arithmetical error in stock sheet on 04.04.2022 resulted in an overvaluation of ₹ 700.
 - (d) Rate of gross profit is 25% on sales. 5

Please Turn Over

Or,

The following errors were detected after preparing the Trial Balance but before preparation of Final Account in the books of Mr. Basu :

- (a) The total of Return Inward Books has been cast ₹ 1,000 short.
- (b) A sum of ₹ 4,000 written off from machinery has not been posted to Depreciation Account.
- (c) The purchase of an office furniture costing ₹ 13,000 has been passed through Purchase Day Book.
- (d) ₹ 600 received from Mr. Roy has been debited to Mr. Sen.

Show the journal entries for rectifying the above errors. 5

3. What is accounting theory? State its relationship with the accounting practice. 2+3
4. State the limitations of 'Historical Cost Accounting'. 5

Or,

What are the benefits of 'Accounting Standard'? 5

5. M/s Prajapati Traders sends goods to its customer on sale or return basis. The following transactions took place in January to December 2022.

Date	Transactions	₹
10.07.2022	Sent goods to customer on sale or return basis at 20% profit on sale	40,000
15.07.2022	Goods returned by the customer	10,000
04.08.2022	Received letter of approval from the customer	20,000
31.12.2022	Goods with customer awaiting approval	10,000

Pass the necessary journal entries to record the above transaction in the books of M/s Prajapati Traders.

5

Group - B

6. XYZ Ltd. depreciates its machinery at 10% p.a. under the reducing balance method. On 01.01.2022, it had ₹ 4,05,000 as balance of its Machinery Account. On 31.03.2022, it sold for ₹ 17,000, part of the machine which it purchased on 01.01.2020 at ₹ 30,000. On 01.07.2022, it purchased a new machine at a cost of ₹ 46,500 and installed it on the same day at a further cost of ₹ 3,500. The company's policy is to charge depreciation proportionate to actual use during a year made of an asset but to ignore depreciation for any period less than 182 days. If no further purchase/sale has been made between 2020 and 2022 except those mentioned above, show the Machinery Account in the books of the company between 01.01.2020 and 31.12.2022. 10

7. The following is the Receipt and Payment of Anandadhara Cultural Club for the year ended on 31.12.2022.

Particulars	₹	Particulars	₹
Cash in hand on 01.01.2022	1,500	Stationery	3,000
Subscription :		Salaries	7,900
2022	16,400	10% Investment	
2023	250	(Purchased on 30.06.22)	5,000
Proceeds from cultural programme	2,000	Office Expenses	1,420
Entrance fees	1,020	Expenses for cultural programme	800
Interest on investment	250	Cash in hand on 31.12.2022	3,300
	21,420		21,420

Additional information :

- (a) Depreciate premises by 5%
 (b) Outstanding subscription for 2022 : ₹ 1,200
 (c) Entrance fees is to be capitalised 100%
 (d) Other information :

	01.01.2022 (₹)	31.12.2022 (₹)
Premises	20,000	20,000
Stock of stationery	1,000	1,200
Creditors for stationery	2,000	2,500

You are required to prepare Income and Expenditure Account for the year ended 2022 and Balance Sheet as on that date.

6+4

Or,

Mr. Roy does not maintain a proper books of account. However, he maintains a record of his bank transactions and is also to give the following information from which you are requested to prepare his Trading and Profit & Loss Account for the year ended 31.12.2022 and Balance Sheet as on that date.

Particulars	01.01.2022	31.12.2022
	(₹)	(₹)
Debtors	1,02,500	?
Creditors	?	46,000
Stock	50,000	62,500
Bank Balance	?	50,000
Fixed Assets	7,500	9,000

Please Turn Over

Details of his bank transactions were as follows :

Particulars	₹.
Received from Debtors	3,40,000
Additional Capital brought in	5,000
Sale of Fixed Assets (Book Value ₹ 2,500)	1,750
Paid to creditors	2,80,000
Expenses Paid	49,250
Personal Drawings	25,000
Purchase of Fixed Assets	5,000

No cash transactions took place during the year. Goods are sold at cost plus 25%. Cost of goods sold was ₹ 2,60,000. 10

8. Goods at an invoice value of ₹ 1,32,000 were consigned by Roy & Co. of Allahabad at a proforma invoice of 20% profit on cost to their agent Gupta & Co. of Calcutta.

Freight paid by the consignor amounted to ₹ 5,000. Gupta & Co. was allowed 5% ordinary commission and 3% del credere commission on gross sales. They were also allowed 5% of the net profits as extra commission after charging such commission. Expenses made by Gupta & Co. were : landing and clearing charges ₹ 1,020, Godown insurance premium ₹ 2,500.

$\frac{3}{4}$ th of the goods were sold at 25% profit on sales, $\frac{1}{10}$ th of the balance of goods were destroyed by fire and a claim for ₹ 8,500 was settled by the insurance company.

Prepare Consignment Account in the books of Roy & Co. 10

Or,

From the following particulars, as extracted from the books of a trader, prepare the General Ledger Adjustment Account as it would appear in the Sales Ledger on 31.12.2022 :

Particulars	₹
January 01, 2022	
Sales Ledger Balances (Dr.)	62,710
Provision for Doubtful Debt	1,720
December 31, 2022	
Sales	1,08,290
Bills accepted by Debtors	14,430
Bills dishonoured	540
Cash and Cheque received from customers	88,625
Cheque dishonoured	220
Goods returned by customers	4,710
Transfer from Bought Ledger	780
Bad-debts written off	1,610
Cash discount allowed	2,460
Interest on customers' overdue account	330
Carriage charged to customers	1,220
Bad-debts previously written off now recovered	850

9. From the following information, prepare a claim for loss of profit under the consequential loss policy:

Date of fire	01.06.2022
Dislocation period	01.06.2022 to 31.08.2022
Policy value	₹ 30,000
Indemnity period	6 months
Accounts for the year ended 31.12.2021 disclosed the following :	
Turnover in 2021	₹ 2,00,000
Net profit in 2021	₹ 15,000
Standing charges in 2021	₹ 25,000 (10,000 uninsured)
<i>Other particulars :</i>	
Sales from 01.06.2021 to 31.05.2022	₹ 2,40,000
Sales from 01.06.2022 to 31.08.2022	₹ 20,000
Sales from 01.06.2021 to 31.08.2021	₹ 50,000

There is a clear upward trend of 10% in the sales as compared to last year.

10

Group - C

10. The following Trial Balance was extracted from the books of Mr. Saptarshi Chakraborty as on 31.03.2022.

Particulars	Dr. (₹)	Particulars	Cr. (₹)
Plant and Machinery	2,50,000	Capital	5,00,000
Wages	20,000	Sundry Creditors	36,000
Salaries	36,000	12% Bank Loan (01.07.2021)	1,50,000
Carriage inward	5,000	Return	7,000
Carriage outward	8,000	Provision for bad debts	6,000
Buildings	3,00,000	Sales	11,10,000
General Expenses	33,000		
Return	7,500		
Sundry Debtors	56,000		
Stock (01.04.2021)	40,000		
Purchases	10,00,000		
Bad Debt	3,500		
Discount allowed	1,500		
Interest on bank loan	8,500		
Cash at Bank	35,000		
Cash in hand	5,000		
	18,09,000		18,09,000

Please Turn Over

Prepare the Trading and Profit & Loss Account for the year ended 31.03.2022 and Balance Sheet as on that date taking into consideration the following information :

- (a) Stock in hand as on 31.03.2022 was: Cost price – ₹ 48,000; Net realisable value – ₹ 46,000.
 - (b) Depreciate Plant and Machinery at 10% p.a.
 - (c) ₹ 5,000 is due from Mr. Tanbir, as customer and at the same time ₹ 8,000 is due to him, as supplier. Create provision for doubtful debt at 5% on general debtors.
 - (d) Goods distributed as free sample worth Rs. 5,000.
 - (e) Cash found short by ₹ 500 at the time of cash counting.
 - (f) A cheque of ₹ 2,000 issued to supplier on 25.03.2022, correctly recorded in the books but not encashed by the supplier till 31.03.2022. 5+5+5
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