

2025

FINANCIAL ACCOUNTING - I — HONOURS

Paper : DSCC-1

Full Marks : 75

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

Answer *any three* questions.

1. (a) Name the accounting concepts used in each of the following cases :
- (i) Transactions are recorded at the value on transaction date.
 - (ii) Drawings of ₹ 6,000 by the owner of business is recorded in the books of accounts.
- (b) Mr. X started a business on 01.04.2024. Following transactions are made available to you :
- Sales during the year ended 31.03.2025 — ₹ 3,80,000 (of this ₹ 3,45,000 collected in cash and ₹ 5,000 proved bad).
 - Purchased during the year ended 31.03.2025 — ₹ 1,95,000 (of this ₹ 25,000 not yet paid and goods worth ₹ 20,000 not yet sold).
 - Expenses incurred during the year 2024-25 — ₹ 80,000 (of which ₹ 12,000 is still unpaid).
 - Depreciation for the year 2024-25 — ₹ 18,000.

Calculate profit for the year under (i) Cash Basis of accounting, (ii) Accrual Basis of accounting and (iii) reconcile the two profits. 2+(3+3+2)

2. (a) During the year ended on 31.03.2024, the following information have been extracted from the books of accounts of the company :

Opening stock 100 units @ ₹ 150 each

Purchases 500 units @ ₹ 200 each

Sold 480 units @ ₹ 300 each

Carriage inward ₹ 5,000

Calculate value of closing stock assuming that opening stock has been fully sold and also find resultant gross profit. State also which accounting principle is applicable in ascertaining gross profit of the company.

- (b) What do you mean by 'revenue' in accounting?

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(c) State with reason whether the following transactions amount to revenue for the organization –

- (i) Sale of furniture by a furniture trader for ₹ 1,80,000, cost being ₹ 1,05,000.
- (ii) Sale of machine for ₹ 80,000 used in the factory for production, w.d.v. ₹ 75,000.
- (iii) Computer Point, a company renders repair services to its client. It repairs 15 computers of Pravat Pvt. Ltd. for ₹ 3,000 per computer. (4+1)+2+(1×3)

3. From the following information, prepare Provision for Doubtful Debt A/c and Provision for Discount Allowed A/c for the year ended 31.03.2025 : 10

(i) Balances on 01.04.24 :

- Provision for Doubtful Debt A/c ₹ 18,000
- Provision for Discount Allowed ₹ 2,100.

(ii) Bad Debt and Discount Allowed written off during the year 2024-25 were ₹ 9,800 and ₹ 4,200 respectively and recorded in the books.

(iii) On 31.03.2025 balance of Debtors stood at ₹ 1,41,000 and following information is also available :

- Mr. A, a customer, paid ₹ 8,000 in full settlement of his dues of ₹ 15,000; balance proved to be bad. The entity, however, credited him only for the amount so received.
- A cheque of ₹ 16,000 received from Mr. B returned dishonoured and no entry has been passed for this. The entity decided to make a provision of 40% against this.
- Mr. K is included in the list of debtors and creditors at ₹ 20,000 and ₹ 14,000 respectively; a net balance is to be shown.

(iv) The entity maintains a general Provision for Doubtful Debt @ 10% and for Discount Allowed @ 4%.

4. M/s Ganguly Traders purchased a second-hand machinery on February 1, 2022 for ₹ 4,50,000; paid ₹ 40,000 on its overhauling and ₹ 10,000 for its installation which was completed by March 31, 2022. The machine was put to use for commercial production from 1st April, 2022.

The company provides depreciation on its machinery at 20% p.a. on straight line method from the date it was put to use and closes its books on December 31 every year. On October 1, 2023, a repair work was carried out on the machine and ₹ 12,000 were paid for the same. The machine was sold on March 31, 2024 for a sum of ₹ 2,85,000 and an amount of ₹ 15,000 was paid as dismantling charges.

You are required to prepare Machinery A/c for the year 2022 to 2024 and also show Machinery Disposal A/c. 7+3

5. The following discrepancies were detected after preparation of the Trial Balance. You are required to pass journal entries necessary to rectify and/or adjust the same. 10
- A credit sale of goods to X for ₹ 700 had been posted to the credit to his account.
 - Goods purchased from Q for ₹ 1,500 was entered in the Purchase Day Book but omitted to be posted to his account in the Creditors Ledger.
 - The Sundry Debtors at the end of the year ₹ 1,00,000 included ₹ 7,000 for goods sent on approval basis. No intimation has been received till date and the last date of confirmation has not yet expired. These goods were sent out at 25% over cost price.
 - A cheque of ₹ 6,658 received from Mohit (after allowing him a discount of ₹ 92) was endorsed to Rahul in full settlement of ₹ 7,000. The cheque was finally dishonoured, but no entry was passed in the books.
 - Registration charges of ₹ 1,20,000 paid for registration of building debited to Legal Charges A/c.

Group - B

Question no. 9 is compulsory and answer any two questions from the rest.

6. K Bros. has three ledgers in use, all of which are kept under self-balancing system. From the following information, prepare necessary adjustment accounts in the General Ledger : 15

	₹		₹
Balance of Debtors :		Sales return	450
01.04.2024 (Dr.)	12,700	Cash & cheques received from debtors	32,000
01.04.2024 (Cr.)	250	Cheques dishonoured	500
31.03.2025 (Cr.)	720	B/R endorsed to suppliers	3,300
Balance of Creditors :		B/R dishonoured	1,000
01.04.2024 (Dr.)	150	Cash paid to suppliers	27,000
01.04.2024 (Cr.)	9,500	Bad debt written off	250
31.03.2025 (Dr.)	90	Provision for bad debt	300
Transactions during the year :		Transfer from one ledger to another	100
Credit purchase	45,000	Return outward	1,500
B/R drawn	30,000	Interest on overdue account of customer	300
B/P accepted	12,000	Sales (including cash sales ₹ 5,000)	70,000
Cash refunded to debtors	400	Endorsed bill dishonoured	1,800

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7. From the Receipts and Payments Account of Tala Cricket Club, you are asked to prepare an Income & Expenditure Account for the year ended 31.03.2025 and a Balance Sheet as on that date.

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Receipts & Payments Account for the year ended 31.03.2025

Receipts	₹	Payments	₹
To Balance b/d		By Printing & Stationery	4,000
Cash in hand	2,500	" Rent	10,000
Cash at Bank	5,000	" Sports Expenses	8,500
" Subscription	36,000	" Remuneration to Coach	8,000
" Donation	10,000	" Furniture	15,000
" Entrance Fees	5,000	" Sundry Expenses	4,500
" Interest on Investment @ 7.5%	7,500	" Balance c/d	
		Cash in hand	5,000
		Cash at Bank	11,000
	66,000		66,000

Additional Information :

	01.04.2024	31.03.2025
	₹	₹
(i) Outstanding Subscription	4,000	6,000
(ii) Prepaid Rent	2,500	3,000
(iii) Amount due for Printing & Stationery	1,000	1,500
(iv) Value of Equipment	25,000	30,000
(v) Value of Furniture	—	13,500

Equipment costing ₹ 10,000 was purchased on credit from Singh Brothers which is still due. The reduction in the value of Equipment and Furniture, if any, is for charging depreciation.

8. (a) State whether the following items should be treated as Revenue or Capital in nature.
- ₹ 1,00,000 incurred to increase the capacity of an existing machine
 - Painting charges ₹ 20,000 for factory building
 - ₹ 50,000 received from fresh issue of shares

(5)

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- (b) The following balances are extracted from the books of the business of Mr. S for the year ended 31.03.2025 :

	01.04.2024 (₹)	31.03.2025 (₹)
Stock	15,000	?
Debtors	40,000	60,000
Creditors	20,000	40,000

During the year,

- He paid his creditors ₹ 60,000 and received from debtors ₹ 90,000.
- Bad debts written of ₹ 5,000 and Discount received from creditors ₹ 1,000.
- Cash sales are 1/6th of total sales and Credit purchases are 3/4th of total purchases.
- Goods are sold at cost plus 25%.

Calculate :

- Total sales and Total purchases for 2024-25, and
- Value of stock on 31.03.2025.

3+12

9. The following Trial Balance is extracted from the books of Das Trading, the business of Mr. Das, as on 31.03.2025 :

Debit Balance	₹	Credit Balance	₹
Plant and Machinery	4,00,000	Capital	5,65,000
Opening Stock	45,000	Sundry Creditors	36,000
Sundry Debtors	52,000	Sales	2,55,000
Wages	15,000	Provision for Doubtful Debts	2,000
Salaries	24,000	Outstanding Salaries (31.03.2025)	4,000
Rent	23,000	Outstanding Rent (01.04.2024)	1,000
Income Tax of Mr. Das	2,500	Discount received	3,000
Purchases	1,80,000	Bad debt recovery	2,000
Bad Debt	12,500		
Insurance	4,000		
Office Expenses	7,000		
Cash in Hand	41,500		
Cash at Bank	60,000		
Discount allowed	1,500		
	8,68,000		8,68,000

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Additional Information :

- (i) Stock as on 31.03.2025 ₹ 50,000.
- (ii) Machinery purchased on 01.10.2024 for ₹ 40,000 was wrongly debited to Purchases Account. Depreciation @ 20% p.a. is to be charged on machinery.
- (iii) Outstanding office expenses on 31.03.2025 amounted to ₹ 1,500.
- (iv) Goods costing ₹ 20,000 was destroyed by fire and the insurance company paid ₹ 11,000 in full settlement of the claim. The amount so received from the insurance company is deposited in the personal bank account of the owner without any record in the business books.
- (v) Debtors include ₹ 12,000 receivable from the owner on account of goods taken by him.
- (vi) Write off further bad debt of ₹ 2,000 and create a provision for doubtful debts @ 5%.

You are required to prepare Trading and Profit & Loss Account of the business of Mr. Das for the year ended 31.03.2025 and Balance Sheet as on the same date.

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