

2025

FINANCIAL ACCOUNTING - I — MDC

Paper : MDC-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 :
- Provision is created for doubtful debts.
 - Transactions are recorded at the value on transaction date.
 - Unpaid expenses are considered in determining profit.
 - The figure of Sales ₹ 5,40,324.87 can be rounded off to ₹ 5,40,325.
 - Capital introduced by the owner of business is recorded in the books of accounts.
- (b) M/s Binyan Traders prepares the statement of profit and loss for the year ended 31.12.2024 as below :

Particulars	Amount (₹)	Amount (₹)
Cash collected from sale of goods : for 2024 (Actual goods sold on credit — ₹ 2,00,000)	1,70,000	1,95,000
Cash collected from sale of goods : for 2023 in 2024	25,000	
<i>Less</i> : Cash paid to Creditors : 2024 1,20,000 (Goods purchased on credit — ₹ 1,50,000)		
Cash paid for 2023 <u>10,000</u>	1,30,000	
<i>Less</i> : Expenses paid in cash for 2024 (Outstanding for current year — ₹ 10,000)	30,000	1,60,000
Profit		35,000

- Under which basis of accounting the above profit & loss statement has been prepared?
- His accountant suggests an alternative basis for finding the true and fair profit. As his accountant, what other basis of accounting would you suggest?
- Find the profit under alternative basis.

5+(1+1+3)

Please Turn Over

(5509)

2. (a) State the difference between capital expenditure and revenue expenditure.
- (b) Calculate the value of closing stock as on 31.03.25 from the following information :
- (i) Value of physical stock taken on 10.04.25 (for the year ended 31.03.25) was ₹ 5,00,000.
 - (ii) Purchased during the period from 01.04.25 to 10.04.25 was ₹ 50,000 out of which ₹ 10,000 worth of goods was received on 15.04.25.
 - (iii) Freight paid on above purchases was ₹ 5,000.
 - (iv) Goods sold during the period from 01.04.25 to 10.04.25 (marking a profit of 25% on cost) was ₹ 55,000. 4+6

3. The Trial balance of M/s Hara Gauri Traders does not agree as on 31st December, 2024.

The credit exceeds debit by ₹ 7,500. The following errors were detected on scrutiny of the books of accounts. Rectify the errors so detected by passing necessary journal entries (you need not write narration) and prepare a Suspense Account. (2×4)+2

- (i) Total of Discount Allowed column of Cash Book has been omitted to be posted in the General Ledger ₹ 1,500.
- (ii) Purchase Day Book has been undercast by ₹ 9,000.
- (iii) Wages of ₹ 1,000 spent on installation of machine has been debited to Wages A/c.
- (iv) Sale of goods to Anuj for ₹ 2,000 was wrongly recorded in the Sales Return Book though Anuj Account has been correctly debited in the Sales Ledger.

4. Trial Balance as on 31st December, 2024 of M/s Girija Bros. contains the following items :

Provision for Doubtful Debts	– ₹	7,500
Bad Debts	– ₹	5,000
Sundry Debtors	– ₹	2,00,000

On enquiry it was ascertained that Debtors include :

- (i) ₹ 10,000 due from Mr. B. Ghosh and Creditors include ₹ 15,000 due to Mr. B. Ghosh;
- (ii) A cheque of ₹ 10,000 from debtors returned dishonoured;
- (iii) Further Bad Debts ₹ 7,500.

Prepare Provision for Doubtful Debts Account and Bad Debts Account. Provision for Doubtful Debts is to be created at 10% on Trade Debtors. 10

5. (a) Name three factors that are considered in the measurement of depreciation.
- (b) Singh Transport Co. of Ambala purchased 4 Trucks at a cost of ₹ 2,00,000 each on April 1, 2021. The company writes off depreciation @ 20% p.a. on original cost and closes its accounting year on 31st March each year.

On October 1, 2023 one of the trucks got involved in an accident and was completely destroyed. Insurance company paid ₹ 80,000 in full settlement of the claim. On the same day the company purchased another truck for ₹ 90,000 and spent ₹ 10,000 to make it ready to use.

Prepare Truck Account for three years ending on March 31st, 2024.

3+7

Group - B

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

6. (a) What is Self-balancing Ledger? Write three advantages of it.
- (b) From the following information, prepare Debtors Ledger Adjustment Account and Creditors Ledger Adjustment Account as they would appear in the General Ledger of Anup Traders Ltd.

01.04.2023	(₹)	31.03.2024	(₹)
Opening Debtors balances (Dr)	40,000	Received from Debtors	28,000
Opening Debtors balances (Cr)	5,000	Bills Payable accepted	5,500
31.03.2024		Credit Purchases	35,000
Credit Sales	60,000	Return Outward	2,500
Paid to Creditors	20,000	Discount Allowed	1,000
Bills Receivable drawn	7,000	Discount Received	800
Closing Creditors balance (Cr)	25,000	Bills Receivable dishonoured	1,500
Bad Debts	2,000	Return Inward	3,000

(2+3)+(5+5)

7. The following shows the financial position of Azad Hind Pathagar, a library, as at 01-04-2024 :

Liabilities	₹	Assets	₹
Capital Fund	3,00,000	Building	1,00,000
		Furniture	10,000
		Library Books	50,000
		Investments	90,000
		Accrued subscription	40,000
		Cash in hand	10,000
	3,00,000		3,00,000

Please Turn Over

(5509)

Cash Book during the year 2024-2025 is as follows :

Receipts	(₹)	Payments	(₹)
To Balance b/d	10,000	By Salaries	7,200
" Subscriptions	1,50,000	" Purchase of books	80,000
" Donations (40% to be capitalised)	1,00,000	" Rent and taxes	7,200
" Income from Investment	8,200	" Insurance premium	3,000
" Sales of old furniture	1,000	" Printing and Stationery	900
		" Purchase of furniture	15,000
		" Investment	1,34,000
		" Sundry expenses	2,900
		" Balance c/d	19,000
	2,69,200		2,69,200

Additional Information :

- Accrued Subscription on 31-03-2025 ₹ 30,000.
- Outstanding liabilities for expenses on 31-03-2025 ₹ 15,000.
- Insurance Premium includes ₹ 600 paid for the year 2025-26.
- Depreciate Building by 5%, Furniture by 20% and Library books by 10%. Depreciation is to be calculated on the opening balances of assets.

Prepare an Income and Expenditure A/c for the year ended 31-03-2025 and a Balance Sheet as at that date. 15

8. M/s Das Traders does not maintain proper books of account. From the following information, prepare Trading and Profit & Loss Account for the year ended 31st December, 2024 and a Balance Sheet as on that date. 15

Assets and Liabilities	31.12.2023 (₹)	31.12.2024 (₹)
Debtors	20,000	29,000
Stock	11,000	15,600
Furniture	2,000	2,500
Creditors	8,000	7,000

(5)

C(1st Sm.)-Financial Accounting-I-MDC/MDC-II/CCF

Analysis of the other transactions are :

	(₹)		(₹)
Cash collection from Debtors	65,000	Cash Sales	3,000
Cash paid to creditors	50,000	Cash purchases	6,000
Salaries	18,000	Discount received	800
Rent	1,800	Discount Allowed	500
Office Expenses	2,400	Return Inward	2,000
Drawings	4,000	Return Outward	1,000
Fresh Capital Employed	8,000	Bad Debts	500

The organization had ₹ 8,000 cash at the beginning. Provide depreciation on furniture @ 10% p.a. Addition to furniture is made at the beginning of the year.

9. Following is the Trial Balance of Bose Traders owned by Mr. A. Bose as on 31st March, 2025. You are required to prepare Trading and Profit and Loss Account for the year ended 31st March, 2025 and a Balance Sheet as on that date of Bose Traders after making necessary adjustments. 15

Trial Balance as on 31.03.2025

	Dr. (₹)	Cr. (₹)
Capital and drawings	18,000	1,50,000
Cash and Bank	23,700	
Plant and Machinery	90,000	
Furniture	9,000	
Insurance charges	1,200	
Trade expenses	1,500	
Trade Mark	30,000	
Stock on 01. 04.2024	40,500	
Loan from M. Roy (taken on 1st October, 2024 @ 6% p.a.)	—	15,000
Interest on above loan	300	
Salary and wages	27,300	
Debtors and Creditors	34,200	25,200
Rent, Rates and Taxes	9,300	
Purchases and Sales	1,42,800	2,40,000
Bad Debts	2,400	
	4,30,200	4,30,200

Please Turn Over

(5509)

Adjustments :

- (i) Stock on 31st March, 2025 ₹ 38,200.
 - (ii) Depreciate Plant and Machinery @ 10% p.a. and furniture @ 5% p.a. Trade Mark is to be amortised equally in 5 years.
 - (iii) Out of the Debtors ₹ 1,200 are bad and should be written off. Create a provision of 5% on Debtors for bad and doubtful debts.
 - (iv) Salaries outstanding on 31.03.2025 — ₹ 1,200
 - (v) Goods withdrawn by Mr. Bose ₹ 6,800 not recorded in books.
-