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**SUBJECT CODE NO: - XX-3517**  
**FACULTY OF COMMERCE AND MANAGEMENT**  
**B.Com F.Y (Sem -I)**  
**Examination May / June - 2023**  
**Financial Accounting - I**

[Time: 3:00 Hours]

[Max. Marks: 80]

Please check whether you have got the right question paper.

N. B

1. Q.No.1 is compulsory.
2. Solve any four questions from remaining Q.2 to Q.7.

- Q1 A) Select the most appropriate answer 05
- 1) Income tax paid by the sole trader out of business fund is treated as -----  
 a) Additional capital      b) Business expenses  
 c) Drawing                      d) None of above
  - 2) Capital = Assets Less -----  
 a) Drawings      b) Debtors      c) Liabilities      d) Creditors
  - 3) ----- is the remuneration payable to a person in respect of the use of an asset.  
 a) Royalty      b) Rent      c) Short working      d) None of these
  - 4) Closing stock is being valued on a consistent basis of cost or market price ----  
 a) On the basis of average  
 b) Which ever is less  
 c) Which ever is maximum  
 d) On the basis of weighted
  - 5) Excess of income over expenses is called -----  
 a) Loss      b) Liability      c) Asset      d) Profit
- B) Answer the following question in one sentence each. 05
- 1) What is Balance sheet?
  - 2) What is depreciation?
  - 3) What is capital?
  - 4) What do you mean by combine entry?
  - 5) What do you mean by the term “Down payment”?
- C) Fill in blanks & rewrite the sentence 05
- 1) Gross Loss is transferred to -----.
  - 2) -----, ----- and ----- are basic Branches of A/C.
  - 3) Cash purchases of Goods should be credited to -----
  - 4) Depreciation is a charge against -----
  - 5) Cost of fixed Assets = purches price + -----

D) State true or false.

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- 1) Gross profit or Gross Loss is transferred to Balanced Sheet.
- 2) Under Annuity method of depreciation purchase of an asset is considered as an investment.
- 3) Livestock A/c is a nominal account
- 4) Income Tax is a personal expenses of the proprietor.
- 5) Short working = Minimum Rent – Royalty.

Q2 Following was the Trial Balance of Mr. Rakesh as on 31-12-2022

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Trial Balance  
As on 31-12-2022

| Particular                                | Debit         | Credit        |
|---|---------------|---------------|
| Cash in hand                              | 75            | -             |
| Cash in Bank                              | 348           | -             |
| Office expenses                           | 750           | -             |
| Commission                                | 313           | -             |
| Bad debits                                | 375           | -             |
| Royalty                                   | 5000          | -             |
| Carriage inward                           | 1050          | -             |
| Carriage outward                          | 1000          | -             |
| Wages                                     | 15000         | -             |
| Manufacturing Exp.                        | 7500          | -             |
| Salaries                                  | 7000          | -             |
| Drawing and capital                       | 1000          | 46000         |
| Sundry debtors & creditor                 | 27500         | 20000         |
| Purchases and sales                       | 75000         | 168535        |
| Returns                                   | 535           | 750           |
| Discounts                                 | 375           | 1750          |
| Bank O.D. (Taken on 01.10.2021 at 10% Pa) | -             | 10000         |
| Provision for doubtful debits             | -             | 1500          |
| Bills payables                            | -             | 5536          |
| Buildings                                 | 37500         | -             |
| Furniture                                 | 3750          | -             |
| Machinery                                 | 42500         | -             |
| Opening stock                             | 27500         | -             |
|   | <b>254071</b> | <b>254071</b> |

Adjustment.

- 1) Closing stock on 31-12-2022 was Rs.28500
- 2) Free sample of Rs.100 were distributed during the year.
- 3) Prepaid salary of Rs.300
- 4) Depreciation on machinery at 7% and on furniture at 10% p.a.
- 5) Provide Res. For doubtful debts at 5% on sundry debtors and Reserve for discount at 2% on sundry debtors.

- 6) Prepaid insurance Rs.250 included in office expenses
- 7) Goods destroyed by fire per Rs.2000 and insurance company admitted claims for Rs.1200 only

Prepare –

- 1) Trading Account
- 2) Profit & loss A/c
- 3) Balance Sheet

- Q3 Pradip acquired on lease basis an office premises for Rs.50000 for 4 years from 01-Jan- 15 2019. They decided to provide for depreciation by Annuity method charging interest at 10% per annum.

The Annuity table show that an investment of Rs.1 at 10% P.a. for 4 years yield Rs.0.3155 every year for 4 year.

Books are closed on 31-December each year.

Calculation are made to the nearest rupee you are required to show.

- i) Calculation of annual depreciation
- ii) Lease account for 4 year.

- Q4 On 01-Jan-2020 Mr. Akshay purchased a machinery from TATA Ltd on instalment 15 system.

The cash price of the machinery was Rs.115000

Mr. Akshay paid Rs.25000 down and the balance in three Annual instalment of Rs.30000 each plus interest at 10% per annum on 31-December every year.

Depreciation at 10% per annum was charged on machinery on Reducing balance method.

Prepare –

- 1) Machinery A/c
- 2) Interest suspense A/c
- 3) Interest Account
- 4) Depreciation Account
- 5) TATA Company A/c.

- Q5 Bharat mining company took a coal field on lease from Bose Brothers from 01-January- 15 2019 Royalty was at 4 for every two tons of coal taken out. Minimum Rent was Rs.20000 per year. Short working were to be recovered within the first four year of the contract. The coal taken out during the first four year was as follows.

| Year | Output in Tons |
|------|----------------|
| 2019 | 4000           |
| 2020 | 7000           |
| 2021 | 11000          |
| 2022 | 17000          |

Pass necessary Journal entries in the books of Bharat mining company for 4 year.

Q6 On 01-January-2020 the Asian Ltd. Acquired a lease hold property for Rs.50000 for a period of three year. 15

The company decided to provide for its replacement by setting up a depreciation fund. The expected rate of interest on investment is 10% per annum.

The sinking fund table shows that an annual payment of Rs.0.30211 at 10% p.a. compound interest will amount to Rs.1 in 3 year on 31-december -2022 the investment were sold at book value.

Prepare –

- 1) Depreciation Fund Account
- 2) Dep Fund Investment Account
- 3) Lease hold property A/c.

Q7 Write short notes (Any three)

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- 1) Balancing of Accounts
- 2) Distinction between Hire purchase system and instalment system
- 3) Accounting cycle
- 4) Annuity method of depreciation