

**2024**

**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) 'Investors and Lenders are two important external users of accounting information.'— What accounting information are needed by these two external users from the financial statements of an organisation?
- (b) Name the accounting concepts and conventions applicable in each of the following cases :
- (i) Depreciation is charged @ 10% p.a. under straight line method.
  - (ii) Machinery purchased at a cost of ₹ 1,00,000 and shown in the Balance Sheet at that price.
  - (iii) A concept that a business enterprise will not be liquidated in the near future.
- (c) Phonex & Co. is a large mobile store selling and repairing mobiles. During 2023 it sold a good number of mobile phones and also earned a handsome revenue from repair of cell phones. For the year ended 31.12.2023 the information relating to sales and repairs are as follows :
- (i) Cash sales of mobile phones— ₹ 75,000.
  - (ii) Cash collected from the customers for sale of phones on credit during the year 2023— ₹ 7,75,000 (it includes collection of cash for the year ended 31.12.2022— ₹ 1,25,000). Outstanding amount yet to be collected from the customers for sale of phones during 2023— ₹ 1,75,000.
  - (iii) Cash received from repairs of mobile phones done in 2023 – ₹ 1,00,000.
- Calculate revenue earned by the store for the year ended 31.12.2023 under accrual basis.
- (1+1)+(1×3)+5
2. (a) Write short notes on (*any two*) :
- (i) Money Measurement Concept
  - (ii) Matching Principle
  - (iii) Doctrine of Consistency.

**Please Turn Over**

**(1361)**

- (b) (i) Write any two important items that are included in inventory as per Indian Accounting Standard-2.
- (ii) Write the principles of valuation of finished goods inventory.
- (iii) M/s Stationers & Co. purchases and sales pens of different kinds. During the month of December 2023, it purchases 100 boxes of Ball point pens @ ₹ 100 each box and sold 80 boxes @ ₹ 102 per box. If selling expenses is ₹ 2.50 per box, calculate the value of unsold boxes of pens as on 31.12.2023.  $(2\frac{1}{2} \times 2) + (1 + 1 + 3)$
3. From the following information, prepare Provision for Bad Debt A/c and Provision for Discount Allowed A/c for the year ended 31.03.2024 : 10
- Balances on 01.04.2023 : Provision for Bad Debt A/c ₹ 14,000 and Provision for Discount Allowed ₹ 5,200.
  - During the year 2023-24, Bad Debt and Discount allowed were ₹ 9,800 and ₹ 4,200 respectively. Bad debt recovered was ₹ 3,200 in relation to debt written off during 2021-22.
  - Balance of Debtors on 31.03.2024 : ₹ 1,66,000.
- Following additional information was also available :
- Mr. L, a customer, paid only ₹ 8,000 against his dues of ₹ 11,000; balance proved to be bad. No entry has been passed for the bad debt.
  - A cheque of ₹ 14,000 received from Mr. M returned dishonoured and no entry has been passed for this. The entity decided to make a provision of 40% against this.
  - Mr. N is included in the list of debtors and creditors at ₹ 20,000 and ₹ 13,000 respectively.
- The entity decided to maintain a general provision for bad debt @ 10% and for discount allowed @ 4%.
4. The books of accounts of M/s Manju Traders shows the following balances of its Machinery as on 01.01.2023 :
- Opening W.D.V as on 01.01.2023 — ₹ 2,10,000 (Purchased on 01.01.2020)
- On 01.07.2023, 1/3rd of Machinery purchased on 01.01.2020 has been sold for ₹ 55,000. Depreciation is charged @10% p.a. on Straight Line Method on original cost.
- Prepare Machinery Account, Provision for Depreciation Account and Disposal of Machinery Account in the books of Manju Traders for the year 2023. The accounting year of Manju Traders ends on 31.12.2023. 3+4+3
5. The following errors were detected after preparation of the Trial Balance. You are required to pass Journal entries (narration not required) to rectify these errors and prepare the Suspense Account. 7+3
- (i) A sale of ₹ 33,400 made to Mr. X was correctly entered in the Sales Day Books but wrongly posted to the debit of Mr. X as ₹ 34,300.
- (ii) A page of the Return Outward Book cast short by ₹ 2,000.

- (iii) Total of discount column of the debit side of Cash Book ₹ 1,600 posted to the discount received account as ₹ 600.
- (iv) A cheque of ₹ 9,500 received from Mr. Sen after allowing him a discount of ₹ 500 was endorsed to Mr. Das in full settlement for ₹ 9,800. The cheque was finally dishonoured but no entries for dishonour were passed in the books.
- (v) A payment of ₹ 2,500 towards inward carriage for machinery purchased was credited to the Carriage Inward Account.
- (vi) Cash sale of ₹ 4,200 to Mr. Zed, a customer, credited to his personal account.

### Group - B

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

6. Prepare Purchase Ledger Adjustment Account in General Ledger and General Ledger Adjustment Account in Sales Ledger from the following particulars :

15

	Debit (₹)	Credit (₹)
Balance of Debtors on 01.04.2022	37,500	2,500
Balance of Creditors on 01.04.2022	1,500	32,000
Balance of Debtors on 31.03.2023	?	1,200
Balance of Creditors on 31.03.2023	1,000	?

Transactions during the year 2022-23 (in ₹) :

Purchases (including cash ₹ 3,750)	90,000	Discount (Cr.)	800
Sales (including cash ₹ 7,500)	1,91,500	Bad Debt	4,000
Cash paid to creditors	52,500	Provision for Bad Debt	6,000
Cash received from customers	1,55,000	Bad Debt recovery	5,000
Discount (Dr.)	650	Return Inward	6,000
Return Outward	4,000	Bills Payable accepted	10,000
Bills Receivable drawn	18,750	Endorsed bill dishonoured	5,000
Bills Receivable endorsed to creditors	8,000	Noting charge on above	200
Transfer from Purchase to Sales ledger	800	Interest charged to debtors	400

Please Turn Over



7. Following is the Receipts and Payments Account of Bibek Social Club for the year ended 31.03.2024 :

Receipts	Amount (₹)	Payments	Amount (₹)
Balance as on 01.04.2023	35,600	Salaries	24,500
Subscriptions :		Electricity	4,900
2022-23	1,800	Sports Equipment	16,000
2023-24	69,400	General Expenses	3,200
2024-25	2,400	Rent and Taxes	4,500
Donations	15,000	Expenses of annual function	23,000
Entrance fees (40% to be capitalised)	10,000	Purchase of Newspaper	4,600
Receipts for annual function	28,000	Investments	50,000
Sales of Waste Paper	1,300	Balance on 31.03.2024	32,800
	<b>1,63,500</b>		<b>1,63,500</b>

**Additional Information :**

- Salaries include ₹ 1,100 paid for 2022-23. Salaries outstanding for the year 2023-24 are ₹ 1,500.
- Value of Building and Sports Equipment as on 01.04.2023 were ₹ 1,20,000 and ₹ 60,000 respectively. Depreciation @ 5% is to be provided on all assets for full year.
- Interest on investment is due for 3 months @ 10% p.a.
- The club has 360 members and subscription is ₹ 200 p.a. per member. On 31.03.2024, accrued subscription were ₹ 600 for 2022-23 and ₹ 2,200 for 2023-24.

Prepare an Income and Expenditure account for the year ended 31.03.2024 and a Balance Sheet as on that date of the Bibek Social Club.

15

8. Mr. Black has a trading business for which the following procedures are followed :

- All collections are deposited with the bank each day.
- All payments except petty expenses are made by cheque.
- To meet petty expenses a cheque for ₹ 2,000 is withdrawn from the bank on the 1st day of each month; however, salaries are paid by cheque.

The following figures are available from Mr. Black's records (in ₹) :

	01.04.2023	31.03.2024
Petty Cash	4,000	5,200
Balance at bank	42,000	23,000
Debtors	94,000	1,32,000
Creditors	60,000	92,000
Stock	32,000	48,000
Fixed Assets	20,000	26,000

**Additional Information :**

- Payments made to creditors during the year– ₹ 1,02,000
- Personal drawings : by cheque– ₹ 21,000 and goods– ₹ 4,000
- Mr. Black sells goods at a gross profit of 40% on sales.
- Depreciate fixed assets by 10% on closing balance before depreciation.

You are required to prepare Profit & Loss A/c for the year ended 31.03.2024 and Balance Sheet as on that date of the business of Mr. Black.

15

9. Following is the Trial Balance of M/s Kunal Garments as on 31.12.2023 :

Particulars	Amount (₹)	Particulars	Amount (₹)
Stock as on 01.01.2023	48,000	Capital	4,32,500
Plant & Machinery	1,50,000	Sales	7,40,000
Furniture	40,000	Sundry Creditors	90,000
Rent	14,300	Bills Payable	16,800
Drawings	10,000	10% Bank Loan taken from SBI [01.04.2023]	60,000
Salary for 11 months	1,10,000	Commission Received	12,000
Printing Stationery	30,000	Provision for Doubtful Debts	3,000
Cash in hand	16,000	Purchase Return	5,000
Building	2,70,000		
Purchases	3,84,000		
Sundry Debtors	1,20,000		
Bills Receivable	25,000		
Insurance Premium	25,000		
Patent Rights	64,000		
Bad Debts	4,000		
Interest on Bank Loan	2,000		
Cash at Bank	37,000		
Sales Return	10,000		
	<b>13,59,300</b>		<b>13,59,300</b>

**Additional Information :**

- Closing Stock on 31.12.2023 is valued at ₹ 98,000.
- Insurance premium includes ₹ 7,000 paid towards proprietor's life insurance policy and the balance represents insurance charges for business which covers the period from 01.01.2023 to 31.03.2024.
- One month's salary was outstanding.

Please Turn Over

(1361)

- (iv) Depreciate Plant & Machinery and Furniture @ 10% p.a. and Building by 5% p.a. Patent Right is granted for 10 years and acquired on 01.01.2021.
- (v) A bill receivable for ₹ 4,000 returned dishonoured. No entry has been made for the same.
- (vi) Write-off further bad debts ₹ 4,000 and maintain 5% provision for bad debts on debtors.
- (vii) Provide for interest on bank loan for the period of loan.
- (viii) The Manager of the company is entitled to a commission of 5% after charging such commission.

Prepare a Trading and Profit & Loss Account of Kunal Garments for the year ended 31.12.2023 and a Balance Sheet as on that date.