

B.Com. 3rd Semester (Programme) Examination, 2020-21
COMMERCE

Course ID: 31210

Course Code: BCOMP 304SEC-1

Course Title: Financial Accounting – I

Time: 2 Hours

Full Marks: 40

The figures in the margin indicate full marks

Candidates are required to give their answer in their own words as far as practicable

1. Answer any five questions:

2×5=10

- i) What is Entity Concept?
- ii) What do you mean by Secret Reserve?
- iii) Why Bank Reconciliation Statement is prepared?.
- iv) Name of any four methods of calculating the amount of depreciation.
- v) Define the term 'Contingent Liabilities'.
- vi) Define Double Entry System.
- vii) What do you mean by Consignment?
- viii) What do you mean by Suspense Account?

2. Answer any four questions:

5×4=20

- i) Distinguish between Bills of Exchange and Promissory Notes.
- ii) Briefly explain the term 'Noting' and 'Protest'.
- iii) Briefly explain the different type of errors in Trial Balance.
- iv) Distinguish between Joint venture and Partnership.
- v) Purchased a machine on 01.01.2018 at a cost of ₹ 2,00,000. The scrap value of the machine was estimated at ₹ 20,000 and its life at 5 years. On 01.01.2019 the machine was sold for ₹ 1,20,000. Another machine of same type was purchased at a cost of ₹ 1,00,000 on that date. The scrap value of the machine was estimated at ₹ 12,000 and its life at 10 years. Depreciation is charged by Straight line method.
Show Machinery Account for the years 2018 and 2019.
- vi) Kothari Medical of Kolkata sent on consignment 1000 bottles of medicine costing ₹ 60 each to Lalchand of Amritsar and incurred ₹ 600 for carriage ₹ 400 for insurance.

Account sales revealed that 600 bottles were sold @ ₹ 100 per bottle. Lalchand incurred Carriage to godown ₹ 1,500, Rent of godown ₹ 500. He charged commission @ 5% on sales.

Prepare Consignment Account in the books of Kothari Medical.

3. Answer any one question:

10×1=10

i) What are the features of single entry system? Distinguish between single entry system and double entry system. 5+5=10

ii) The Trial Balance of a business as on December 31, 2020 is given below:

Particulars	Dr. (₹)	Particulars	Cr. (₹)
Returns	25,900	Returns	10,900
Bills receivable	65,300	Discount Received	5,200
Carriage inward	14,900	Sales	6,12,700
Plant & Machinery	1,08,000	Commission	11,500
Salaries	15,500	Sundry creditors	60,000
Freehold Premises	1,05,000	Capital	1,50,000
Purchases	3,40,000	Reserve	75,000
Wages	65,800	Bills payable	45,800
Discount Allowed	6,500		
Sundry Debtors	85,000		
Freight	12,400		
Furniture	48,600		
Carriage outward	15,200		
Stock (opening)	35,900		
Cash at bank	25,500		
Cash in hand	1,600		
	9,71,100		9,71,100

Prepare Trading Account and Profit & Loss Account for the year ending December 31, 2020 and a Balance Sheet as on that date after taking into account the following adjustments:

- i) The price of closing stock is ₹ 85,000.
- ii) Outstanding liabilities for salaries ₹4,500.
- iii) Depreciated furniture by 15% and plant & machinery by 20%.
- iv) Create a provision for bad debts @ 5% on sundry debtors.