

Term End External Examination 1<sup>st</sup> Semester (Session-Feb 2025)

Subject: Commerce

Course No and Title: COM122M1/ Fundamentals of Accounting (Accounting & Taxation)

Time: 2.15 hours Max Marks:100 Min. Marks:40

**Section A: Objective Type Questions**

Q1. Choose the appropriate Answer: (8x1.5=12)

- i. Sales account refers to which of the following accounts.  
 A Real account                      B Nominal accounts  
 C Personal account                D All of the above
- ii. Accounting principle assuming that business will continue to exist and function without a definite end date.  
 A Business entity concept    B Realisation concept  
 C Dual aspect concept        D Going concern concept
- iii. Failing to record a transaction partially or entirely in the books of accounts refers to which of the errors.  
 A Error of commission        B Principle error  
 C Composition error         D Error of omission
- iv. A simple recording of financial transaction in an original book starts from;  
 A Posting                              B Journalising  
 C Cash flows                        D None of the above
- v. Bank reconciliation statement compares a bank statement with  
 A Cash account                    B Purchase account  
 C Bank account                    D Sales account
- vi. According to written down value method of depreciation, the amount of depreciation  
 A Increase and decrease every year    B Remain constant  
 C Increase every year            D Decrease every year
- vii. Trial balance is used to check the accuracy of  
 A Balance sheet                    B Profit/Loss account  
 C Ledger balances                D Cash flows

viii. Assets in the balance sheet of a trading company are arranged in order of.

- |              |                    |
|--------------|--------------------|
| A Permanence | B Liquidity        |
| C Alphabet   | D Any of the above |

**Section-B: Descriptive Type Questions (Short Type)**

Q2: Answer all the Questions (8 x 4 =32)

- i. List various subsidiary books of accounting.
- ii. Define accounting period concept.
- iii. Briefly explain “bank reconciliation statement”.
- iv. Define clerical error in accounting.
- v. State features of amortization method.
- vi. State various types of inventory valuation.
- vii. Define importance of trial balance
- viii. Define various basic accounting equations.

**Section – C: Descriptive Type Questions (Medium Type)**

Answer all the questions: (4 x 7=28)

Q3. Explain important characteristics of financial accounting.

OR

Basit started the business with cash Rs. 1,50,000, bought goods from Sahil Rs. 12000, sold goods to Rahil Rs. 20,000, paid wages Rs. 1800, paid carriage Rs.300. Purchased furniture for Rs. 40,000 for cash. And made sales for cash Rs. 33,000. Pass necessary journal entries.

Q4. Enter the following transactions in the Purchase book of M/s Raheem Electronics Ltd for April 2018.

April 8<sup>th</sup> Purchased on credit from Sajad Electronics.

15 Sony TV Sets @Rs. 7,800

05 LEC TV Sets @Rs 5,800

Trade discount 15%

P.T.O

Apr' 5<sup>th</sup>: Purchased on credit from Mir Traders  
 5 Philips transistors @Rs.400 and 8 Bush  
 Radios @Rs 500, Discount 15%  
 10 Table lamps @Rs. 130 Purchased on credit from Mohit  
 Traders.

**OR**

Ledgers are the secondary book of accounts. Comment.

**Q5.** Define depreciation. What are the various methods of depreciation.

**OR**

From the following particulars prepare a Bank Reconciliation Statement to find out the causes of difference in two balances as on August 31<sup>st</sup>, 2016 for Star (Pvt.) Ltd.

Details	Amount
(i) Bank Overdraft as per Bank Statement	16,000
(ii) Check issued but not encashed during the August	2,400
(iii) Dividends on shares collected by banker	
(iv) Interest charged by the bank recorded twice in the Cash Book	2,500
(v) Check deposited as per Bank Statement not entered in Cash Book	9,00
(vi) Credit side of the Bank column in Cash Book cast short	3,200
(vii) Clubs dues paid by bank not recorded in Cash Book	2,000
(i) Bank Overdraft as per Bank Statement	1,800

**Q6.** Explain difference between balance sheet and income statement of a company.

**OR**

Write short notes on; a) Cash flow      b) Creditor      c) Debtor  
 d) Stock

**Section – D: Descriptive Type Questions (Long Type)**

Answer any two of the following: (2 x 14=28)

- Q7.** Define accounting principles. Explain in detail four accounting conventions.
- Q8.** Explain the rules regarding posting of transactions journal into the Ledger accounts.
- Q9.** On 1st April, 2009, XYZ limited company purchased a Machine for ₹ 3,00,000. At the date of purchase, it was estimated that the scrap value of the machine would be ₹ 20,000 at the end of 7<sup>th</sup> year.  
 Give Depreciation A/c in the books of the Company after providing depreciation by straightline method. The books are closed on 31st March every year.
- Q10.** Prepare Trading and Profit and Loss Account from the following balances, relating to the year ended 31st March, 2016:

	₹		₹
Capital	2,00,000	Wages	55,000
Creditors	22,000	Bank	12,000
Returns	5,000	Repairs	800
Outward			
Sales	1,75,000	Stock on 1st April, 2015	30,000
Bills Payable	15,000	Rent	6,000
Plant and Machinery	50,000	Manufacturing Expenses	9,000
Sundry Debtors	25,000	Trade Expenses	4,000
Returns Inward	3,000	Bad Debts	3,000
Purchases	1,05,000	Carriage	2,500