

**QUESTION BANK**  
**FINANCIAL ACCOUNTING**

**B.COM SEM I**

**Very short Type Questions**

1. Give five examples of uses of convention of conservatism.
2. What is Trial Balance? What are the objects of preparing it?
3. What is Debit and Credit Note?
4. What do you mean by Subsidiary Books?
5. Define Balance Sheet by giving examples.
6. How Inter Departmental transfers are dealt with?
7. What is debtors system of Branch Accounts?
8. What do you mean by Average Clause in Insurance Claims
9. What are the contents of Hire Purchase agreement?
10. Differentiate between Finance Lease & Operating Lease?

**Short Type Questions**

1. Define Accounting.
2. Write the Basic three rules of Accounting?
3. What is the need of Insurance Claim?
4. What is Hire Purchase Price?
5. Define Fair Value of Investments as per AS 13.
6. What is Ex and Cum Interest Price?
7. Explain the Objectives of keeping Branch Accounts.
8. What is Inter Branch Transaction?
9. Define Contingent Liability.
10. How will you deal the following items in final accounts:
  - a) Prepaid Expenses
  - b) Depreciation on Fixed Assets
  - c) Provision for Bad and Doubtful Debts

### Long Type questions

Q1. What do you mean by accounting concepts and conventions? Explain briefly important accounting concepts and conventions.

Q 2. Journalise the transactions given below in the books of Shree Radhey:

- Feb 1 He started business with cash Rs. 3,00,000
- Feb 2 He purchased the typewriter for the office use Rs. 35,400
- Feb 3 He bought goods on credit from M/s Kailash Agencies for Rs. 10,000
- Feb 3 He purchased postage stamp worth Rs. 50
- Feb 4 He sold goods for cash Rs. 2,700
- Feb 7 He sold goods on credit to M/s Asha Stores Rs.7,500
- Feb 9 Goods worth Rs 1,000 being defective were returned to M/s Kailash Agencies
- Feb 11 Cash amounting to Rs.8,000 paid to M/s Kailash Agencies in full settlement
- Feb 12 He opened bank account Rs. 1,00,000
- Feb 13 Asha Stores returned goods worth Rs.1,000
- Feb 15 Paid insurance premium by cheque Rs. 3,250
- Feb 20 Office stationery purchased Rs. 1,750
- Feb 21 One electric fan purchased Rs. 7,900
- Feb 22 Goods worth Rs. 9,500 were purchased and paid by cheque
- Feb 28 Cash sales Rs. 5,000
- Feb 28 Paid rent Rs.1,500
- Feb 28 He deposited into bank Rs. 30,000

Q.3 Write out the following in Three column Cash Book

- Dec 1 Naresh commenced business with cash Rs. 4,00,000
- Dec 2 Deposited into bank Rs. 1,60,000
- Dec 5 Purchased from Mohan Rs 1,00,000 and received the trade discount 10%
- Dec 8 Paid to Mohan Rs. 88,000 by cheque and discount received Rs. 2,000
- Dec 10 Sold goods in cash Rs. 40,000
- Dec 11 Purchased goods from Saxena and paid by cheque Rs. 45,000
- Dec 15 Sold to Yogesh Rs. 25,000
- Dec 18 Yogesh deposited into bank Rs. 24,500 after discount of Rs.500

- Dec 25 Purchased furniture and paid by cheque Rs. 20,000
- Dec 30 Withdrew from bank for office use Rs. 4,000
- Dec 30 Purchased machinery in cash Rs. 1,00,000
- Dec 31 Dividend collected by bank Rs. 7,500

Q.4 The following trial balance was extracted from the books of Ramesh Kumar & Sons on 31<sup>st</sup> March, 2020:

Particulars	Dr. Balance	Cr. Balance
Drawing and Capital	5,000	1,00,000
Purchases and Sales	68,000	1,20,000
Debtors and Creditors	40,000	30,000
Opening stock	30,000	-
Returns Inward	3,000	-
Bank Overdraft	-	12,000
Salaries	17,000	-
Heating and Lightning	2,000	-
Leasehold Property	80,000	-
Commission Received	-	2,000
Travelling Expenses	3,000	-
Printing and Stationery	1,000	-
Furniture	9,000	-
Provision for Doubtful Debts	-	4,000
Wages and Freight	10,000	-
Apprentice Premium	-	5,000
Cash in Hand	5,000	-

Prepare Trading and Profit and Loss Account and Balance Sheet for the year ended 31<sup>st</sup> March 2020.

- Closing Stock Rs.15,000
- Rs.1,000 for Wages is still payable.
- 75% of work for commission received has been completed.
- Charge depreciation at 5% on leasehold property and 10% on furniture.

- The provision for doubtful debts is to be maintained at 6% on debtors.
- A new machine was purchased for Rs.10,000 and the payment was made by cheque, the entry for this purchase has not been made in the books.
- Rs.2,000 for salaries relates to next year.

Q 5. From the following particulars, ascertain the amount of claim under a loss of profit policy.

Assume a 10% upward trend in the business.

- Indemnity period: 6 months and Policy Value: Rs. 60,000.
- Date of Fire 1-7-2016; Interruption upto 1-11-2016.
- Sales for the year 2015-16 Rs. 2,40,000; Net Profit for the year 2015-16 Rs. 26,000.  
Standing Charges (All Insured) Rs. 34,000.
- Sales from 1-7-2015 to 30-6-2016 Rs. 3,20,000; from 1-7-2016 to 1-11-2016 Rs. 30,000  
and from 1-7-2015 to 1-11-2015 Rs. 1,00,000.

Q.6 Explain the steps for calculation of Insurance Claim under the Consequential Policy.

Q7. What is Hire Purchase System? What are its main characteristics? What is difference between Hire Purchase System and Instalment Payment System?

Q 8. A took a mine on lease from B for ten years at a royalty of Rs. 10 per tonne subject to a minimum rent of Rs. 4,000 per annum. Minimum rent paid in excess of actual royalty is recoverable from excess working in the next three years succeeding the year in respect of which excess was paid. In the event of a strike, the minimum rent will be reduced proportionately in relation to time lost. The first year, in respect of which the minimum rent was payable ended on 31<sup>st</sup> December, 2015. The Excess paid in respect of the first year was Rs. 4,000 and in second year was Rs. 1,500. The actual royalties were in the third year amounted to Rs. 4,750, in the fourth year Rs. 3,500(in consequence of strike which lasted for 73 days) and in the fifth year Rs. 7,500 only. Prepare Minimum Rent Account, Royalty Account, Short working Account and B's Account.

Q9. Ankit & Sons has three department- Garments Department, Selling Department and General Administration Department. Garments Department transfers its manufactured goods to Selling Department at cost plus 20% profit thereon. From the following details prepare Departmental Trading and Profit and Loss Account.

Particulars	Garments Department (Rs)	Selling Department (Rs)
Opening stock of finished goods at costs	1,20,000	80,000
Purchase of raw material	5,00,000	-
Wages and other manufacturing expenses	1,25,000	-
Selling Expenses	-	25,000
Closing stock of finished goods at costs	45,000	95,000
Sales	-	11,05,000

During the year goods of the transfer price of Rs50,000 were returned by Selling Department to Garments Department. The expenses of General Administration Department were Rs. 36,000 which are to be apportioned equally to Garment Department and Selling Department.

Q 10 What are Investment Accounts? Discuss the accounting treatment of purchase and sales of investment in the books of an investor.

Q 11 What do you mean by Departmental accounts? What types of problems arise in Departmental accounting and how they are solved?

Q 12 A firm had two departments, cloth and readymade cloth. The readymade cloths were generally made by the firm itself out of cloth supplied by the cloth department at its usual selling price. Prepare Departmental trading and Profit & Loss Account for the year 2019-20.

(20)

Particulars	Cloth Department (Rs)	Readymade Cloth Department (Rs)
Stock on 1.04.2019	3,00,000	50,000

Purchases	20,00,000	15,000
Sales	22,00,000	4,50,000
Transfer to readymade cloth department	3,00,000	-
Expenses - Manufacturing	-	60,000
Selling and distribution	20,000	6,000
Stock on 31.03.2020	2,00,000	60,000

The stock in the readymade cloth department may be considered as consisting of 75% cloth and 25% of other expenses. The cloth department earned gross profit at the rate of 15% in the year 2018-19. General expenses of the business as a whole came to Rs 1,10,000/.