

2023

**FINANCIAL ACCOUNTING - I — MDC**

**Paper : MDC-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**

1. Name any five users of accounting information. 5

*Or,*

Name the accounting concepts and conventions which are applicable in each of the following cases : 1×5

- (i) A business is considered as an artificial person separate from its owner.
  - (ii) Unsold stocks are valued at cost or net realisable value, whichever is lower.
  - (iii) Only monetary transactions are recorded in the books of accounts.
  - (iv) Financial Statements are prepared at the end of each accounting year.
  - (v) Every transaction has two aspects.
2. Name the subsidiary books of original entry, where the following transactions are recorded. You may assume that the trader is engaged in the business of ready-made garments. 1×5
- (i) Goods purchased for ₹ 20,000 from Hrishikesh by cheque.
  - (ii) Sold goods to Hiran for ₹ 35,000 on credit.
  - (iii) Goods returned by Hiran ₹ 2,500.
  - (iv) A bill of ₹ 32,500 drawn on Hiran.
  - (v) Furniture worth ₹ 40,000 purchased on credit from Steel & Co.

*Or,*

Fill in the blanks picking up the correct one from the bracket : 1×5

- (i) Amount spent for repairing of Machinery is a \_\_\_\_\_ (Capital/Revenue Expenditure).
- (ii) Registration costs incurred for acquiring a building is a \_\_\_\_\_ (Capital/Revenue Expenditure).
- (iii) Wages paid for installation of Machine is a \_\_\_\_\_ (Capital/Revenue Expenditure).
- (iv) Salary paid to employees is a \_\_\_\_\_ (Capital/Revenue Expenditure).
- (v) Premium money paid for insuring stock is a \_\_\_\_\_ (Capital/Revenue Expenditure).

**Please Turn Over**

3. From the following information, ascertain profit for the year ended 31.03.2023 under accrual basis of accounting :

Income received in cash during the year 2022-23	₹ 1,02,000
Accrued income as on 31.03.2023	₹ 32,000
Pre-received income as on 31.03.2023	₹ 12,000
Expenses paid during the year 2022-23	₹ 72,000
Outstanding expenses as on 31.03.2023	₹ 5,000

**Group - B**

4. On 01.04.2021, Sen & Co. purchased 3 machines at a cost of ₹ 1,10,000 each. Charges for installation and carriage inward amounted to ₹ 10,000 per machine. The scrap value of each of the machines is estimated to be ₹ 20,000 after 5 years.

On 01.10.2021, it purchased another machine for ₹ 90,000. The life of the machine is estimated to be 4 years with scrap value ₹ 10,000.

On 31.12.2022, one of the 3 machines purchased on 01.04.2021 was damaged due to an accident and scrap sold for ₹ 23,000.

Prepare Machinery Account for the years 2021-22 and 2022-23.

**Or,**

- (a) State two points of difference between Bad Debt and Provision for Doubtful Debt.

- (b) Trial Balance as on 31.03.2023 of Saha Bros. includes the following items :

Provision for Doubtful Debt (01.04.2022)	₹ 25,000
Bad Debt	₹ 10,000
Sundry Debtors	₹ 1,43,000

The entity, on scrutiny, found that ₹ 13,000 receivable from Mr. Himmat is irrecoverable and so, decided to write it off as bad.

Prepare Bad Debt Account and Provision for Doubtful Debt Account for the year 2022-23 in the books of Saha Bros. Provision for doubtful debt is to be created at 8% of Debtors.

5. The following errors were detected after preparation of the Trial Balance. Show journal entries to rectify the errors.

- (i) Sales Day Book overcast by ₹ 469.
- (ii) An amount of ₹ 55 received from C. Adhikery was posted to his account as ₹ 550.
- (iii) A payment of ₹ 9,500 towards cost of stamps for registration of new land debited to Legal Charges Account.
- (iv) Cash paid to Sujay Barman for ₹ 10,000 wrongly debited to Sujay Bardhan as ₹ 1,000.
- (v) Discount allowed ₹ 500 to Mr. X credited to Discount Received Account.

(3)

Y(1st Sm.)-Financial Accounting-I-MDC/MDC-1/CCF

Or,

- (a) From the following information, calculate the value of closing inventory on 31st March, 2023, using FIFO method :

Date	Particulars
March 01, 2023	Opening Stock : 200 kg @ ₹ 10 per kg
March 06, 2023	Purchase : 1,200 kg @ ₹ 11 per kg
March 15, 2023	Issued : 900 kg
March 21, 2023	Purchase : 1,600 kg @ ₹ 12 per kg
March 28, 2023	Issued : 1,300 kg

- (b) A trader closed his books on December 31st, 2022. Stock was, however, taken on January 7, 2023 and the value of stock taken was ₹ 51,200. Find the value of stock as on 31st December, 2022 from the following information :
- (i) Goods purchased and received during the period 01.01.2023 to 07.01.2023 amounting to ₹ 5,000;
- (ii) Goods sold and despatched during the period 01.01.2023 to 07.01.2023 amounted to ₹ 7,600;
- (iii) Rate of gross profit @ 25% on sales. 6+4
6. From the following information, prepare the Debtors' Ledger Adjustment Account and Creditors' Ledger Adjustment Account as they would appear in the General Ledger of Clarion Ltd. : 10

	₹		₹
Opening Debtors (Dr.)	60,000	Opening Creditors (Cr.)	28,000
Total sales (including cash sales ₹ 4,000)	44,000	Discount Received	500
Total Purchases (including cash purchase ₹ 2,000)	22,000	Bills Dishonoured	1,000
Discount Allowed	1,500	Payment to Creditors	16,000
Received from Debtors	20,000	Transfer from Creditors	2,000
Bills Payable accepted	8,000	Ledger to Debtors Ledger	
Bad Debts	2,000	Closing Creditors (Dr.)	1,000

Please Turn Over

**Group - C**

7. From the Trial Balance of Datta Bros. as on 31.03.2023, you are required to prepare Trading and Profit & Loss account for the year ended 31.03.2023 and a Balance Sheet as on the date after making necessary adjustments.

Particulars	Dr. (₹)	Particulars	Cr. (₹)
Purchases	1,20,000	Sales	2,00,000
Debtors	60,800	Creditors	48,800
Return Inward	4,000	Discount Received	1,200
Discount Allowed	4,000	Return Outward	4,800
Building	90,400	Capital	1,22,400
Depreciation on Building	4,000	Profit on sale of asset	4,800
Income Tax	4,000	Provision for doubtful debts	4,000
Wages	8,000	Commission	3,200
Salaries	12,000		
Stock in Trade (01.04.2022)	40,000		
Trade Expenses	8,000		
Insurance	800		
Cash in hand	33,200		
	<b>3,89,200</b>		<b>3,89,200</b>

**Adjustment :**

- Stock in trade on 31.03.2023 : ₹ 40,000.
- Stock valued at ₹ 8,000 was destroyed by fire on 15.03.2023 for which insurance company admitted a claim of ₹ 4,800. Nothing has been recorded in the books.
- Out of Purchased goods, ₹ 8,000 was distributed as free sample.
- Maintain provision for doubtful debts @ 5% on Debtors and provision for discount @ 2% on Debtors.

8. The following is the Receipts and Payments Account of North Calcutta Club for the year ended 31.12.2022 :

**Receipts and Payments Account**

Receipts		Amount (₹)	Payments		Amount (₹)
To Balance b/d			By Salaries		18,500
Cash in hand	8,500		By General Expenses		10,000
Cash at Bank	10,000		By Audit Fees		2,500
		18,500	By Printing & Stationery		6,000
To Subscription		39,000	By Interest & Bank Charges		3,000
To Entrance Fees		10,500	By Rent		3,500
To Donations		12,000	By Periodicals & Newspapers		4,000
To Sale of Periodicals		500	By Electricity Expenses		2,500
			By Balance c/d		
			Cash in hand	6,000	
			Cash at Bank	24,500	
					30,500
		<b>80,500</b>			<b>80,500</b>

**Additional Information :**

- (i) Salaries Outstanding on 31.12.2022 : ₹ 2,500  
(ii) Subscription Outstanding on 31.12.2022 : ₹ 3,500  
(iii) Assets and Liabilities as on 01.01.2022 were as follows –  
Assets :  
Furniture – ₹ 12,500; Sports Equipments – ₹ 10,000; Subscription Outstanding – ₹ 4,000.  
Liabilities : Outstanding Rent – ₹ 500  
(iv) Depreciate Furniture and Sports Equipments by 10% p.a.  
(v) Donations and Entrance Fees are to be transferred to Income & Expenditure A/c.

Prepare (i) An Income & Expenditure A/c for the year ended 31.12.2022; and

- (ii) A Balance Sheet as on that date.

10+5

**Or,**

Mr. Soumik does not maintain his books of accounts under double entry system. The following details are obtained from his books of accounts. (Figures in ₹)

Year ended	Furniture	Debtors	Creditors	Cash	Stock
01.01.2022	25,000	15,000	10,000	42,300	16,000
31.12.2022	22,500	?	12,000	40,800	14,000

**Please Turn Over**

Transactions during the year :

	(₹)		(₹)
Goods purchased in cash	12,000	Received from debtors	70,000
Total sales during the year	1,14,300	Payment to creditors	42,500
Cash sales	17,900	Cash withdrawn for personal use	2,400
Expenses paid	32,500		

Mr. Soumik wants to maintain Provision for doubtful debts @ 5% on closing debtors.

Prepare (i) A Trading and Profit & Loss Account for the year ended 31.12.2022; and

(ii) A Balance Sheet as on that date.