

# END TERM EXAMINATION

FIRST SEMESTER [BCOM(HONS)] JANUARY-FEBRUARY 2023

Subject: Financial Accounting

Paper Code: BCOM101

(2021 ONWARDS)

Maximum Marks: 75

Time: 3 Hours

Note: Attempt five questions in all including Q.No.1 which is compulsory.  
All questions carry equal marks.

Q1 Briefly explain **any five** of the following:

- What do you mean by IFRS?
- What are the methods of preparing a Trial Balance?
- Explain in brief the need of providing depreciation.
- Why cash flow statement is prepared?
- Briefly explain the key advantages of CSR accounting for corporate sector.
- Enumerate the objectives of inflation accounting.
- What do you mean by deferred revenue expenditure?

Q2 Discuss the basic accounting concepts and fundamental accounting assumptions. Is there a conflict between the two?

Q3 What is the importance of Balance Sheet? Give a form of Balance Sheet of a company with imaginary examples.

Q4 Bank Pass book of M/s. Brahm Industries showed a credit balance of Rs. 27,350 on July 31, 2022. The following differences were found on that date between the cash book and the pass book:

- Cheques issued before July 31, 2022, amounting to Rs. 19,000 had not been presented for payment.
- Two cheques of Rs. 5,000 and Rs. 3,500 were deposited into bank on July 31, but the bank gives credit for the same in August.
- Insurance premium directly paid by the bank Rs. 5,000.
- Rs. 2,000 wrongly debited to the firm's account by the bank.

Prepare Bank Reconciliation Statement as on July 31, 2022.

Q5 A firm purchased on 1<sup>st</sup> January, 2012 certain machinery for Rs. 58,200 and spent Rs. 1,800 on its erection. On 1<sup>st</sup> July, 2012 additional machinery costing Rs. 20,000 was purchased. On 1<sup>st</sup> July, 2014 the machinery purchased on 1<sup>st</sup> January, 2012 having become obsolete was auctioned for Rs. 28,600 and on the same date fresh machinery was purchased at a cost of Rs. 40,000.

Depreciation was provided annually on 31<sup>st</sup> December at the rate of 10% p.a. on written down value. In 2015, however, the firm changed this method and adopted the method of providing 5% p.a. depreciation on the original cost of the machinery with effect from 1<sup>st</sup> January, 2012.

Give Machinery Account as it would stand at the end of each year from 2012 to 2015.

- ~~Q6~~ Why the distinction between capital and revenue is of great importance in accounting? State the considerations which would guide you in deciding whether a particular item should be regarded as of capital and revenue nature.
- Q7 What do you understand by historical cost approach? Distinguish between Historical cost approach and replacement cost approach.
- ~~Q8~~ "Green accounting is a dynamic and on-going process rather than one-time process." Comment.

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