SET A

BACHELOR OF COMMERCE
FIRST SEMESTER
FUNDAMENTALS OF ACCOUNTING
BCM – MIN – 911
[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs. **Full Marks: 70**

Objective

Time: 30 mins. **Marks: 20**

Choose the correct answer from the following: ***1×20=20***

1. What is the primary objective of accounting?
   - a. To maximize profits
   - b. To provide financial information to stakeholders
   - c. To minimize taxes
   - d. To manage inventory
2. Which of the following is a basic accounting assumption?
   - a. Going Concern
   - b. Cash Basis
   - c. Accrual Basis
   - d. All of the above except B
3. Who are the users of accounting information?
   - a. Management and Investors
   - b. Creditors and Government
   - c. Employees and Customers
   - d. All of the above
4. What does GAAP stand for in accounting?
   - a. Generally Accepted Accounting Principles
   - b. General Accounting and Auditing Practice
   - c. Global Accounting Assessment Process
   - d. Government Accounting Approval Process
5. Accounting principles are important because they:
   - a. Ensure consistency in financial reporting
   - b. Increase profit margins
   - c. Reduce tax liabilities
   - d. Simplify bookkeeping
6. The process of recording, classifying, and reporting financial transactions is known as:
   - a. Accounting Cycle
   - b. Auditing Process
   - c. Financial Analysis
   - d. Budgeting
7. What is a limitation of accounting?
   - a. Provides historical data
   - b. Subject to personal judgments
   - c. Helps in decision-making
   - d. Ensures profit maximization
8. Which book is used to record all cash receipts and payments?
   - a. Sales Book
   - b. Purchases Book
   - c. Cash Book
   - d. Journal Proper

9. The rule of debit and credit states that:
   - a. Debit what comes in, Credit what goes out
   - b. Debit all expenses, Credit all incomes
   - c. Both A and B are correct
   - d. None of the above

10. Which of the following is a special purpose book?
    - a. Ledger
    - b. Trial Balance
    - c. Purchases Book
    - d. Balance Sheet

11. What is the purpose of a Ledger?
    - a. To record transactions
    - b. To classify transactions
    - c. To summarize transactions
    - d. All of the above

12. Bills Receivable Book records:
    - a. Credit sales
    - b. Cash sales
    - c. Bills received from debtors
    - d. Bills payable to creditors

13. Posting is the process of transferring entries from:
    - a. Ledger to Journal
    - b. Journal to Ledger
    - c. Cash Book to Trial Balance
    - d. Trial Balance to Balance Sheet

14. What is the main purpose of a Trial Balance?
    - a. To check the arithmetical accuracy of accounts
    - b. To prepare financial statements
    - c. To record adjustments
    - d. To close accounts

15. Which error is not disclosed by a Trial Balance?
    - a. Error of omission
    - b. Error of commission
    - c. Error of principle
    - d. All of the above

16. Rectification of errors is done using:
    - a. Journal Proper
    - b. Ledger
    - c. Trial Balance
    - d. Cash Book

17. A suspense account is used for:
    - a. Rectifying errors
    - b. Recording cash transactions
    - c. Balancing ledger accounts
    - d. Preparing financial statements

18. Errors of commission involve:
    - a. Wrong recording of transactions
    - b. Omission of transactions
    - c. Incorrect accounting principles
    - d. None of the above

19. Trial Balance is prepared:
    - a. Before financial statements
    - b. After financial statements
    - c. At the end of the year only
    - d. Monthly

20. Financial statements include:
    - a. Trading Account and Balance Sheet
    - b. Profit & Loss Account and Balance Sheet
    - c. Trading, P&L, and Balance Sheet
    - d. Only Balance Sheet

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(Descriptive)

Time : 2 Hr. 30 Mins. **Marks : 50**

[Answer question no.1 & any four (4) from the rest]

1. What is accounting? Discuss the uses and limitations of Accounting. 2+4+4=10

2. Journalise the following transactions: 10

    1. Purchased goods from XYZ Ltd. for ₹20,000 with 10% trade discount.
    2. Sold goods to ABC Inc. for ₹30,000 with 5% cash discount.
    3. Received a cheque from a debtor ₹9,500 and allowed discount ₹500.
    4. Paid ₹10,000 to a creditor by cheque with 2% cash discount.
    5. Goods worth ₹5,000 were stolen from the business.
    6. Depreciation on furniture ₹2,000.
    7. Interest on capital ₹1,500 was credited to the proprietor's account.
    8. Goods worth ₹3,000 were distributed as free samples.
    9. Received ₹5,000 from the insurance company for a claim.
    10. Paid ₹2,000 for repairs to machinery.

3. Explain the rules of debit and credit with examples. Describe the format and importance of a Journal. 5+5=10

4. Enter the following transactions in the Triple Column Cash Book of M/s. Gupta &Co.: 10

2024

Oct 1	Cash in hand ₹10,000
Oct 1	Bank balance ₹50,000
Oct 2	Cash sales ₹20,000
Oct 3	Received cheque from Rohan ₹10,000 and allowed discount ₹500
Oct 4	Deposited Rohan's cheque into bank
Oct 5	Paid cash to Sohan ₹4,000 and received discount ₹200
Oct 6	Received cash from Mohan ₹6,000
Oct 7	Paid salary by cheque ₹15,000
Oct 8	Cash purchases ₹5,000
Oct 9	Bank charges ₹1,000
Oct 10	Withdrawn cash from bank for office use ₹8,000

5. What is a Trial Balance? Explain its purpose and the types of errors it helps to identify. 2+4+4=10

6. What are Special Purpose Books? Explain Purchases Book and Sales Book with their significance. 2+4+4=10

7. The following balances are extracted from the ledger of M/s. ABC Enterprises as on March 31, 2025. Prepare a Trial Balance. 10

Name of Account	Debit Balance ₹	Credit Balance ₹
Cash in hand	8,000	
Bank Balance	40,000	
Purchases	1,20,000	
Sales		200,000
Rent	24,000	
Salaries	30,000	
Machinery	80,000	
Furniture	20,000	
Debtors	50,000	
Creditors		30,000
Capital		1,12,000
Drawings	10,000	

8. Describe the preparation of a Trading Account and Profit & Loss Account with relevant headings. 5+5=10

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