

**BACHELOR OF COMMERCE
SECOND SEMESTER
FUNDAMENTALS OF ACCOUNTING
BCM - 921 [IDMj]**

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

1. The person, firm or institution who does not pay the price in cash for the goods purchased or the services received is called:
 - a. Creditor
 - b. Proprietor
 - c. Debtor
 - d. Bankers
2. Cash, goods or assets invested by the proprietor in the business for earning profit is called:
 - a. Profit
 - b. Capital
 - c. Fixed Assets
 - d. None of these
3. Internal users of accounting information are:
 - a. Creditors
 - b. Potential Investors
 - c. Managers
 - d. Researchers
4. Purchase refers to the buying of.....
 - a. Goods for sale
 - b. Stationery for office use
 - c. Machinery
 - d. All of the above
5. Which book is used to record all transactions in chronological order?
 - a. Ledger
 - b. Trial Balance
 - c. Cash Book
 - d. Journal
6. The ledger is also known as:
 - a. Book of original entry
 - b. Book of final entry
 - c. Book of subsidiary entry
 - d. None of the above
7. In accounting, which account type is increased by debits?
 - a. Assets
 - b. Liabilities
 - c. Equity
 - d. Revenue
8. When an owner invests cash into the business, which account is debited?
 - a. Cash
 - b. Owner's Equity
 - c. Revenue
 - d. Liability
9. While preparing a trial balance, which category of accounts is typically listed first?
 - a. Expenses
 - b. Liabilities
 - c. Assets
 - d. Owner's Equity

10. Which financial statement is not directly derived from the Trial Balance?
 - a. Balance Sheet
 - b. Income Statement
 - c. Statement of Cash Flow
 - d. Statement of Owner's Equity
11. What is the primary purpose of establishing provisions in accounting?
 - a. To allocate profits among the shareholders
 - b. To reserve funds for immediate expenditures
 - c. To set aside resources for potential future liabilities or losses
 - d. To invest surplus funds for long term growth
12. Which of the following methods of depreciation allocates an equal amount of depreciation expense to each period of an asset's useful life?
 - a. Straight Line Method
 - b. Diminishing Balance Method
 - c. Units of Production Method
 - d. Sum of the years' digits method
13. Which financial statement reports a company's revenues and expenses over a specific period?
 - a. Balance Sheet
 - b. Income Statement
 - c. Cash Flow Statement
 - d. Statement of Fund Flows
14. Which of the following is not typically included in the Balance Sheet?
 - a. Assets
 - b. Liabilities
 - c. Equity
 - d. Revenue
15. Which of the following represents the accounting equation?
 - a. $\text{Assets} = \text{Liabilities} - \text{Equity}$
 - b. $\text{Assets} = \text{Liabilities} \times \text{Equity}$
 - c. $\text{Assets} = \text{Liabilities} + \text{Equity}$
 - d. $\text{Assets} + \text{Liabilities} = \text{Equity}$
16. What does the Income Statement measure?
 - a. A company's financial position at a specific point of time
 - b. A company's cash inflows and outflows during a period
 - c. A company's profitability over a specific period
 - d. A company's liquidity and solvency
17. What is the primary purpose of cost accounting?
 - a. To maximize profits
 - b. To record financial transactions
 - c. To measure and analyze costs
 - d. To manage human resources
18. Which of the following is an example of a direct cost?
 - a. Office Rent
 - b. Raw Materials
 - c. Administrative salaries
 - d. Depreciation on office equipment
19. Which costing method involves assigning a specific cost to each unit of product or service?
 - a. Absorption Costing
 - b. Variable Costing
 - c. Job Costing
 - d. Process Costing
20. Which costing method is commonly used in service industries?
 - a. Process Costing
 - b. Job Costing
 - c. Activity-based costing
 - d. Batch Costing

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

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

1. Define Accounting and explain some of its major characteristics / attributes. Discuss the main objectives of accounting. 2+4+4=10
2. Write the rules of Debit and Credit under Traditional Approach as well as Modern Approach. 10
3. Journalise the following transactions in the books of Mr. X who deals in furniture for the month of January 2024. 10

Jan 1.	Started business with Cash	Rs. 50,000
Jan 5.	Deposited into Bank	Rs. 20,000
Jan 12.	Withdrew cash for private expenses	Rs. 1000
Jan 14.	Bought goods from S. Khan	Rs. 4500
Jan 15.	Paid Freight and Wages	Rs. 2000
Jan 18.	Goods used personally by the proprietor	Rs. 500
Jan 20.	Bought goods for cash	Rs. 12,000
Jan 23.	Sold goods to Sharma Stores	Rs. 3000
Jan 25.	Paid telephone charges	Rs. 400
Jan 30.	Paid for stationery	Rs. 700

4. Enter the following transactions in a triple column cashbook and balance the same: 2024 10

March 1: Cash in hand Rs. 3000/- and Balance at bank Rs. 36000/-
March 5: Cash sales Rs. 10000/- and Discount allowed Rs. 200/-
March 8: Deposited in bank Rs. 9000/-
March 9: Rent paid by cheque Rs. 3000/-
March 14: Received cheque Rs. 8000/- from Mr. Dutta which is deposited into bank
March 18: Paid by cheque to Mr. Das Rs. 6900/- in full settlement of a claim for Rs. 7000.
March 22: Withdrew Rs. 2000/- from bank for office use and Rs. 1100/- for personal use.
March 28: Salaries paid Rs. 4000/-

5. From the following Trial Balance prepare a trading and Profit and Loss Account of Mr. S. Sinha for the year ending 31st March, 2024 and a Balance Sheet as on that date. 10

Debit Balance	Amt. (Rs)	Credit Balance	Amt. (Rs)
Sundry Debtors	50,000	Capital	2,50,000
Stock on 1/4/23	30,000	Sundry Creditors	75,000
Cash at Bank	54,000	Sales	1,74,000
Wages	32,000		
Bad Debts	3,000		
Furniture	20,000		
Depreciation	5,000		
Salaries	22,000		
Purchases	1,26,000		
Machinery	1,57,000		

On 31st March, 2024 the stock was valued at Rs. 95,000.

6. Prepare a Trial Balance from the following balances of Sri. Keshav Chand & Gopal Chand as at 31st March, 2023. 10

Name of Accounts	Amt. (Rs.)	Name of Accounts	Amt. (Rs.)
Opening Stocks	20,000	Discount Credit	710
Purchases	85,000	Furniture	6000
Purchases Return	5000	Machinery	62,000
Sales	1,60,000	Debtors	36,000
Sales Return	6,200	Creditors	12,750
Rent	1,200	Bills Receivable	4,600
Salaries	5,700	Bills Payable	2,500
Advertisement	880	Cash In Hand	5,220
Commission Received	1,440	Bank Overdraft	10,000
Capital	50,000	Drawings	7,800
Interest On Overdraft	1,800		

7. Differentiate between cost accounting and management accounting. What are the elements of a cost sheet? 6+4=10
8. Explain the meaning of cost accounting? Discuss the advantages of cost accounting. 4+6=10

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