**SESSION SPRING 2024**

**PROGRAM BACHELOR OF COMMERCE (B.COM)**

**SEMESTER I**

**COURSE CODE & NAME BCOM101 FINANCIAL ACCOUNTING I**

**CREDITS 4**

**Assignment Set – 1st**

**Questions**

**1. A. Explain the process of Accounting.**

**Ans:** Accounting is a systematic process of identifying, recording, classifying, summarizing, interpreting, and communicating financial information. It is essential for making informed business decisions and ensuring financial transparency.

**Here's an overview of the accounting process:**

**Identifying Transactions:**

**Step:** Identify events and transactions that are financial in nature.

**Description:** Only transactions that can be measured in monetary terms and affect the

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**B. Classify the accounting users and mention why they requires accounting information.**

**Ans:** Accounting information is used by various stakeholders who have different needs and purposes.

**Here’s a classification of accounting users and the reasons they require accounting information:**

**Internal Users Management:**

**Purpose:** To make informed business decisions, plan, and control operations.

**Details:** Managers use accounting information to evaluate the company’s performance, set budgets, and make strategic decisions about resource allocation, investments, and cost management.

**Employees: Purpose:** To assess job security, company performance, and potential for salary

**2. Describe any five Accounting concepts.**

**Ans:** Accounting concepts are fundamental principles that underpin the practice of accounting, providing a framework for consistent and accurate financial reporting.

**Here are five key accounting concepts:**

**1. Accrual Concept Description:**

**Principle:** Revenues and expenses are recorded when they are earned or incurred, regardless of when the cash is received or paid.

**3. Classify and explain the Accounts under modern approach method.**

**Ans:** The modern approach to accounting, often referred to as the classification of accounts under the "modern" or "expanded" accounting equation, classifies accounts into five main types:

**Assets, Liabilities, Equity, Revenues, and Expenses.**

**Here’s an explanation of each type:**

**1. Assets Definition:** Assets are resources owned by a business that are expected to bring

**Assignment Set – 2**

**Questions**

**4. Prove that the accounting equation is satisfied in all the following transactions of Dream world co.**

**I. Commenced business with cash ₹ 60,000.**

**II. Paid rent in Advance ₹ 500.**

**III. Purchased goods for cash ₹ 30,000 and credit ₹ 20,000.**

**IV. Sold goods for cash ₹ 30,000 costing ₹ 20,000.**

**V. Paid salary ₹ 500 and salary outstanding ₹ 100.**

**Ans:** **The accounting equation states that:**

\[ \text{Assets} = \text{Liabilities} + \text{Equity} \]

We need to prove that this equation holds true after each transaction for Dream World Co.

**Here’s how the transactions affect the accounting equation:**

**I. Commenced business with cash ₹ 60,000**

**\*\*Transaction\*\*:**

- Assets (Cash) increase by ₹ 60,000.

- Equity (Owner's Capital) increases by ₹ 60,000.

**\*\*Accounting Equation\*\*:**

**5. Explain the different types of capital in detail.**

**Ans:** **Capital** is a crucial component in business finance and economics, representing the resources and funds that businesses use to generate revenue and sustain operations. Different types of capital serve distinct purposes, and understanding these categories is essential for financial management and investment decisions.

**Here’s a detailed explanation of the various types of capital:**

**6. The following balances are extracted from the books of Hindustan Traders on 31st March 2008. You are required to prepare the Trading and Profit and Loss Account and a Balance sheet as on that date.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Amount (₹)** | **Particulars** | **Amount (₹)** |
| **Opening stock**  **Commission received**  **B/R**  **Return outwards**  **Purchases**  **Trade expenses**  **Wages**  **Office furniture**  **Bills payable**  **Return inwards**  **Creditors** | **5000**  **2000**  **22500**  **2500**  **195000**  **1000**  **14000**  **5000**  **15000**  **6500**  **98250** | **Insurance**  **Cash in hand**  **Sundry debtors**  **Cash at bank**  **Carriage inwards**  **Rent and taxes**  **Commission paid**  **Carriage outwards**  **Interest on capital**  **Sales**  **Stationary**  **Capital** | **5500**  **2500**  **150000**  **23750**  **4000**  **5500**  **4000**  **7250**  **3500**  **250000**  **2250**  **89500** |

**The closing stock was valued at Rs. 1, 25,000/-**

**Ans:** To prepare the Trading and Profit and Loss Account and a Balance Sheet for Hindustan Traders as of 31st March 2008, we need to organize the given balances and include the closing stock in our calculations.

Let's start with the Trading Account, followed by the Profit and Loss Account, and then the Balance Sheet.