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| **SESSION** | **FEB-2024** |
| **PROGRAM** | **BACHELOR of Commerce (BCom)** |
| **SEMESTER** | **I** |
| **course CODE & NAME** | **DCM1103 – Fundamentals of Accounting I** |
| **CREDITS** | **4** |

**Assignment Set – 1**

**Questions**

**1. a. Describe the types of subsidiary books.**

**Ans:**

Subsidiary books, also known as subsidiary ledgers, are a group of accounting books that record detailed information about specific types of transactions.

**The types of subsidiary books include:**

**Sales Day Book:** A book that records all credit sales transactions. Purchases Day Book: A book that records all credit purchases transactions.

**Sales Returns Day Book:** A book that records all returns of goods sold on credit.

**Purchases Returns Day Book:** A book that records all returns of goods purchased on credit.

**b. Enumerate the steps involved in the accounting process.**

**Ans:**The Golden Rules of Accounting form the foundation for recording financial transactions in the double-entry bookkeeping system. These rules apply to three types of accounts: Personal, Real, and Nominal. Understanding these rules helps ensure accurate and consistent recording of transactions**.**

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**2. a. Explain the Golden Rules of Accounting of Debit and Credit.**

**Ans:**The accounting process involves a series of systematic steps that ensure financial transactions are accurately recorded, classified, summarized, and reported.

**Here are the key steps in the accounting process:**

**1. Identifying Transactions:**

- Recognize and identify all financial transactions that have an economic impact on the business.

**b. Harsh Kumar is a trader dealing in electronic goods who commenced his business in January 2022. For the following transactions took place in the month of March 2022, pass the Journal Entries-**

1. **Purchased goods from Y and Co. on credit ₹60,000**
2. **Sold goods to D and Co. on credit ₹ 30,000**
3. **Paid Y and Co. through bank in full settlement ₹ 58,000**
4. **Rent due to landlord Rs 5,000.**
5. **Wages paid to workers for the month of March ₹ 25,000.**

**Ans:**

**Here are the journal entries for the transactions that took place in March 2022 for Harsh Kumar:**

**1. \*\*Purchased goods from Y and Co. on credit ₹60,000:\*\***

|  |
| --- |
| **Date Account Debit Credit**  March 2022 Purchases Account ₹60,000  Y and Co. ₹60,000 |

**Explanation:** This entry records the purchase of goods on credit from Y and Co.

**3. Mention which side (debit or credit) and column (Cash/Bank/Discount) will be affected in a three-column cash book for the following transactions-**

**1. Received Cash**

**2. Cash paid**

**3. Discount allowed**

**4. Discount received**

**5. Cash deposited in the bank**

**6. Cash withdrawn for office use**

**7. Cheque received and deposited into bank**

**8. Cheque issued**

**9. Wages paid**

**10. Interest received from bank.**

**Ans:**

**In a three-column cash book, the following sides and columns are affected for the given transactions:**

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
| **Received Cash** | **Debit Side:** Cash Column |  |
| **Cash paid** |  | **Credit Side:** Cash Column |
| **Discount allowed** | **Debit Side:** Discount Column |  |
| **Discount received** |  | **Credit Side:** Discount Column |

**Assignment Set – 2**

**Questions**

**4. Rishabh & Co. purchased a fixed asset (Machinery) on 1.10 2020 for Rs.1,40,000 and spent Rs 10,000 on its installation. Depreciation is to be provided @10% annually according to the Straight-line method. The books are closed on 31st March every year. Pass the necessary journal entries, prepare Fixed asset Account and Depreciation Account for three years till 31st March 2023.**

**Ans:**To account for the purchase of machinery, the installation cost, and the annual depreciation, we'll need to make several journal entries and prepare the relevant accounts for three years (from 1st October 2020 to 31st March 2023).

**Let's walk through the process step by step.**

**Journal Entries**

**1. \*\*Purchase of Machinery: \*\***

**5. a. Explain the different types of Errors in accounting.**

**Ans: Errors in accounting can be classified into two types:**

**Errors of Omission:** These errors occur when a transaction is completely omitted from the accounting records.

**For example,** if a sale transaction is not recorded in the sales journal, it will be considered an error of omission.

**Errors of Commission:** These errors occur when an entry is recorded incorrectly in the accounting records.

fair view of the company's financial position and performance.

**b. Explain the features of Income and Expenditure Account.**

Ans: Income and Expenditure Account is a nominal account that is prepared by non-profit organizations to ascertain their revenue and expenses for a specific period.

**The features of an Income and Expenditure Account are:**

**It is a nominal account:** The Income and Expenditure Account is a nominal account that records all the revenues and expenses incurred by a non-profit organization.

**6. From the given information, prepare the final accounts of ST Ltd.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Debit** | **Rs.** | **Credit** | **Rs.** |
| **Drawings** | **6,300** | **Capital** | **1,50,000** |
| **Cash at bank** | **13,870** | **Discount received** | **2,980** |
| **Bills receivable** | **1,860** | **Loans** | **15,000** |
| **Loan and Building** | **42,580** | **Purchases return** | **1,450** |
| **Furniture** | **5,130** | **Sales** | **2,81,500** |
| **Discount allowed** | **3,960** | **Reserve for bad debts** | **4,650** |
| **Bank charges** | **100** | **Creditors** | **18,670** |
| **Salaries** | **6,420** |  |  |
| **Purchases** | **1,99,080** |  |  |
| **Stock (opening)** | **60,220** |  |  |
| **Sales return** | **1,870** |  |  |
| **Carriage** | **5,170** |  |  |
| **Rent and Taxes** | **7,680** |  |  |
| **General expenses** | **3,630** |  |  |
| **Plant and Machinery** | **31,640** |  |  |
| **Book debts** | **82,740** |  |  |
| **Bad debts** | **1,250** |  |  |
| **Insurance** | **750** |  |  |
|  | **4,74,250** |  | **4,74,250** |

**Adjustments:**

**1. Closing stock Rs. 70,000**

**2. Create a reserve for bad and doubtful debts @ 10% on book debts**

**3. Insurance prepaid Rs. 50**

**4. Rent outstanding Rs. 150**

**5. Interest on loan is due @ 6% p.a.**

**Ans:**

Final Accounts of ST Ltd for the year ending on \_\_\_\_\_\_\_\_\_\_\_

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Amount (Rs.)** | **Particulars** | **Amount (Rs.)** |
| **Sales** | 2,81,500 | Less: Sales return | 1,870 |
| **Gross Sales** | 2,81,500 | Net Sales | 2,79,630 |
| **Less: Cost of goods sold** |  | Opening stock | 60,220 |
| **Add: Purchases** | 1,99,080 | Less: Purchases return | 1,450 |
| **Carriage** | 5,170 |  |  |
| **Less: Closing stock** | 70,000 | Cost of goods sold | 1,93,020 |
| **Gross profit** | 86,610 |  |  |

|  |  |
| --- | --- |
| **Expenses** | **Amount (Rs.)** |
| Salaries | 6,420 |