



**PRACTICE SET**  
**End Semester Examination, December, 2025**

**Program: B. Com.**

**Semester: I**

**Subject: Financial Accounting-1**

**Subject Code: 32ACC102**

**Course Learning Objective:**

CLO 1: Understand the accounting principles, importance & scope, branches and limitations of financial accounting and the journal transactions, ledger, trial balance and errors disclosed by it. And also provide learner a comprehensive understanding of accounting standards.

CLO 2: To familiarize depreciation, its nature, concepts and its method for preparation. And also include Bills of exchange, its meaning & journal entries.

CLO 3: Understand the preparation of P/L statement and Balance sheet as well as its adjustment for ascertaining the financial position of the business. And also understand Royalties and its journal entries.

CLO 4: Understand the accounting for dissolution of partnership firm including insolvency of partners, sale to a limited company

**Course Outcome:**

On completion of the Course, the students will be able to:

CO 1: Develop the understanding of the objectives, scope, importance, branches and principles of financial accounting and its applications in business organizations and record journal transactions, posting it into ledger and prepare trial balance as well as understand the methods to allocate errors in trial balance.

CO 2: Understand the concept and purpose of charging depreciation and its preparation and also understand the concept and recording of bills of exchange.

CO 3: Analyzing a firm's financial activities using financial statement analysis tools to know the company's overall performance and understand the concept of royalty account.

CO4: Understand the accounting for dissolution of partnership firm including insolvency of partners, sale to a limited company.

### SECTION A

**Question for Five (5) marks:**

1. Define the term Accounting. Describe its Scope. [CO1, Unit I, BTL – LOT, Remember]
2. Explain the branches of Accounting [CO1, Unit I, BTL – LOT, Understand]
3. Explain whether accounting is science or art or both. [CO1, Unit I, BTL – LOT, Understand]
4. State the advantages of Journal Entries. [CO1, Unit I, BTL – LOT, Remember]
5. State the meaning of a trial balance? Describe its limitations. [CO1, Unit I, BTL – LOT, Remember]
6. Describe the meaning of Bills of Exchange. State the three parties involved in a bill of exchange. [CO2, Unit II, BTL – LOT, Remember]
7. Compare between Straight line method and written down value method for providing depreciation. [CO2, Unit II, BTL – LOT, Understand]
8. Calculate the due date of the bill in following cases: [CO2, Unit II, BTL – LOT, Apply]
  - i) 27th November, 2023      Period: 3 months
  - ii) 30th June, 2023      Period: 2 months
  - iii) 1st July, 2023      Period: 60 days
  - iv) 30th June, 2023      Period: 30 days
  - v) 31st January, 2024      Period 1 month
9. State the following terms – [CO2, Unit II, BTL – LOT, Remember]
  - i) Provision      ii) Reserve      iii) Amortization      iv) Endorsement of Bill
  - v) Discounting of Bill.
10. State briefly the need of providing depreciation. [CO2, Unit II, BTL – LOT, Remember]
11. Draw the format of trading and profit and loss account. [CO3, Unit III, BTL – LOT, Remember]
12. How do you deal with the following adjustments: [CO3, Unit III, BTL – LOT, Apply]
  - i) Outstanding expenses
  - ii) Interest on Capital
  - iii) Prepaid expenses
  - iv) Accrued income
  - v) Interest on drawings

13. Explain the meaning of Trading and Profit & Loss account. State its Characteristics. [CO3, Unit III, BTL – LOT, Understand]
14. State whether the following statements are items of capital or revenue expenditure: [CO3, Unit III, BTL – LOT, Apply]
- Expenditure incurred on repairs and whitewashing at the time of purchase of an old building in order to make it usable.
  - Registration fees paid at the time of purchase of a building
  - Expenditure incurred in the maintenance of a tea garden which will produce tea after four years.
  - Depreciation charged on a plant.
  - The expenditure incurred in erecting a platform on which a machine will be fixed.
15. State the objective of financial statement. [CO3, Unit III, BTL – LOT, Remember]
16. State the difference between dissolution of partnership and dissolution of partnership firm. [CO4, Unit IV, BTL – LOT, Remember]
17. Pass the Journal entries in the following cases. [CO4, Unit IV, BTL – LOT, Apply]
- Expenses of realisation Rs 1,500.
  - Expenses of realisation Rs 600 but paid by Mohan, a partner.
  - Mohan, one of the partners of the firm, was asked to look into the dissolution of the firm for which he was allowed a commission of Rs 2,000.
  - Motor car of book value Rs 50,000 taken over by creditors of the book value of Rs 40,000 in full settlement.
  - Ramesh, a partner, was paid remuneration of Rs 25,000 and he was to meet all expenses
18. Describe the dissolution of partnership firm by sale to a limited company and what are the methods to calculate purchase consideration? [CO4, Unit IV, BTL – LOT, Remember]
19. Explain the Reasons for Dissolution of Partnership firm. [CO4, Unit IV, BTL – LOT, Understand]

## SECTION -B

### Question for Ten (10) marks:

20. Prepare a trial balance as on 31st March 2018 from the books of Pranay. [CO1, Unit I, BTL – HOT, Analyse]

Particulars	Amount (₹)	Particulars	Amount (₹)
Capital	75,00,000	Building	7,50,000
Plant	15,00,000	Stock on 1st April 2017	12,50,000
Cash in hand	2,500	Cash in Bank	5,75,000
Commission Received	1,75,000	Rates, Taxes &	30,000
Discount(Dr)	55,000	Insurance	
Purchases Return	50,000	Discount (Cr.)	45,000

Interest Received	30,000	Sundry Creditors	2,50,000
Repairing Charges	1,25,000	Sales	62,50,000
General Expenses	3,00,000	Book Debts	15,00,000
Wages	5,00,000	Rent	62,500
Furniture	1,20,000	Purchases	48,00,000
Sales Return	90,000	Carriage & Freight	75,000
Loan Advanced	6,00,000	Delivery Van	5,00,000
Office Salaries	6,25,000	Traveling Expenses	50,000
		Drawings	6,00,000

21. Describe accounting standard. Explain the branches of Accounting. [CO1, Unit I, BTL – LOT, Understand]
22. Define trial balance. Why is it prepared? Is the trial balance a conclusive proof of arithmetical accuracy in the books of accounts? Explain. [CO1, Unit I, BTL – LOT, Remember]
23. Analyze and Pass the following transactions in journal of Kumar Swami for the month of January 2014. [CO1, Unit I, BTL – HOT, Analyze]

Date	Particulars	Amount (₹)
1. Jan. 1	Capital paid into Bank	3,00,000
2. Jan. 1	Bought Stationery for cash	400
3. Jan. 2	Bought Goods for cash	25,000
4. Jan. 3	Bought Postage Stamps	600
5. Jan. 5	Sold Goods for Cash	10,000
6. Jan. 6	Bought Office Furniture from Mahendra Bros.	40,000
7. Jan.11	Sold goods to Jacob	12,000
8. Jan.12	Received cheque from Jacob	12,000
9. Jan.14	Paid Mahendra Bros. by cheque	40,000
10. Jan.16	Sold goods to Ramesh & Co	5,000
11. Jan.20	Bought from S. Seth & Bros	15,000
12. Jan.23	Bought Goods for cash from S.Narain & Co	22,000
13. Jan.24	Sold Goods to P.Prakash	17,000
14. Jan. 26	Ramesh & Co. Paid on account	2,500
15. Jan.28	Paid S.Seth & Bros. by cheque in full settlement	14,800
16. Jan.31	Paid Salaries	2,800
17. Jan.31	Rent is due to S. Sharma but not yet paid	2,000

24. Bring out the difference between capital expenditure and revenue expenditure. Also explain deferred revenue expenditure with examples. [CO2, Unit II, BTL – HOT, Analyze]
25. Distinguish between a bill of exchange and promissory note. [CO2, Unit II, BTL – HOT, Analyze]
26. A Ltd. purchased on 1st April, 2019 a machinery for Rs. 2,91,000 and incurred Rs. 9,000 for installation. On 1st October another machinery for Rs. 1,00,000 was purchased. On 1st October 2020 the machinery purchased on 01/04/2019 having become useless was sold for Rs. 1,93,000 and on that day a new machinery was purchased for Rs. 2,00,000. Depreciation was provided on 31st March each year @ 10 percent p.a on written Down Value. You are required to prepare machinery account. [CO2, Unit II, BTL – HOT, Evaluate]

27. Amit sold goods for ` 20,000 to Sumit on credit on Jan 01, 2017. Amit drew a bill of exchange upon Sumit for the same amount for three months. Sumit accepted the bill and returned it to Amit. Sumit met his acceptance on maturity. Record the necessary journal entries under the following circumstances:

- (i) Amit retained the bill till the date of its maturity and collected directly
  - (ii) Amit discounted the bill @ 12% p.a from his bank
  - (iii) Amit endorsed the bill to his creditor Ankit
  - (iv) Amit retained the bill and on March 31, 2017 Amit sent the bill for collection to its bank.
- On April 05, 2017 bank advice was received. [CO2, Unit II, BTL – HOT, Evaluate]

28. Explain the meaning of balance sheet? How it is prepared? Differentiate between trial balance and balance sheet. [CO3, Unit III, BTL – LOT, Understand]

29. Following balance is extracted from the books of a trader prepare trading and Profit & Loss account for the year ended March 31, 2017. [CO3, Unit III, BTL – HOT, Evaluate]

Particulars	Amount	Particulars	Amount
Sales	75,250	Advertisement	1,800
Purchases	32,250	Commission paid	150
Opening stock	7,600	Office expenses	1,600
Sales return	1,250	Wages	2,600
Purchases return	250	Profit on sale of investment	500
Rent	300	Depreciation	800
Stationery and printing	250	Dividend on investment	2,500
Salaries	3,000	Loss on sale of old furniture	300
Misc. expenses	200	Closing stock	8,000
Travelling expenses	500	(March 31, 2017)	

30. Explain the meaning of final account? Explain the main objectives of financial statements. Also explain direct expenses and indirect expenses with examples. [CO3, Unit III, BTL – LOT, Understand]

31. Following balances appear in the books of Hari Bros:

Date	Transection	Amount
1 <sup>st</sup> April, 2020	Machinery A/c	80,000
	Provision for depreciation A/c	36,000

On 1st April, 2020, they decided to sell a machine for Rs. 8,700. This machine was purchased for Rs. 16,000 in April, 2016. Prepare the Provision for Depreciation Account and Machinery Account on 31st March, 2021, assuming the firm has been charging Depreciation at 10% p.a. on Straight Line Method. [CO2, Unit II, BTL – HOT, Evaluate]

32. Describe the meaning of dissolution of partnership firm. Explain the mode of dissolution of partnership firm. [CO4, Unit IV, BTL – LOT, Understand]

33. Anup and Sumit are equal partners in a firm. They decided to dissolve the partnership on March 31, 2017. When the balance sheet is as under :

Balance Sheet of Anup and Sumit as on March 31, 2017

Liabilities		Amount	Assets		Amount
Sundry Creditors		27,000	Cash at bank		11,000
General Reserve		10,000	Sundry Debtors		12,000
Loan		40,000	Plants		47,000
Capital			Stock		42,000
Anup	60,000		Lease hold land		60,000
Sumit	<u>60,000</u>	1,20,000	Furniture		25,000
		<u>1,97,000</u>			<u>1,97,000</u>

The Assets were realised as follows :

	Rs.
Lease hold land	72,000
Furniture	22,500
Stock	40,500
Plant	48,000
Sundry Debtors	10,500

The Creditors were paid Rs. 25,500 in full settlement. Expenses of realization amount to Rs. 2,500. Prepare Realisation Account, Bank Account, Partners' Capital Accounts to close the books of the firm. [CO4, Unit IV, BTL – HOT, Analyze]

34. Explain realization account. Draw the format of realization account. [CO4, Unit IV, BTL – LOT, Understand]

35. A, B and C are partners sharing profits in the ratio of 2:2:1 respectively. On December 31, 1988. The date of dissolution of the firm, their Balance Sheet stood as follows:

Balance Sheet of A, B and C as on December 31, 1988

Liabilities		Amount	Assets		Amount
Creditors		30,000	Fixed Assets		63,000
Reserve Fund		6,000	Bank Balance		1,500
Capital Accounts			Other Current Assets		4,500
A	21,000		Current Account – C		9,000
B	9,000				

C	<u>3,000</u>	33,000	
Current Account			
A	6,000		
B	<u>3,000</u>	9,000	
		78,000	78,000

Fixed assets are realized at Rs. 20,000 and other current assets at Rs. 4,000 only. There is an unrecorded liability for outstanding repairs to machinery amounting to Rs. 1,800. C is insolvent and only Rs. 720 could be recovered from his private estate. Expenses on realization amounted to Rs. 300. Prepare the necessary ledger accounts. [CO4, Unit IV, BTL – HOT, Analyze]

### SECTION -C

#### Question for Ten (20) marks:

36. Record the following transactions in journal. Post them into ledger account and prepare a trial balance: [CO1, Unit I, BTL – HOT, Analyze]

May 2	Sold goods to Govind Cash Rupees 10,000 and credit Rupees 2,000
May 3	Sold to Sharma Rupees 11,000
May 5	Bought from Ram Lal Rupees 1200
May 8	Sold to Zahir Rupees 500
May 15	Received from Govind Rs.1500
May 18	Received from Sharma : Rupees 2,000 Allowed him discount : Rupees 50
May 20	Accepted Ram Lal draft at three months Rs.1500
May 21	Sold goods to Sharma : Rs.800
May 22	Paid rent Rupees 150
May 24	Sold to Zahir Rupees 1000
May 30	Paid salaries in cash Rs.300

37. On Jan 15, 2015, Kartar Sold goods for ₹ 30,000 to Bhagwan and drew upon him three bills of exchanges of ₹ 10,000 each payable after one month, two months and three months respectively. The first bill was retained by Kartar till its maturity. The second bill was endorsed by him in favour of his creditor Ratna and the third bill was discounted by him immediately @ 6% p.a. All

the bills were met by Bhagwan. Journalise the above transactions in the books of Kartar, Bhagwan and Ratna.

[CO2, Unit II, BTL – HOT, Analyze]

38. Ashoka & Co. whose books are closed on 31st March, purchased a machinery for Rs 1,50,000 on 1st April, 2018, Additional machinery was acquired for Rs 50,000 on 1st October, 2018. Certain machinery which was purchased for Rs 50,000 on 1st October, 2018 was sold for Rs 40,000 on 30th September, 2020.

Prepare the Machinery Account and Accumulated Depreciation Account for all the years up to the year ended 31st March, 2021. Depreciation is charged @ 10% p.a. on Straight Line Method. Also, show the Machinery Disposal Account. [CO2, Unit II, BTL – HOT, Analyze]

39. Prepare trading and profit and loss account of M/s Sports Equipments for the year ended March 31, 2017 and balance sheet as on that date : [CO3, Unit III, BTL – HOT, Analyze]

Account Title	Debit Amount	Credit Amount
Opening stock	50,000	
Purchases and sales	3,50,000	4,21,000
Sales returns	5,000	
Capital		3,00,000
Commission		4,000
Creditors		1,00,000
Bank overdraft		28,000
Cash in hand	32,000	
Furniture	1,28,000	
Debtors	1,40,000	
Plants	60,000	
Carriage on purchases	12,000	
Wages	8,000	
Rent	15,000	
Bad debts	7,000	
Drawings	24,000	
Stationery	6,000	
Travelling expenses	2,000	
Insurance	7,000	
Discount	5,000	
Office expenses	2,000	

Closing stock as on March 31, 2017 `2,500

40. From the following balances, prepare the trading and profit and loss account and balance sheet as on March 31, 2014. [CO3, Unit III, BTL – HOT, Analyze]

<i>Debit Balances</i>	<i>Amount Rs.</i>	<i>Credit Balances</i>	<i>Amount Rs.</i>
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.

#### Summary:

#### CO Wise:

CO	Ques. No	Marks
CO1	1,2,3,4,5,20,21,22,23,36	85
CO2	6,7,8,9,10,24,25,26,27,31,37,38	115
CO3	11,12,13,14,15,28,29,30,39,40	95
CO4	16,17,18,19,32,33,34,35	60

**Unit Wise:**

<b>Unit</b>	<b>Ques No</b>	<b>Marks</b>
I	1,2,3,4,5,20,21,22,23,36	85
II	6,7,8,9,10,24,25,26,27,31,37,38	115
III	11,12,13,14,15,28,29,30,39,40	95
IV	16,17,18,19,32,33,34,35	60

**Blooms Taxonomy Level (BTL) Wise**

<b>BTL</b>	<b>Ques No</b>	<b>Marks</b>
LOT	1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19,21,22,28,30,32,34	155
HOT	20,23,24,25,26,27,29,31,33,35,36,37,38,39,40	200

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**Disclaimer:** - This is a Practice Set. The Question in End term examination will differ from the Practice set. This Practice set is meant for practice only.