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SDCFA-101/SDCAF-101

I Semester B.Com. (F&A) (A&F) Degree Examination,
December/January - 2025/26
(SEP Scheme F+R)
COMMERCE
Financial Accounting
Paper : 1.1

Time : 3 Hours

Maximum Marks : 80

Instructions:

Answer to be written in English only.

SECTION - A

Answer any Five sub-questions. Each sub-question carries Two marks.

(5×2=10)

1. a) What do you mean by accounting standards?
- b) Find the actual claim in the following case:
Value of stock on date of fire Rs. 80,000, salvage value Rs. 20,000, policy amount Rs. 50,000.
- c) State the meaning of Average Clause?
- d) Mention the basis of apportionment of the following expenses in case of departmental accounting:
 - i) Advertising expenses
 - ii) Canteen expenses
 - iii) Lighting charges
 - iv) Carriage inwards
- e) Give two examples of Revenue expenditure.
- f) What are non-profit organizations?
- g) Mention any two features of independent branches.

[P.T.O.]

SECTION - B

Answer any Three questions.

(3×6=18)

2. Briefly explain the objectives of Branch Accounting.
3. A fire broke out in the premises of a merchant on 30th September 2025. He wishes to file a claim with the insurance company for the loss of stock and has provided the following information. From the details given, you are required to prepare a Statement of Claim.
- The Final Accounts of the merchant were prepared on 31st December 2024.
 - Sundry Creditors on 31st December 2024 were Rs. 25,000.
 - Sundry Creditors on 30th September 2025 were Rs. 20,000.
 - Cash paid to creditors amounted to Rs. 1,30,000.
 - Stock on 31st December 2024 was Rs. 15,000.
 - Sales from 1st January 2025 to 30th September 2025 amounted to Rs. 1,34,000.
 - The normal rate of Gross Profit on Sales was 20%.
 - The value of Stock Salvaged was Rs. 2,800.
4. From the following particulars, prepare the Trading and Profit & Loss Account for the year ending 31st December 2025.

Particulars	Amount (Rs.)
Purchases	3,28,000
Sales	3,70,000
Carriage Inwards	10,000
Carriage Outwards	70,000
Opening Stock (01-01-2025)	30,000
Salaries	50,000
Wages	70,000
Fuel	10,000
Returns Inwards	7,000
Returns Outwards	1,000
Discount Allowed	3,000
Discount Received	5,000

Rent Paid	2,000
Advertisement	8,000
Bad Debts	500
Bad Debts Recovered	1,000
Depreciation on Assets	20,000

Additional Information:

- Goods worth Rs. 2,000 were distributed as free samples.
- Goods of the value Rs. 6,000 were withdrawn for personal use.
- Closing Stock on 31st December 2025 was valued at Rs. 25,000.

5. Classify the following as Capital or Revenue items:

- Admission fees
- Legal fees paid to purchasing machinery
- Sale proceeds from scrap materials
- Grant received from the government
- Salaries paid to architects for building design
- Chemicals purchased for laboratory experiments in a college

6. Distribute the following expenses to the departments of a business on an appropriate basis:

Particulars	Amount (Rs.)
Advertisement expenses	25,000
Rent	12,000
Electric lighting charges	7,000
Salaries paid	2,00,000
Depreciation	9,000

The following information is available regarding the departments:

Particulars	Dept. A	Dept. B	Dept. C
Sales in Rs.	10,00,000	10,00,000	5,00,000
Floor Area in sq. mts	600	400	200
No. of light points	10	15	10
No. of employees	9	6	5
Values of assets in Rs.	2,000	2,000	4,000

SECTION - C

Answer any Three of the following questions.

(3×14=42)

7. From the following Trial Balance of Mr. Varun, prepare the Final Accounts for the year ended 31st March 2025.

Particulars	Debit (Rs.)	Credit (Rs.)
Drawings and Capital	6,820	93,230
Purchases and Sales	71,965	1,26,177
Debtors and Creditors	47,800	26,609
Returns	7,422	3,172
Wages	9,915	—
Manufacturing Expenses	2,101	—
Stock on 01-04-2024	2,500	—
Factory Fuel and Power	21,725	—
Office Salaries	6,068	—
Factory Lighting	3,745	—
Carriage Outwards	1,001	—
Plant & Machinery	55,000	—
Furniture	1,720	—
Bills Payable	—	2,493
Travelling Expenses	6,422	—
Cash in Hand	925	—
Rent & Taxes	1,765	—
Office Expenses	2,778	—
Discount Allowed	422	—
Insurance	1,017	—
Carriage Inwards	570	—
Total	2,51,681	2,51,681

Adjustments:

- Stock on 31-3-2025 Rs. 16,580
- Insurance prepaid Rs. 70
- Wages outstanding Rs. 800, outstanding salaries Rs. 350 and Rent outstanding Rs. 150
- Depreciate plant and machinery at 5% and furniture at 10%
- Reserve 2.5% of debtors for Bad debts

8. A fire occurred in the premises of Dhruva on 15th August 2025, when a large part of the stock was destroyed. Salvage was Rs. 45,000.
The following information is provided for the period from 1st January 2025 to 15th August 2025:

Particulars	Amount (Rs.)
Purchases	2,55,000
Sales	2,70,000
Goods taken by Dhruva for personal use	15,000
Stock on hand on 01-01-2025	1,20,000

Additional information:

- a) Dhruva has been selling goods at a consistent gross profit margin of 33.33%.
b) Insurance policy was for Rs. 1,50,000 and included the Average Clause.

Requirement:

Prepare a statement of claim to be made on the insurance company.

9. From the following particulars, prepare the Departmental Trading and Profit & Loss Account and the Balance Sheet in the books of Pawan Kalyan Traders.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital on 1 April 2024	-	10,00,000
Drawings	2,00,000	-
Stock		
Dept. X	9,00,000	-
Dept. Y	4,20,000	-
Purchases		
Dept. X	45,00,000	-
Dept. Y	23,00,000	-
Sales		
Dept. X	-	58,80,000
Dept. Y	-	29,20,000
Cash in hand	1,04,000	-
Provision for bad debts	-	18,000
Interest on Investments	-	12,000
Sundry creditors	-	1,76,000
6% Investments	2,00,000	-
Debtors	3,36,000	-
Furniture	2,46,000	-
Other expenses	1,02,000	-

Commission	2,06,000	-
Rent and taxes	60,000	-
Public expenses	1,80,000	-
Salaries	2,52,000	-
Total	1,00,06,000	1,00,06,000

Prepare Trading and profit and loss account for the year ending 31st March 2025 and Balance sheet as on that date after considering the following:

- Closing stock department-X. Rs. 6,00,000, department-Y Rs. 4,00,000.
- Outstanding expenses are salaries Rs. 24,000, Commission Rs.36,000. Rent Rs. 30,000.
- Charge 10% depreciation on furniture.
- Revenue items are to be distribution in the ratio 3:2 between Department-X and Y.
- Bad debts to be written off Rs. 24,000 and provide for doubtful debts @ 5%

10. Bangalore H.O of a company invoices goods to its Mandya Branch at 20% profit on sales price. The branch sends cash daily to the H.O all expenses are paid by the H.O except for petty expenses, which met by the Branch Manager. From the following particulars, prepare the branch account in the books of Bangalore H.O..:

Particulars	Amount (Rs.)
Stock on 1.1.2025 (invoice price)	15,000
Debtors on 1.1.2025	9,000
Cash on 1.1.2025	400
Furniture on 1.1.2025	1,200
Goods received from H.O (Invoice price)	80,000
Goods return to H.O	1,000
Goods returned by debtors	480
Cash received from debtors	30,000
Cash sales	50,000
Total sales	80,000
Discount allowed to debtors	300
Expenses paid by H.O.:	
Rent	1,200
Salary	2,400
Stationery	300
Petty expenses paid by branch	280
Stock on 31.12.2025	14,000
Depreciate on furniture at 10%. p.a	

11. From the following particulars relating to young cricket club, prepare Income and Expenditure account for the year ended 31-3-2015 and a Balance sheet as on that date:

Balance Sheet as on 31st March 2024

Liabilities	Amount (Rs.)	Assots	Amount (Rs.)
Outstanding salary	800	Cash	20,200
Outstanding expenses	1,200	Outstanding interest on	400
Subscription received in advance for 2024-25	900	Investments	700
Special fund	5,000	Outstanding subscriptions	5,000
Income and Expenditure Account (Cr.) balance	3,800	Investments	20,000
Capital fund	46,600	Club house grounds	10,000
	58,300	Sports materials	2,000
		Furniture	58,300

Receipts and payments account for the year ended 31st March 2025

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To balance B/d (1.4-2024)	20,200	By sports materials	3,000
To subscriptions:		By outstanding	1,200
2023-24	700	sundry expenses of 2023-24	2,900
2024-25	14,000	By salaries	6,100
2025-26	900	By expenses out of special fund	1,100
Contribution to special fund	3,000	By newspapers	2,000
Entrance fees	4,600	By fixed deposits	100
Interest on investments	1,500	By grass seeds	400
Sale of old newspapers	200	By honorarium to Secretary	31,700
Hire of Hall	3,400	By Bal C/d	48,500
	48,500		

Adjustments:

- Subscription outstanding for 2024-25.
- Outstanding creditors for expenses for 2024-25 Rs. 2,600.
- Salary outstanding for 2024-25 Rs. 1,400.
- Depreciation on sports materials Rs. 2,000.
- Outstanding interest on investments Rs. 750.
- Half of entrance fee is to be capitalized.

SECTION - D

Answer any One of the following sub-questions.

(1×10=10)

12. Explain the limitations of Accounting.

(OR)

13. Prepare the steps involved in fire insurance claims with imaginary figures.