

FINANCIAL ACCOUNTING SEP 2025

SECTION – A (5 × 2 = 10 Marks)

1(a) What is Business Entity Concept?

Business Entity Concept states that business and owner are treated as separate entities. Transactions of business are recorded separately from the owner's personal transactions.

1(b) What do you mean by Single Entry System?

Single Entry System is an incomplete system of accounting where only one aspect of transaction is recorded and full double entry principles are not followed.

1(c) What are Types of Single Entry System:

1. Pure Single Entry
2. Simple Single Entry
3. Quasi Single Entry

1(d) What is Del Credere Commission?

Del Credere Commission is an additional commission given to a consignee for bearing the risk of bad debts.

1(e) give Two examples of Non-recurring expenses:

1. Carriage on purchase of machinery
2. Installation charges

1(f) What is Hire Purchase Price?

Hire Purchase Price is the total amount payable by the buyer including cash price and interest under hire purchase agreement.

1(g) What are Two objectives of Branch Accounting:

1. To know profit or loss of branch
2. To control branch transactions

1(h) Define Accounting.

Accounting is the process of recording, classifying and summarising financial transactions to ascertain profit/loss and financial position.

SECTION – B (4 × 5 = 20 Marks)

2. Write Any Five Accounting Concepts (5 Marks)

1. **Business Entity Concept** – Business and owner are separate.
2. **Money Measurement Concept** – Only monetary transactions are recorded.
3. **Going Concern Concept** – Business is assumed to continue for long period.
4. **Dual Aspect Concept** – Every transaction has two effects.
5. **Cost Concept** – Assets are recorded at original cost.

3. Solve the Accounting Equation (5 Marks)

Accounting Equation: Assets = Capital + Liabilities

Particulars	Cash (₹)	Stock (₹)	Furniture (₹)	=	Creditors (₹)	Capital (₹)
1. Commenced Business	+1,50,000	—	—	=	—	+1,50,000
New Equation	1,50,000	0	0	=	0	1,50,000
2. Credit Purchase	—	+60,000	—	=	+60,000	—
New Equation	1,50,000	60,000	0	=	60,000	1,50,000
3. Furniture for Cash	-10,000	—	+10,000	=	—	—
New Equation	1,40,000	60,000	10,000	=	60,000	1,50,000
4. Cash Sales*	+50,000	-50,000	—	=	—	—
New Equation	1,90,000	10,000	10,000	=	60,000	1,50,000
5. Paid Salaries	-10,000	—	—	=	—	-10,000
Final Equation	1,80,000	10,000	10,000	=	60,000	1,40,000

4. Calculation of Credit Sales (5 Marks)

Total Debtors

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d (Opening)	60,000	By Cash Received	3,08,000
To Credit Sales (Bal. Fig)	5,10,000	By Bills Receivable	2,00,000
		By Sales Return	40,000

Particulars	Amount (₹)	Particulars	Amount (₹)
		By Discount Allowed	2,000
		By Balance c/d (Closing)	20,000
Total	5,70,000	Total	5,70,000

5. Calculate Total Cost of Goods Received

Particulars	Quantity (Tons)	Amount (₹)
Cost of Goods Sent (2,000 × 50)	2,000	1,00,000
Add: Consignor's Expenses (Freight)	—	20,000
Total Cost before reaching Consignee	2,000	1,20,000
Less: Normal Wastage	(50)	—
Quantity Received by Shiva	1,950	1,20,000
Add: Consignee's Direct Expenses (Unloading)	—	5,000
Total Cost of Net Goods Received	1,950	1,25,000

SECTION – C (15 × 3 = 45 Marks)

Q9. Prepare necessary Ledger Accounts in the books of Gemini Ltd.

In the books of Gemini Ltd.

Consignment Account

Dr. Particulars	Amount (₹)	Cr. Particulars	Amount (₹)
To Goods Sent	40,000	By Sales	33,250
To Carriage	50	By Abnormal Loss	4,050
To Packing	250	By Closing Stock	8,100
To Insurance	200		
To Godown Rent	500		

Dr. Particulars	Amount (₹)	Cr. Particulars	Amount (₹)
To Salesman Salary	750		
To Commission (5%)	1,662.5		
To Profit (Bal. Fig)	1,987.5		
Total	45,400	Total	45,400

10. Hire Purchase (Asset Accrual Method) – 15 Marks

Cash Price = ₹50,000

Down payment = ₹20,000

Balance = ₹30,000

Interest Calculation (5%)

Year Outstanding Interest (5%)

1	30,000	1,500
2	20,000	1,000
3	10,000	500

Depreciation (10% Diminishing)

Year	Value	Depreciation
1	50,000	5,000
2	45,000	4,500
3	40,500	4,050

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
Year 1	To Bank (Down Payment)	20,000	Year 1	By Depreciation	5,000
	To Bank (Installment 1)*	10,000		By Balance c/d	25,000
	Total	30,000		Total	30,000
Year 2	To Balance b/d	25,000	Year 2	By Depreciation	4,500
	To Bank (Installment 2)*	10,000		By Balance c/d	30,500

Year	Value	Depreciation			
	Total	35,000		Total	35,000
Year 3	To Balance b/d	30,500	Year 3	By Depreciation	4,050
	To Bank (Installment 3)*	10,000		By Balance c/d	36,450
	Total	40,500		Total	40,500

11. Branch Account (15 Marks)

Branch Account (in Head Office Books)

Step 1: Memo Debtors Account

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d (Opening)	9,400	By Cash Received	75,800
To Credit Sales	80,800	By Balance c/d (Closing)	14,400
Total	90,200	Total	90,200

Step 2: Branch Account

Dr. Particulars	Amount (₹)	Cr. Particulars	Amount (₹)
To Balance b/d:		By Cash Remitted:	
- Stock	17,800	- Cash Sales	31,600
- Debtors	9,400	- Cash from Debtors	75,800
- Petty Cash	40	By Goods Returned	1,600
To Goods Sent	56,800	By Balance c/d:	
To Cash (Expenses)	18,000	- Stock	10,800
		- Debtors (from Step 1)	14,400
To Net Profit (Bal. Fig)	32,220	- Petty Cash	60
Total	1,34,260	Total	1,34,260

SECTION – D (5 Marks)

13. Statement of Affairs (Imaginary Figures)

Statement of Affairs as on 31-03-2024

Liabilities	₹	Assets	₹
Creditors	40,000	Cash	10,000
Bills Payable	20,000	Debtors	50,000
Capital	1,20,000	Stock	60,000
		Furniture	60,000
Total	1,80,000	Total	1,80,000