**ASSIGNMENT 1**

**SESSION AUG-2022**

**PROGRAM BACHELOR OF COMMERCE (BCOM)**

**SEMESTER I**

**COURSE CODE & NAME DCM1103 – FUNDAMENTALS OF ACCOUNTING I**

**Q1. A. Explain the Limitations of Accounting**

**B. Discuss the concepts and conventions of accounting**

**Answer:**

1. **(A) Explain the Limitations of Accounting**

First, Measurability - Non-monetary concepts, items, or events cannot be valued in accounting. Even though a factor is crucial to the business, accounting cannot take it into consideration if it cannot be stated in monetary terms. Accounting simply emphasizes quantities and not Its Half solved only

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**Q2. A. Explain the debit and credit rules using the accounting equation**

**B. Classify the following as Assets, Liability, Income and Expenses**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  **Particular**  |  **Rs**  |  **Particular**  |  **Rs**  |   |
|  Salaries  |  36,320  |  Purchases  |  1,44,670  |   |
|  Sales  |  1,73,500  |  Sundry Debtors  |  1,430  |   |
|  Plant & Machinery  |  34,300  |  Travelling Expenses  |  2,630  |   |
|  Commission Paid  |  1,880  |  Carriage Inward  |  240  |   |
|  Stock  |  11,100  |  Sundry Creditors  |  14,260  |   |
|  Repairs  |  1670  |  Capital  |  62,500  |   |
|  Sundry Expenses  |  460  |  Drawings  |  3,500  |   |
|  Returns Inward  |  1,000  |  Cash at Bank  |  1,090  |   |
|  Discount Allowed  |  1,150  |  Returns Outward  |  400  |   |
|  Rent and Rates  |  3,220  |  Investments  |  6,000  |   |

**Answer:**

1. **(A) Explain the debit and credit rules using the accounting equation**

Every financial transaction impacting a business is recorded in accounts for bookkeeping purposes. Assets, expenses, revenue (income), liabilities, and capital make up the top 5 categories of accounts.

Asset Accounts

Assets are things like

**(B). Classify the following as Assets, Liability, Income and Expenses**

**Enter the following transactions in the double column cash book of Mr. Kumar and balance it.**

**2021**

**Aug.**

**1 Opening Balance: Cash in Hand Rs.4,250**

**Cash at Bank Rs.13,750**

**2 Paid to petty cashier Rs.2,500**

**2 Cash sales Rs.1,750**

**3 Paid to Arun by cheque Rs.3,750**

**3 Received a cheque from Mr. Ram Babu Rs.4,500 paid into bank.**

**5 Received cheque from Mr. Jayaraman Rs.6,000 paid into bank**

**8 Cash purchases Rs.2,500**

**8 Paid rents by cheque Rs. 2,500**

**9 Cash withdrawn from bank for office use Rs.2,500**

**10 Cash sales Rs.3,750**

**14 Stationery purchased Rs.1,000**

**20 Cash sales Rs.6750**

**21 Paid into bank Rs.10,000**

**23 Withdrew cash for personal use Rs.1,000**

**25 Salaries paid by cheque Rs.9000.**

**Answer:**

**Dr.Mr. Kumar’s double column cash book Cr.**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | **Details** | **Folio** | **Cash(sh)** | **Bank(sh)** |  | **Date** | **Details** | **Folio** | **Cash(sh)** | **Bank(sh)** |

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**Answer:**

**Final accounts for R.R.R. Ltd as on 31st March 2020**

Provision for Bad and doubtful debts = $(50,800─800) × 5% = $2,500.00

The two final accounts are; the trading, profit and loss account and also the balance sheet.

1. **(A). Explain the different types of Errors.**

a.) Error of omissions

No record/ entry of transaction is made in the ledger accounts.

b.) Error of commission

**5(B) From the following particulars of Sports Club, prepare Receipts and Payments account for the year ended 31st March 2018.**

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**Answer:**

**Receipt and payments**

**Sports club**

**For the year ended 31, March, 2018**

|  |  |  |  |
| --- | --- | --- | --- |
| **Receipts** | **Amount** | **Payments** | **Amount** |
| To bal b/d |  | By interest paid | 5,000 |
| Cash  | 10,000 | By tournament Expenses | 12,500 |
|  |  |  |  |

**6. Raheem & Co. purchased a fixed asset on 1.4.2018 for Rs.2,50,000. 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 the first two years.**

**Answer:**

Journal entries in the books of Raheem & Co.

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Account | Dr | cr |
| 2018-4-1 | Fixed asset a/c | $250,000 |  |
|  | Cash/bank a/c |  | $250,000 |