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| **SESSION** | **Aug - 2023** |
| **PROGRAM** | **BACHELOR of Commerce (BCom)** |
| **SEMESTER** | **I** |
| **course CODE & NAME** | **DCM1103 – Fundamentals of Accounting I** |
| **CREDITS** | **4** |

**Assignment Set – 1**

**Questions**

**1. Ananth is a trader dealing in textiles. For the following transactions, pass journal entries for the month of January, 2018.**

**Jan.**

**1. Commenced business with cash ₹. 70,000**

**2. Purchased goods from X and Co. on credit ₹. 30,000**

**3. Cash deposited into bank ₹. 40,000.**

**4. Bought a building from L and Co. on credit ₹.95, 000**

**5. Cash withdrawn from bank for office use ₹.5, 000**

**Solution:** To record the transactions in the journal, we'll use the double-entry accounting system.

Each transaction involves at least two accounts, with debits and credits being equal**.**

**Here are the journal entries for the given transactions:-**

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**2. A. Explain the different types of cash book.**

**Ans:** A cash book is a financial journal that records all cash transactions of a business, including both cash receipts and cash payments. It is a subsidiary ledger to the general ledger and serves as a primary accounting record for cash management. There are several types of cash books, each designed to meet specific accounting and business needs.

**The main**

**3. Explain the accounting concepts and conventions.**

**Answer:**

Accounting concepts and conventions are fundamental guidelines that underpin the practice of financial accounting. These principles ensure consistency, reliability, and comparability of financial statements. Here's an overview of some key accounting concepts and conventions:

1. **Accrual Concept**: This concept is about recording financial transactions when they actually occur, not necessarily when cash changes hands. For example, if you perform a service in December but don't get paid until January, you still record the income in December. This helps in understanding the actual performance of a business during a specific period.

**Going Concern Concept**: This assumes that a business will continue its operations into the foreseeable future

**Assignment Set – 2**

**Questions**

**1. XYZ Ltd. maintains a current account with the Syndicate Bank of India. As on 31st March 2006, the bank column of its cashbook showed a debit balance of Rs.20,000. However, the bank statement showed a different balance on that date. The following are the reasons for such a difference:**

**1. Cheque deposited but not yet credited by the bank 3,000**

**2. Cheque issued but not yet presented 2,000**

**3. Bank charges 3,000**

**4. Cheques received by the bank directly 7,000**

**5. Insurance premium paid by the bank as per standing instructions not yet intimated 2,000**

**Prepare bank reconciliation statement and find out the balance as per the bank statement.**

**Solution: -** To reconcile the difference between the bank column of the cashbook and the bank statement, we need to prepare a Bank Reconciliation Statement.

**Here are the steps:**

**XYZ Ltd.**

**Bank**

**2. Define Depreciation.**

**State the Causes of depreciation**

**Justify why to record the depreciation.**

**Ans: “Depreciation”.** Depreciation means a fall in the quality, quantity or value of an asset. Depreciation is considered as an expense and is shown in the Profit and Loss account or Income and Expenditure statement under expenses. It is the allocation of the cost of the fixed asset (capital expenditure) to the period of its use.

**Causes for Depreciation**

**The factors that cause depreciation are**

**3. Given below are the balances extracted from the books of Nagarajan as on 31st March, 2016.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Rs.** | **Particulars** | **Rs.** |
| **Purchases** | **10,000** | **Sales** | **15,100** |
| **Wages** | **600** | **Commission received** | **1,900** |
| **Freight inwards** | **750** | **Rent received** | **600** |
| **Advertisement** | **500** | **Creditors** | **2,400** |
| **Carriage outwards** | **400** | **Capital** | **5,000** |
| **Cash** | **1,200** |  |  |
| **Machinery** | **8,000** |  |  |
| **Debtors** | **2,250** |  |  |
| **Bills receivable** | **300** |  |  |
| **Stock on 1st January, 2016** | **1,000** |  |  |
|  | **25,000** |  | **25,000** |

**Prepare the trading and profit and loss account for the year ended 31st March, 2016 and the balance sheet as on that date after adjusting the following:**

**(a) Commission received in advance Rs. 400**

**(b) Advertisement paid in advance Rs. 150**

**(c) Wages outstanding Rs. 200**

**(d) Closing stock on 31st March 2016, Rs. 2,100**

**Solution:** Let's prepare the trading and profit and loss account and the balance sheet for Nagarajan