

DEPARTMENT OF COMMERCE

JANGIPUR COLLEGE

PROJECT FOR 1ST SEMESTER INTERNAL EXAMINATION, 2023

FINANCIAL ACCOUNTING- I (MAJOR) (UG BCOM-M-T-1)

1. Define depreciation. What are causes of charging depreciation? State the advantages and disadvantages of SLM and WDV method for charging depreciation. 1+3+6

Or.

2. Mr. A is the proprietor of a large business of cotton piece goods. The following trial balance was prepared from his books as on 31st December, 2023. You are required to prepare trading & Profit and Loss account and Balance Sheet as on that date. **10**

Trial balance			
Debit	Rs.	Credit	Rs.
Land and building	40,000	Sales	4,68,100
Purchase	3,26,700	Income from investments	990
Return inward	2,500	12 % Bank loan secured on	
Travelling expenses	6,900	fixed assets (no movement	
Printing and stationary	1,600	during the year)	40,000
Cash at bank	30,795	Capital	80,000
Discount allowed	1,800	Bills Payable	2,600
Miscellaneous expenses	18,620	Sundry Creditors	63,100
Sundry Debtors	64,000	Return Outwards	3,700
Postage	800	Discount Received	1,200
Furniture	8,000		
Cash in hand	5,900		
Motor car	16,000		
Investment	12,000		
Drawings	10,000		
Bills receivables	4,800		
Stock (1-1-08)	63,680		
Interest on bank loan	3,000		
Salaries (including advance Rs. 1,500)	22,000		
Establishment expenses	1,595		
Carriage inwards	3,000		
Advertisements	16,000		

The following information is also available.

- Stock as on 31-12-23 was Rs. 1,20,000.
- The reserve for doubtful debt is to be maintained @ 10% on sundry debtors and reserve for discount on debtors to be created @ 5%.
- 3/4th of the advertisement expenses are to be carried forward.
- 2.5% of the net profit is to be carried to reserve fund.
- Depreciation is to be charged on land & building @ 2.5% , on furniture @ 10% , on motor car @ 20%.