

Name : .....

Roll No. : .....

Invigilator's Signature : .....

**CS/BBA(H),BIRM,BSCM/SEM-3/BBA-306/2012-13**

**2012**

**FINANCIAL ACCOUNTING**

*Time Allotted : 3 Hours*

*Full Marks : 70*

*The figures in the margin indicate full marks.*

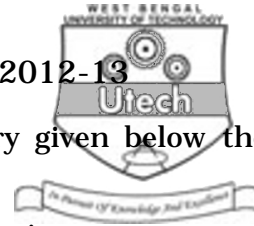
*Candidates are required to give their answers in their own words  
as far as practicable.*

**GROUP - A**

**( Multiple Choice Type Questions )**

1. Choose the correct alternatives for any *ten* of the following :  
10 × 1 = 10

- i) Capital is shown under liability in the Balance sheet due to
  - a) conservation principle    b) entity concept
  - c) matching concepts        d) accrual concept.
- ii) Which of the following equations properly represents a derivation of the fundamental accounting equation ?
  - a) Assets + liabilities = owner's equity
  - b) Assets = owner's equity
  - c) Cash = assets
  - d) Assets - liabilities = owner's equity



- iii) A brief explanation to a journal entry given below the journal entry
  - a) Entry
  - b) Narration
  - c) Note
  - d) Detail.
- iv) Every debit has an equal credit is stated by
  - a) money measurement concept
  - b) consistency concept
  - c) dual aspect concept
  - d) conservatism concept.
- v) Contra entries are drawn when
  - a) both cash & bank accounts are affected
  - b) only cash account is affected
  - c) only bank account is affected
  - d) credit transaction takes place.
- vi) ..... records goods returned to suppliers & ..... records goods returned by customers.
  - a) Return outward & return inward
  - b) Return inward & return outward
  - c) Purchase day book & sales day book
  - d) None of these.
- vii) Goods purchased on credit worth Rs. 5,000, will be recorded as
  - a) Goods a/c dr. & purchase a/c cr.
  - b) Goods a/c dr. & creditors a/c cr.
  - c) Purchase a/c dr. & cash a/c cr.
  - d) none of these.



- viii) Identify financial transaction in the following list
- a) Formulating bonus policy
  - b) Discussion on discontinuation of a product
  - c) Receiving royalty for mineral extracted
  - d) Quarrel between the managers.
- ix) Once a method of accounting is adopted, should not be changed is stated in
- a) conservatism concept
  - b) Materiality concept
  - c) consistency concept
  - d) none of these.
- x) Identify which transaction involves contra entry
- a) cheques issued to customers
  - b) cheques received from customers
  - c) cash deposited into bank
  - d) cash withdrawn from bank for personal use.
- xi) If sales returns a/c is over cast by Rs. 100, what is the rectification entry
- a) Sales returns a/c Dr  
    To suspense A/c
  - b) Suspense a/c Dr  
    to S. R a/c
  - c) Sales a/c Dr  
    To SR a/c
  - d) Sales returns a/c Dr  
    To goods a/c
- xii) What is balancing of ledger account ?
- a) Keeping equal amount on both sides
  - b) Equating both sides with lower amount
  - c) Finding excess of debit over credit & vice-versa & placing it on either of the sides
  - d) none of these.



**GROUP - B**

**( Short Answer Type Questions )**

Answer any *three* of the following.  $3 \times 5 = 15$

2. What are the objectives of accounting ? State briefly how accounting information is useful to various interested parties.

3. Prepare a triple column cashbook of A. Ahmed for the month ending 31st January, 2008 from the following particulars :

2008

Jan. 1 Cash in hand RSV. 4,000 & bank Rs. 1,000

Jan. 2 Cash sales Rs. 6,000

Jan. 3 Received a cheque of Rs. 1,500 from Bashir & allowed him a discount of Rs. 100

Jan. 5 Ali settled his account of Rs. 1,800 After allowing him a discount of Rs. 500

Jan. 10 Paid Yusuf by cheque Rs. 125 & received a discount of Rs. 50

Jan. 17 Deposited cash into bank Rs. 300

Jan. 18 Paid salary by cash Rs. 1,100

Jan. 25 Drew cash for personal use Rs. 100

Jan. 30 Drew from bank for office use Rs. 400

4. Discuss briefly dual aspect concept of accounting.



5. On 1-1-2004 Debtor's account showed a debit balance of Rs. 45,000 in the books of Subramaniam.

During the month of January, 2004, an amount of Rs. 20,000 was received from debtors. A further sales of Rs. 30,000 was made to the debtors. Some debtors accepted bills for Rs. 20,000 and they were allowed a discount of Rs. 1,000.

Prepare debtor's account and show the closing balance.

6. Prepare a trial balance from the following information :

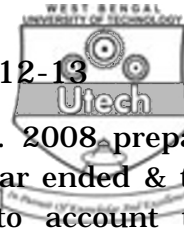
Stock Rs. 8,250; purchases Rs. 12,750; returns outwards Rs. 700; discount received Rs. 800; wages & salaeies Rs. 2,500; rents & rates Rs. 1,850; sundry debtors Rs. 7,600; bank overdraft Rs. 2,450; capital Rs. 10,000; sales Rs. 15,900; returns inward Rs. 1,590; discount allowed Rs. 800; Scotty Rs. 1,750; carriage charges Rs. 700; sundry creditors Rs. 7,250; bills payable Rs. 690.

### GROUP - C

#### ( Long Answer Type Questions )

Answer any *three* of the following.  $3 \times 15 = 45$

7. Write short notes on any *three* of the following :
- Errors not disclosed by trial balance.
  - Journal & its subdivisions
  - Accounting standards
  - Trial balance & its importance
  - Conservation's principle
  - Consistency principle.



8. From the following trial balance as on 31. 3. 2008, prepare the Trading and Profit & Loss A/c for the year ended & the Balance Sheet as on that date taking into account the adjustments given :

<b>Debit</b>	<b>Rs.</b>	<b>Credit</b>	<b>Rs.</b>
Drawings	6,000	Capital	90,000
Plant & machinery	20,000	Sundry creditors	10,000
Addition to plant	5,000	Sales	1,10,000
Stock (1. 4. 2007)	15,000	Return outward	1,000
Purchase	82,000	Reserve for bad debts	400
Debtors	20,600	Discount	800
Returns inwards	2,000	Interest	1,200
Furniture & fixtures	5,000		
Freight & duty	2,000		
Carriage outward	500		
Rent rates & taxes	4,600		
Printing & stationery	800		
Trade expenses	400		
Postage	800		
Insurance	700		
Salary & wages	21,300		
Cass in hand	6,200		
Cash at bank	20,500		
	<b>2,13,400</b>		<b>2,13,400</b>

*Adjustment "*

- a) Stock on 31. 3. 2008 was Rs. 14,600
- b) Rs. 600 occurred as bad debt.



- c) Reserve for bad debts is to be maintained @ 5% on debtors.
- d) Create reserve for discount on debtors @ 2%
- e) Depreciate furniture & fixtures @ 5% & plant & machinery @ 20% p.a.
- f) A fire occurred on 25. 3. 08 in the godown & stock worth Rs. 5,000 was destroyed. It was fully insured & the Insurance co. admitted the claim in full.
9. A company purchased machinery of 1.4.2002 for Rs. 3,70,000 & spent Rs. 30,000 for installation. On 1.10.2003 another machine worth Rs. 1,00,000 was purchased. On 1.10.2004 the first machine was sold off for Rs. 2,80,000 & a new machine purchased for Rs. 2,50,000. On 1.10.2005 the second machine was sold for Rs. 20,000. In the beginning depreciation was provided @ 10% p.a. on the original cost each year on 31st march. From 2003-04 diminishing balance method was adopted @ 15% p.a. Show the Machinery Account from the year 2002-03 to the year 2005-06.
10. Distinguish between any *three* of the following :  $3 \times 5 = 15$
- Capital expenditure and Revenue Expenditure
  - Reserve's & provision
  - Trial balance & Balance sheet
  - Straight line method & Diminishing value method of depreciation
  - Capital expenditure & revenue expenditure.



11. Pass necessary Journal entries for the following transactions on the date of closing the books, on 30th June 2007 using specified format

- a) Outstanding salary for June Rs. 10,000
- b) Interest on investment Rs. 2,000 due but not yet received
- c) Depreciation of building Rs. 2,400
- d) Rs. 1,080 receivable from H. Prakash is irrecoverable
- e) Credit purchase has been made Rs. 3,500
- f) Closing stock has been valued at Rs. 12,000
- g) Drawing by proprietor amounted to Rs. 100
- h) Furniture worth Rs. 20,000 purchased for each.

12. a) Explain the errors not detected by a Trial Balance.

b) In taking out a Trial Balance, a book keeper finds that debit total exceeds the credit total by Rs. 352. The amount is placed to the credit of a newly opened Suspense Account. Subsequently, the following mistakes were discovered. You are required to pass the necessary entries for rectifying the mistakes & show suspense account.

- i) Sales Day Book was overcast by Rs. 100.
- ii) A sale of Rs. 50 to Ram was wrongly debited to Shri Krishna.
- iii) General Expenses Rs. 18 were posted as Rs. 80.
- iv) Cash received from Shri Govind was debited to his account Rs. 150.
- v) While carrying forward the total of one page of the Purchases book to the next, the amount of Rs. 1,235 was entered as Rs. 1,325.            5 + 10

