



Name : .....

Roll No. : .....

Invigilator's Signature : .....

**CS / BBA(H) / BIRM / BSCM / SEM-3 / BBA-306 / 2009-10**

**2009**

**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) According to going concern concept a business is viewed as
- a) a limited company
  - b) an indefinite period
  - c) a very long life
  - d) none of these.
- ii) Increase of asset is
- a) Debit
  - b) Expenses
  - c) Credit
  - d) None of these.



- iii) Salary outstanding is a
- a) Personal account
  - b) Real account
  - c) Nominal account
  - d) All of these.
- iv) Which account does not appear in the Trial Balance ?
- a) Opening stock A/c      b) Closing stock A/c
  - c) Suspense A/c          d) Drawings A/c.
- v) "Goods withdrawn by the proprietor" – In this transaction which account is to be credited ?
- a) Goods A/c                  b) Purchase A/c
  - c) Proprietor's A/c          d) Cash A/c.
- vi) 'Sales Day Book was overcast by Rs. 3,000" – In this case which of the following is true ?
- a) Suspense A/c is credited
  - b) Sales A/c is debited
  - c) Both (a) & (b)
  - d) Purchase day book should be under cast by Rs. 3,000.



- vii) The economic life of an enterprise is artificially split into periodic intervals in accordance with
- a) Dual aspect concept
  - b) going concern concept
  - c) conservation concept
  - d) consistency concept.
- viii) Discount allowed for encouraging a debtor to payoff his debt within a specified period is known as
- a) Trade discount
  - b) Discount allowed
  - c) Discount received
  - d) Cash discount.
- ix) Wages of Rs. 2,000 paid for installation of a machinery, debited to Machinery Account is an of
- a) Commission
  - b) Principle
  - c) Omission
  - d) None of these.
- x) Which one of the following errors would generally be revealed by a Trial Balance ?
- a) Purchase of stationery has been entered in the Purchase Day Book
  - b) Sales of an asset has been entered in the Sales Day Book
  - c) Sales to A & Co. debited to A & Co. Ltd.
  - d) None of these.



- xi) On sale of old furniture, owner's equity will
- a) Increase
  - b) Decrease
  - c) Remain uncharged
  - d) May or may not change.
- xii) Which of the followings is known as deferred revenue expenditure ?
- a) Outstanding salary      b) Prepaid advertisement
  - c) Closing stock              d) Purchase of goods.

**GROUP – B**

**( Short Answer Type Questions )**

Answer any *three* of the following.      3 × 5 = 15

2. Distinguish between capital expenditure and revenue expenditure ?
3. 'Every debit must have a corresponding credit'. Explain.
4. Is there any difference between provision and reserve ?
5. Distinguish between diminishing balance method and straight line method of depreciation.
6. Differentiate in bullet points the concept of Reserve and Provisions.



**GROUP – C**

**( Long Answer Type Questions )**

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

7. Mr. Sourav started a business called 'Souravs' on 1st March, 2007, with Plant and Machinery Rs. 50,000 ; Furniture Rs. 20,000 : Building Rs. 60,000 and Cash Rs. 90,000.

Analyse and journalise the following transactions for the month of March. Prepare Ledger Accounts and ascertain the balances in the books of Mr. Sourav : 15

**2007 March**

**Rs.**

4	Purchases goods on credit from Mr. Kumble	45,000
7	Sold goods for cash	75,000
12	Cash deposited into bank	85,000
15	Purchased machinery for cash	15,000
16	Sold goods in credit to Mr. Mishra	35,000
18	Goods return to Mr. Kumble	2,500
25	Received cheque from Mr. Mishra and deposited into bank	25,000
28	Paid to Mr. Kumble by cheque	25,000
31	Paid salary for the month of March	10,000.



8. State the decision making utility of Accounting. Explain objectives and limitations of accounting. Discuss the relationship of accounting with

i) Economics

ii) Statistics

iii) Mathematics

iv) Mangement.

5 + 4 + 6

9. a) State briefly the differencet causes of depreciation.

b) An enterprises purchased some machineary on 1st April, 2004 for Rs. 3,70,000 and installed at a cost of Rs. 30,000. On 1st October, 2005, it purchased another machine for Rs. 1,00,000 and on 1st October, 2006, it sold off the first machine purchased in 2004 for Rs. 2,80,0000. On the same date it purchased a machinery for Rs. 2,50,000. On 1st October, 2007, the second machine purchased for Rs. 1,00,000 was solid for Rs. 20,000.

Deprecision was provided on machinery @10% p.a. on the original cost each year on 31st March. Prepare a Machinery Account for the preiod of 2004 to 2008.

5 + 10



10. From the following Trial Balance of Mr. Manjeet and additional information prepare Trading A/c and Profit & Loss A/c for the year ended 31.3.2009 and Balance Sheet as on that date :

15

<b>Particulars</b>	<b>Amount Rs.</b>	<b>Particulars</b>	<b>Amount Rs.</b>
Furniture	20,000	Capital	1,00,000
Purchases	1,50,000	Interest Earned	4,000
Debtors	2,00,000	Purchase Return	3,21,000
Salaries	30,000	Sales	5,000
Wages	20,000	Creditors	1,20,000
Rent	15,000	Provision for Bad debt	6,000
Sales Return	10,000	Provision for Depreciation	2,000
Bad debt	7,000		
Drawings	24,000		
Printing & Stationary	8,000		
Insurance	12,000		
Opening Stock	50,000		
Office Expenses	12,000		
<b>Total</b>	<b>5,58,000</b>		<b>5,58,000</b>

Additional information :

- i) Depreciate furniture by 10% on original cost.
- ii) A provision for doubtful debt is to be created to the extent of 5% on debtors.
- iii) Salaries for the month of March, 2009 amounting to Rs. 3,000 were unpaid which must be provided for. However, salaries included Rs. 2,000 paid in advance.

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- iv) Closing stock Rs. 60,000
- v) Stock used for private Rs. 6,000
- vi) Provide for outstanding office expenses Rs. 8,000
- vii) A new furniture purchased for Rs. 8,000 on 1.10.2008 but recorded in the Purchase Day Book.
- viii) Wages include Rs. 2,000 being paid for installation of the above furniture.

11. Write notes on any *three* of the following :

3 ∞ 5

- a) Generally Accepted Accounting Principles ( GAAP )
- b) Cash Discount and Trade Discount
- c) Deferred Reverse Expenditure
- d) Errors of Omission and Commission
- e) Cash Flow Measurement
- f) Sum of the Year's Digits Method.

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