



Name :

Roll No. :

Invigilator's Signature :

**CS/BBA (H), BIRM, BSCM/SEM-3/BBA-306/2011-12
2011**

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) Example of fundamental accounting assumption is
 - a) materiality
 - b) business entity
 - c) going concern
 - d) dual aspect.
- ii) For a management institute, the Maruti car owned by it is its
 - a) current asset
 - b) fixed asset
 - c) intangible asset
 - d) none of these.
- iii) A withdrawal of cash from bank for office use should be debited to
 - a) Bank a/c
 - b) Cash a/c
 - c) Drawings a/c
 - d) all of these.



- iv) 'Freight Outward' features in
- a) Trading a/c
 - b) Profit & Loss a/c
 - c) Balance Sheet
 - d) none of these.
- v) Purchase of furniture on credit is recorded in
- a) sales day book
 - b) purchase day book
 - c) journal
 - d) none of these.
- vi) Which of the following comes under credit column of the Trial Balance ?
- a) Carriage inward
 - b) Carriage outward
 - c) Sales return
 - d) Purchase return.
- vii) Capital expenditure wrongly treated as revenue is an example of
- a) errors of commission
 - b) errors of omission
 - c) errors of posting
 - d) errors of principle.
- viii) Income tax paid by the proprietor on his business income should be
- a) debited to the Trading Account
 - b) debited to the P & L A/c
 - c) deducted from Capital A/c in the Balance Sheet
 - d) none of these.
- ix) Cash A/c is an example of
- a) Nominal a/c
 - b) Real a/c
 - c) Personal a/c
 - d) mix of Real and Nominal accounts.



- x) An example of deferred revenue expenditure is
- a) purchasing of land and building
 - b) wages paid
 - c) advertisement
 - d) payment of insurance premium.
- xi) Closing stock is valued at
- a) cost price
 - b) market price
 - c) cost and market price whichever is less
 - d) all of these.
- xii) Wages due for the next month will appear
- a) in the debit side of cash book
 - b) in the credit side of cash book
 - c) as a contra-entry
 - d) nowhere in cash book.

GROUP - B

(Short Answer Type Questions)

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

2. Distinguish between Cash Discount and Trade Discount.
3. What is depreciation ? State briefly the different causes of depreciation.
4. "No provision of suspense account is present in computerized accounting." State the reasons in brief.
5. Explain the nature of accounts featured in a triple column cash book.
6. Briefly state the objectives of drafting GAAP.

**GROUP - C****(Long Answer Type Questions)**Answer any *three* of the following. $3 \times 15 = 45$

7. What do you mean by financial reporting ? Which are the final financial statements the companies send to their shareholders ? Elucidate with example the various users and uses of accounting information.
8. Prepare Trading and Profit & Loss A/c for the year ended on 31. 03. 2011 and a Balance Sheet as on that date after considering the adjustments that follow :

Particulars	Debit (Rs.)	Credit (Rs.)
Stock (01. 04. 2010)	60,000	—
Drawings	22,000	—
Trade expenses	1,350	—
Salaries	11,200	—
Advertising	840	—
Discount	600	—
Bad debts	800	—
Business premises	12,000	—
Furniture & fittings	10,000	—
Cash	2,060	—
Capital	—	70,000
Purchases returns	—	2,600

Contd....



Particulars	Debit (Rs.)	Credit (Rs.)
Purchases	1,50,000	—
Sales returns	5,400	—
Wages	7,000	—
Conveyance charges	1,320	—
Rent, rates & taxes	5,600	—
Interest	430	—
Plant	20,000	—
Sundry debtors	92,000	—
Sales	—	2,50,000
Sundry creditors	—	60,000
Bank overdraft	—	20,000
Total	4,02,600	4,02,600

Additional information :

- i) Stock (31. 03. 2011) Rs. 90,000.
- ii) Outstanding rent Rs. 500 and outstanding wages Rs. 400.
- iii) Prepaid insurance and salaries amount to Rs. 300 and Rs. 700 respectively.
- iv) Further bad debts incurred Rs. 800.
- v) Create provision for bad debts @ 5% on debtors.
- vi) Provide depreciation on business premises @ 2.5% plant @ 7.5%, furniture @ 10%.



9. A Ltd. purchased on 01. 01. 2007, a second-hand plant for Rs. 30,000 and immediately spent Rs. 20,000 on overhauling it. On 01. 07. 2007 an additional plant costing Rs. 25,000 was purchased. On 01. 07. 2009, the plant purchased on 01. 01. 2007, became obsolete and was sold for Rs. 10,000. On that date a new machinery was purchased at Rs. 60,000.

Depreciation was provided for annually on 31st December @ 10% p.a. on original cost of assets. In 2010, however, the company changed this method of providing for depreciation and adopted the method of writing off 15% on Diminishing Value Method.

Show the Machinery Account as it would appear in the books of company for years 2007 to 2012.

10. From the following particulars, pass the proper adjustment entries. The business closed its accounts on 31st December, 2011.
- a) Plant valued at Rs. 10,000 is to be depreciated by 10%.
 - b) Insurance premium has been paid up to 31st March, 2012 @ Rs. 1,800.
 - c) Outstanding wages for the year amounted to Rs. 2,000.
 - d) Balance due from X is irrecoverable Rs. 500.
 - e) Interest on investments (face value being Rs. 20,000) @ 10% p.a. becomes due for 6 months.



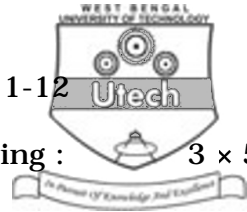
- f) Closing stock cost price of which is Rs. 5,000 whereas market value at present is Rs. 3,000.
- g) Rent received in advance for three months (Annual rent being Rs. 1,200).
- h) Goods valued Rs. 1,000 was distributed by way of advertisement.
- i) Goods purchased but in transit Rs. 2,000.
- j) Stock worth Rs. 5,000 was lost by fire, a claim of Rs. 2,000 received from insurance company. $10 \times 1\frac{1}{2}$

11. The following figures appear in the books of Mr. X :

2009	Rs.
June 1 Provision for doubtful debts	1,350
Provision for discount allowed	620
Bad debt written off during the year	395
Discount allowed during the year	845
Bad debts recovered during the year	75
2010	
May 31 Sundry debtors	11,170

Write off further Rs. 240 (judged completely irrecoverable).
 Maintain the provision for doubtful debts @ 10% and provision for discount allowed @ 2%. You are required to show the bad debts account, provision for doubtful debt account, discount allowed account and provision for discount allowed account for the year 2009-2010.

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12. Write short notes on any *three* of the following : 3 × 5

- a) External and internal user of accounting information
- b) Classification of accounts
- c) Business entity concept
- d) Difference between journal and ledger
- e) Balance sheet
- f) Obsolescence.

