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25(1) FIAC 106

2007

FINANCIAL ACCOUNTING

Paper : 106

Full Marks : 70

Pass Marks : 28

Time : Three hours

*The figures in the margin indicate full marks
for the questions.*

Answer any five questions.

1. Journalise the following Transactions : 14
2007
- Jan 1 Mr. Dhoni Started business with cash Rs. 1,00,000, furniture Rs. 40,000, Building Rs. 60,000 and stock Rs. 5,000.
- ” 2 Opened a Bank A/c with UCO Bank with Rs. 25,000

Contd.

- Jan 3 Bought goods valued Rs. 2,000 from Hira and paid Rs. 800 in cash and Rs. 1100 by cheque and Rs. 100 as discount.
- " 5 Mr. Dhoni borrowed Rs. 50,000 from his friend Ranjan.
- " 7 Sold goods: to Jadav Rs. 1,000, to Kiran Rs. 500 and to Dravid Rs. 1,500
- " 12 Received Rs. 750 from Deepak in full settlement of his account for Rs. 1,000 and the balance was written off as Bad debt.
- " 13 Issued a cheque in favour of Tata Co. on account of purchase of goods worth Rs. 5,000.
- " 16 Paid Rs. 2,500 in cash as wages for the installation of Machinery.
- " 20 Sold goods to Preety at a list price of Rs. 5,000. Sales subject to 10% T.D. and 5% C.D., if payment is made immediately. Preety availed of Cash discount.
- " 21 Goods destroyed by fire Rs. 5,000 and Insurance claim received is Rs. 3,000.
- " 22 Goods distributed as free samples worth Rs. 500

- Jan 24 Purchased 1000 shares of Rs. 10 each in RII. by cheque for investment purpose.
- " 28 Goods sold to Chandan for Rs. 20,000 and charged 10% salestax (VAT) and deposited the sales tax with the Government by cheque at month end.

2. (i) From the following transactions prepare a Cash Book with Cash and Bank columns only : 8

January, 2007

- 1 Opening Balance cash Rs. 12700 Bank Rs. 9000
- 5 Cheque received from Abhi Rs. 4,000.
- 9 Cheque received from Rahul Rs. 5,000 and sent to Bank for collection on Jan. 11.
- 14 Cheque issued to Rahul Rs. 3,000.
- 15 Cheque received from Kishan for Rs. 5,000 and the same is endorsed in favour of Kamal.
- 18 Cheque received from Kishan was dishonoured.
- 22 Cash Sales Rs. 4800.
- 31 Cash deposited in Bank Rs. 3000.

Handwritten calculation:
 5000
 - 500

 4500
 - 225

 4275

- (ii) Bring out the points of difference between Cash and Mercantile system of Accounting.

6

3. The following is the Trial Balances of Mr. Mahesh as on 31.12.2006. Prepare on Trading and Profit & Loss A/c for the year 2006 and Balance Sheet as at 31.12.2006.

14

Particulars	Dr.(Rs)	Cr (Rs.)
Purchases	1,80,000	
Opening Stock	10,000	
Salary	5,400	
Rent @ 250 P.M.	2,750	
Machinery	30,200	
Furniture	8,000	
Trade Expenses	2,050	
Debtors	10,500	
Interest on Loan	900	
Building	30,200	
Sales		2,05,000
Loan (10% Interest)		10,000
Creditors		15,000
Capital		55,000
Drawings	5,000	
Total	2,85,000	2,85,000

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LP 4100
MA 21220
B/S 96070

Additional Information :

- (a) Purchases include cost of Scooter of Rs. 10,000.
- (b) Proprietor has taken goods for his personal use of Rs.1,000 for which no entry has been made.
- (c) Sundry Debtors include Rs. 500 which has become bad.
- (d) Provide 10% provision for Bad debts.
- (e) Provide Depreciation @ 10% on Machinery, furniture and Scooter and @ 5% on Building.
- (f) Closing stock was 15,000.

4. The following is the Trial Balance of Vishal Industries Ltd. as on 31.3.2007.

14

Accounts	Dr(Rs.)	Cr(Rs.)
Stock on 1.4.06	6,75,000	
Sales		30,60,000
Wages	2,70,000	
Share Capital (Authorised Capital of 2,00,000 shares of 10 each)		9,00,000

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Contd.

Accounts	Dr(Rs.)	Cr(Rs.)
Discount		27,000
Purchases	22,05,000	
Carriage inward	8,550	
Purchase Returns		90,000
Patent & Trade Mark	43,200	
Salaries	67,500	
Sundry Expenses	63,450	
Rent	36,000	
Debtors & Creditors	2,92,500	2,20,500
Plant & Machinery	2,61,000	
Furniture & Fittings	1,53,000	
Cash at Bank	4,15,800	
General Reserve		1,39,500
Profit & Loss Account		54,000
31st March 2006.		
Total	44,91,000	44,91,000

Further information are as under :

- (a) Stock on 31.3.2007, was 7,92,000.
- (b) Depreciate Plant & Machinery @ 15% & furniture @ 20%.
- (c) Make a Provision for Income Tax @ 30%.

(d) The Board of Directors proposed a dividend @ 10% for the year ended 31.3.2007 after transfer to General Reserve @5% of after-tax profit.

5. (i) What do you understand by 'Special purpose' books or 'Subsidiary Books'? Name *four* special purpose books and state the types of transactions recorded in each of them. 7

(ii) "The Cash Book serves the purpose of both Journal and Ledger Account". Explain. 7

6. (i) Explain the reasons for which the balance as shown by 'Bank statement' or 'Pass Book' does not agree with the balance as shown by the bank column of the Cash Book. 7

(ii) Explain the Accounting Principle of 'Duality' and 'Matching' in brief. 7

7. (i) List the errors

(i) disclosed by the Trial balance, and

(ii) not disclosed by the Trial balance.

Explain them briefly. 7

