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47(2) FIAC 2-4

2011

FINANCIAL ACCOUNTING

Paper : 2-4

Full Marks : 80

Time : Three hours

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

1. Fill in the blanks : 1×5=5
- (a) An Income and Expenditure Account is prepared by _____ organisations.
- (b) In _____ we record all those transactions which cannot be suitably recorded in any special journal.
- (c) A contra-entry appears on both sides of _____.
- (d) Going-concern concept states that a firm will continue to exist for _____ period.
- (e) Assets = Liabilities + _____.

Contd.

2. Answer the following in *one* sentence : $1 \times 5 = 5$

- (a) What is cash-discount?
- (b) What is a petty cash-book?
- (c) What is a journal?
- (d) What is Receipts and Payments Account?
- (e) What is capital?

3. Answer briefly : $2 \times 5 = 10$

- (a) What is GAAP? Explain.
- (b) What do you mean by rectification of errors?
- (c) What is ledger posting?
- (d) What is a trial-balance?
- (e) State *two* objectives of financial accounting.

4. Answer the following : (*any two*) $2 \times 5 = 10$

- (a) Differentiate between a journal and a ledger.
- (b) What are the books of accounts to be maintained by a company?

(c) How many types of special journal are there? Explain.

Prepare a Bank Reconciliation Statement of Mr. Nath on 31-03-11 with the following particulars : 5

(i) Cash Book showed a debit balance of ₹ 8000 as on 31-03-11.

(ii) Cheques of ₹ 2,500 were deposited into bank but were not collected by bank.

(iii) Cheques of ₹ 2,200 were deposited and collected by the bank but were not recorded in the cash-book.

(iv) Interest on deposit credited by the bank not recorded in Cash Book ₹ 100.

(v) Customer deposited directly into bank ₹ 2000.

(vi) Insurance premium was paid and debited by the bank ₹ 500 but it was not recorded in the cash-book.

6. Enter the following transactions in a Triple Column Cash Book of Mr. Das and balance the same as on 31st of March, 2011 :

2011		₹
March 1	Cash in hand	3,000
	Cash at bank	36,000
March 5	Cash Sales	20,000
	Discount allowed	200
March 10	Withdrew cash from bank for office use	5,000
March 15	Rent paid by cheque	2,500
March 20	Deposited into bank	9,000
March 22	Received cheque from Mr. Sarma of ₹ 10,000, which was deposited into bank on the same day.	
March 30	Salaries paid ₹ 4,000.	

7. From the following Receipts and Payments Account for the year ended 31-03-2011 and other details of Commercian's Club, prepare an Income and Expenditure Account for the year ended 31-03-2011 :

Receipts	Amount ₹	Payment	Amount ₹
Cash in hand on 1-4-10	10,000	Salaries	12,000
<u>Subscriptions</u>		Honorarium	3,000
2009-10	900	Travelling Expenses	2,000
2010-11	19,000	Sports Expenses	5,000
2011-12	1,000	Investments	10,000
Sale of Newspaper	100	Construction of building	7,000
Life membership fees	5,000	Rent	2,000
Donation	6,000	Scholarship for Sports	1,000
Donation for building	8,000	<u>Balance c/d</u>	
Interest	200	Cash in hand	11,200
Maintenance Grant	2,000		
Sale of furniture	1,000		
Total	53,200	Total	53,200

Other details :

- (i) Outstanding salaries ₹ 1,000
(ii) Subscriptions outstanding ₹ 2,000
(iii) Subscriptions for 2009-10 received in 2010-11 ₹ 200

8. (a) What do you mean by accounting information? What are the sources of accounting information? Also, state any four contents of a corporate annual report.

Or

- (b) Why is a Bank Reconciliation Statement prepared? State the causes of disagreement of bank balance as per Cash Book and Pass Book.

9. (a) State the rules of debit and credit under the American Approach.

- (b) Pass the necessary rectification entries for the following errors :

- (i) Purchase of machinery wrongly debited to Purchases Account ₹ 10,000
(ii) Purchase Return of ₹ 500 omitted to be recorded.

- (a) Pass the necessary journal entries for the following :

- (i) Wages ₹ 1,000 paid by the proprietor from his personal cash.
(ii) Goods worth ₹ 100 distributed as free samples.
(iii) Outstanding salary ₹ 10,000
(iv) Paid rent to the landlord, Mr. Dutta, by cheque ₹ 5,000.

- (b) From the following transactions of Sharma Furniture House, prepare the Sales Journal for the month of January : 2011

- Jan 5 Sold on credit to Hojai Furnico :
100 tables @ ₹ 250 each
100 chairs @ ₹ 15 each
less 10% trade discount.
- Jan 15 Sold to Todi Furniture Stores :
50 stools @ ₹ 150 each
100 chairs @ ₹ 100 each
- Jan 20 Sold to M/s. Lahkar Furniture Palace for cash :
50 tables @ ₹ 400 each
- Jan 30 Sold on credit to Pathak Brothers one old typewriter for ₹ 400.

11. From the following Trial Balance of M/s. Chakraborty Enterprises you are required to prepare Trading & Profit and Loss Account for the year ending 31st March, 2011 : 3+2+3=8

Trial Balance

Debit balance	Amount ₹	Credit balance	Amount ₹
Opening Stock	7,000	Sales	1,14,000
Purchases	58,000	Purchases Returns	1,500
Carriage Inward	1,500	Sundry Creditors	12,000
Wages	12,000	Capital	1,50,000
Sales Return	2,250	Commission	2,500
Rent	6,000		
Discount	1,000		
Cash in hand	9,000		
Cash at bank	47,000		
Furniture	14,000		
Sundry Debtors	16,000		
Drawings	4,000		
Buildings	80,000		
Salaries	19,250		
Bills Receivables	3,000		
Total ₹	2,80,000	Total ₹	2,80,000

Additional information :

- (i) Closing stock on 31.3.2011 was ₹ 20,000.
(ii) Furniture is to be depreciated by 5% per annum.
(iii) Prepaid Rent ₹ 1,000.