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47 (2) FIAC 2.4

2013

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 (choose the proper alternative)
10×1=10
- (a) In every transaction at least _____ parties are involved. (three / two)
 - (b) Depreciation is provided on _____ assets. (fixed / current)
 - (c) Purchase of an old asset on credit is recorded in _____. (purchase journal / journal proper)
 - (d) An item of ₹ 253 has been debited to a personal account as ₹ 235. It is an error of _____ (principle / posting).

Contd.

(e) Cash discount is allowed to encourage _____ (prompt payment / cash requirements)

(f) Cash column of cash book cannot show _____ balance. (debit / credit)

(g) Liabilities + Capital = _____. (Assets / Expenses)

(h) In accounting only those transactions can be recorded which have _____ value. (monetary / capital)

(i) Subscription received in advance is _____. (an asset / a liability)

(j) Contra-entry appears on both sides of _____. (trial-balance / cash book)

2. Answer the following : 5×2=10

(a) Define accounting.

(b) What do you mean by ledger posting ?

(c) What do you mean by double entry system of book-keeping ?

(d) What is a trial balance ?

(e) What is accounting information ?

Answer the following (any four) : 4×5=20

(a) What are the main causes of disagreement between bank balance as per pass book and cash book ? Explain.

(b) Journalise the following transactions :

(i) Purchased machinery from Mr. Ojah in cash for ₹ 10,000.

(ii) Sold goods on credit to Ramesh for ₹ 560.

(iii) Goods worth ₹ 120 distributed as free samples.

(iv) Outstanding salaries ₹ 5000.

- (c) Record the following transactions in the Purchases Day book of M/s Sharma Stationaries :

2013

Feb. 1. Purchased from M/s Pathak & Co on credit.

5 gross pencils @ ₹ 100 per gross

1 gross register @ ₹ 200 per dozen

less : Trade discount @ 10%

Feb. 2. Purchased for cash from Dipjyoti Stores :

10 dozen exercise books at ₹ 60 per dozen.

Feb. 3. Purchased computer for office use from Lahakar Accessories for ₹ 4000.

Feb. 4. Purchased on credit from Dutta Papers Ltd.

5 reams of white paper at ₹ 100 per ream.

10 reams of ruled paper at ₹ 65 per ream.

less : Trade discount @ 10%.

- (d) Distinguish between Receipts & Payments Account and Income & Expenditure Account.

- (e) Explain the different types of errors that take place while recording transactions in the books of accounts.

- (f) Prepare a Bank Reconciliation Statement of Mr. Das on 31.03.2013 with the following particulars :—

(i) Cash Book showed a debit balance of ₹ 10,000 on 31.03.2013.

(ii) Cheques of ₹ 2500 were deposited into bank but were not collected by bank till 31.03.2013.

(iii) Customer deposited directly into bank ₹ 2000.

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

(v) Insurance Premium was paid and credited by the bank ₹ 500 but it was not recorded in the cash book.

4. Given below is the Receipts and Payments Account of Star Sporting Club for the year ended 31st March, 2013.

Receipts & Payments Account

Dr

Receipts	Amount (in ₹)	Payments	Amount (in ₹)
To Balance b/d		By Salaries	4,000
Cash in hand	300	By Electric charges	300
Cash at bank	3,700	By Rent	800
To Entrance fees	400	By Printing and Stationery	500
To Subscriptions		By Furniture purchased	4,000
for 2011-12	1,000	By Investments	
for 2012-13	9,000	(@ 12% p.a. purchased on 1.7.2012)	6,000
for 2013-14	1,400	By Sundry Expenses	1,000
To Interest on Investments	400	By Balance c/d	
To Hire of lecture hall	2,400	Cash in hand	200
		Cash at bank	1,800
	18,600		18,600

Prepare an Income and Expenditure Account for the year ended 31st March, 2013 after considering the following additional information :

- (1) On 31st March, 2013 salary outstanding was ₹ 800 and subscriptions accrued were ₹ 600.

- (2) Depreciate furniture @ 10% p.a.

- (3) On 1st April, 2012 the club possessed furniture valued ₹ 6,000 and ₹ 400 on account of salary was outstanding.

Prepare a Three Column Cash Book in the books of Todi Commercial with the following transactions :—

Date	Description	Amount
2013		
Mar 1	Started business with cash	₹ 25,000
Mar 2	Deposited cash into bank	₹ 10,000
Mar 3	Bought goods by cheque	₹ 150
Mar 4	Bought goods by cheque	₹ 500
Mar 4	Received cheque from Ram and allowed him discount	₹ 25
Mar 10	Sold goods for cash	₹ 500
Mar 12	Deposited cash and Ram's cheque into bank	₹ 300
Mar 13	Paid Hari by cheque	₹ 500
Mar 13	Discount received	₹ 545
Mar 25	Paid rent by cheque	₹ 5
Mar 28	Drew from Bank for office use	₹ 500
Mar 30	Paid wages in cash	₹ 200
Mar 30		₹ 400

Contd.

6. Answer *any two* from the following : 2x6=12

- (a) What do you mean by GAAP? Also, explain the 'going concern concept' of accounting.
- (b) What are the books of accounts to be maintained by a company? Distinguish between a journal and a ledger.
- (c) From the following balances taken from the books of Mr. Phukan as on 31st March, 2013 prepare a trial balance (assuming sales to be the balancing figure) :

	₹
Cash	15,000
Sundry Debtors	24,000
Salaries & Wages	6,000
Capital	74,200
Freight	5,000
Discount earned	600
Furniture	4,000
Sundry Creditors	5,000
Drawings	5,000
Returns outwards	2,000
Cash at bank	18,000
Machinery	30,000
Returns Inward	2,300
Purchases	32,500

The following is the Trial Balance of Sri-A. Nath. You are required to prepare a Trading and Profit and Loss Account for the year ended 31.03.2013 and a Balance Sheet as on that date : 12

Debit	Amount ₹	Credit	Amount ₹
Stock (Opening)	4,000	Sales	58,000
Purchases	40,000	Purchases Return	1,900
Carriage	400	Creditors	10,000
Sales Returns	600	Capital	8,300
Wages & Salaries	4,800	Bills Payable	9,000
Rent	1,800	Sundry Receipts	800
Discount	1,000		
Repairs	300		
Sundry Expenses	1,000		
Cash in hand	3,000		
Furniture	8,000		
Debtors	15,600		
Drawings	6,000		
Taxes & Insurance	1,500		
	88,000		88,000

The following adjustments are to be made :

- (i) Closing Stock ₹ 7000
- (ii) Rent includes ₹ 300 paid in advance
- (iii) Wages outstanding ₹ 500
- (iv) Furniture to be depreciated by 10% p.a.