



Name :

Roll No. :

Invigilator's Signature :

CS/BSM(N)/SEM-3/BSM-303/2011-12

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) GAAP means
 - a) Globally Accepted Accounting Principles
 - b) Guidelines About Accepted Procedure
 - c) Generally Accepted Accounting Principles
 - d) Generally Accepted Accounting procedures.

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- ii) According to the structure of GAAP accounting principles are subdivided as
- a) principles & practice
 - b) concepts & conventions
 - c) assumptions, concepts & conventions
 - d) practices & standards.
- iii) The reports generated by financial accounting includes
- a) Profit & Loss Account & Balance Sheet
 - b) Statement of changes in financial position
 - c) Both (a) & (b)
 - d) None of these.
- iv) is known as book of original entry.
- a) Journal
 - b) Ledger
 - c) Cash book
 - d) Trial balance.
- v) A summary statement of all transactions related to a person, asset, expense or income is
- a) Journal
 - b) Ledger
 - c) Trial balance
 - d) None of these.



- vi) An artificial account in which difference in trial balance is placed is called
- a) Temporary account b) Rectification account
c) Suspense account d) Ledger account.
- vii) records goods returned to suppliers & records goods returned by customers.
- a) Return outward & return inward
b) Return inward & return outward
c) Purchase day book & sales day book
d) None of these.
- viii) Anticipate no profits but provide for all possible losses is stated under
- a) money measurement concept
b) consistency concept
c) accrual concept
d) conservatism concept.
- ix) Machinery A/c is
- a) Personal A/c b) Real A/c
c) Nominal A/c d) Expense.

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- x) Goods purchased on credit worth Rs. 5,000, will be recorded as
- a) Goods A/c Dr. & Purchase A/c Cr.
 - b) Goods A/c Dr. & Creditors A/c. Cr
 - c) Purchase A/c Dr. & Cash A/c. Cr.
 - d) none of these.
- xi) Which of the following equations properly represents a derivation of the fundamental accounting equation ?
- a) Assets + liabilities = owner's equity
 - b) Assets = owner's equity
 - c) Cash = assets
 - d) Assets – liabilities = owner's equity.

GROUP – B

(Short Answer Type Questions)

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

2. Record the following in cash book and determine the closing cash balance :
- Commenced business with cash Rs. 20,000
 - Bought goods with cash Rs. 5,000
 - Sold goods for cash Rs. 4,000
 - Goods purchased from Ravi Kumar Rs. 10,000
 - Paid to Ravi Kumar Rs. 7,000
 - Cash sales Rs. 8,000
 - Purchased furniture for office Rs. 4,000
 - Paid rent Rs. 1,100
 - Paid salary Rs. 900
 - Withdrew for personal purpose Rs. 1,000
 - Received commission Rs. 4,000.



3. 'Every debit has an equivalent credit.' Explain
4. State the difference in not more than three sentences each between the following :
 - a) Provision & Reserves
 - b) Bad debts & Doubtful debts.
5. Pass the necessary journal entries to rectify the following errors :
 - a) Purchase book is overcast by Rs. 1,000
 - b) Sales made to B Rs. 1,000 was wrongly entered in the Purchase book
 - c) Purchase of furniture Rs. 4,200 was wrongly entered in Purchase book.
6. What is trial balance ? State its importance.

GROUP – C

(Long Answer Type Questions)

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

7. Write short notes on any *three* of the following :
 - a) GAAP
 - b) Errors not disclosed by trial balance
 - c) Journal & its subdivisions
 - d) Diminishing balance method of depreciation
 - e) Capital expenditure & revenue expenditure.
8. While preparing the trial balance, credit showed an excess of Rs. 481, which was transferred to a Suspense A/c. On scrutiny following errors were discovered. Pass necessary journal entries with proper narration to rectify the errors & show the Suspense A/c.
 - a) A credit item of Rs. 83 has been debited to Personal A/c as Rs. 38.
 - b) A sum of Rs. 62 written off as depreciation of furniture has not been posted in the depreciation.
 - c) Purchase of furniture Rs. 1,000 has been recorded in Purchase book.

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- d) A discount of Rs. 51 allowed to a customer has been credited to his A/c as Rs. 15.
- e) Return inward is undercast by Rs. 8.
- f) A sale of Rs. 68 was posted as Rs. 86 in the Sales A/c.
- g) Sales day book was overcast by Rs. 600.
- h) Rs. 50 received from R. Sen has been debited in the cash book but not recorded in his book.

9. From the following trial balance as on 31. 3. 2011, prepare the Trading and Profit & Loss A/c for the year ended & the Balance Sheet as on that date taking into account the adjustments given :

Debit	Rs.	Credit	Rs.
Drawings	6,000	Capital	90,000
Plant & machinery	20,000	Sundry creditors	10,000
Addition to plant	5,000	Sales	1,10,000
Stock (1. 4. 2010)	15,000	Returns outwards	1,000
Purchase	82,000	Reserve for bad debts	400
Debtors	20,600	Discount	800
Returns inwards	2,000	Interest	1,200
Furniture & fixtures	5,000		
Freight & duty	2,000		
Carriage outward	500		
Rent, rates & taxes	4,600		
Printing & stationery	800		
Trade expenses	400		
Postage	800		
Insurance	700		
Salary & wages	21,300		
Cash in hand	6,200		
Cash at bank	20,500		
	2,13,400		2,13,400



Adjustments :

- a) Stock on 31. 3. 2011 was Rs. 14,600
 - b) Rs. 600 occurred as bad debt
 - c) Reserve for bad debts is to be maintained @ 5% on debtors.
 - d) Create reserve for discount on debtors @ 2%.
 - e) Depreciate furniture & fixtures @ 5% & plant & machinery @ 20% p.a.
 - f) A fire occurred on 25. 3. 11 in the godown & stock worth Rs. 5,000 was destroyed. It was fully insured & the insurance company admitted the claim in full.
10. A company purchased machinery on 1. 4. 2007 for Rs. 3,70,000 & spent Rs. 30,000 for installation.
On 1. 10. 2008 another machine worth Rs. 1,00,000 was purchased.
On 1. 10. 2009 the first machine was sold off for Rs. 2,80,000 & a new machine was purchased for Rs. 2,50,000.
On 1. 10. 2010 the second machine was sold for Rs. 20,000.
In the beginning depreciation was provided @ 10% p.a. on the original cost each year on 31st March. From 2008 - 2009 diminishing balance method was adopted @ 15% p.a.
Show the Machinery A/c for 2007 - 2011.
11. State the importance of having a depreciation policy in a sports management company maintaining a stadium and a practice ground.
What are the different methods of depreciation used by companies in our country ?

