

Student's Roll No.		-			-			-				
--------------------	--	---	--	--	---	--	--	---	--	--	--	--



**1st SEMESTER EXAMINATION – BBA
NOV – DEC 2009**

**FINANCIAL ACCOUNTING
(HONOURS)**

FIAA3101

(NEW SYLLABUS)

Saturday, December 19, 2009

09:30 am to 11:30 am

Time allowed: 2 hours

Full Marks: 50

Instructions:

- Use fountain pen or ball-point pen of blue or black ink.
- Answer in own words as far as practicable.
- Do not write anything on the Question paper other than Roll No.

GROUP - A

1. Answer **any five** questions:

[5 x 2 = 10]

- (i) What is 'Generally Accepted Accounting Principles'? (GAAP)
- (ii) What is meant by 'Prior Period Item' as per AS_5?
- (iii) Distinguish between Provisions & Reserves (any two points).
- (iv) From the following data calculate VAT payable:
Purchases (excluding 12.5% VAT) Rs.40,000; wages Rs.12,000; Overheads Rs.16,000;
Profit Rs.12,000; Sales (excluding 12.5% VAT) Rs.80,000.
- (v) An old machine standing in the books at Rs.400 on 1.4.09 was disposed of at the beginning of the year at Rs.350. Give the journal entry.
- (vi) Give two examples of 'Events occurring after the B/S date' under the relevant Indian accounting Standard.
- (vii) From the following transactions ascertain the amount to be transferred to Profit & Loss A/c in respect of stationery.

2007		<u>Rs.</u>
Jan 1	Stock in hand	500
March 10	Purchase of stationery on credit from XYZ Co.	1,500
Nov 15	Purchase of stationery in cash	300
Dec 20	Purchase of stationery by cheque	700
Dec 31	Stock in hand	300

GROUP - B

Answer **ANY FOUR** Questions:

2. What is Accounting? Explain why 'Accounting is regarded as language of business'. [2+8=10]
3. O. P. Limited., which depreciates its machinery at 10% on Diminishing Balance Method, had on 1st January, 2008, Rs.9,72,000 to the debit of Machinery Account. During the year 2008 part of the machinery purchased on 1st January 2006 for Rs.80,000 was sold for Rs.45,000 on 1st July, 2008 and a new machinery at a cost of Rs.1,50,000 was purchased and installed on the same date, installation charges being Rs.8,000. The Company wanted to change its method of depreciation from Diminishing Balance method to Straight line method with effect from 1st January, 2006 and adjust the difference in the accounts for 2008. The rate of depreciation remains the same as before.
Show the Machinery Account for the year 2008. [10]
4. The Trial Balance of M/s. Ghosh Brothers Co. at 31.3.2009 did not agree. The accountant placed the difference to the Suspense Account newly opened. Later on the following errors, arising in 2008-09 were detected:
 - (a) An item of purchase of Rs.162 was recorded in the Purchase Day Book as Rs.62 and posted to the debit of the Supplier's Account as Rs.26.
 - (b) Sales Day Book was overcast by Rs.100 in January, 2009.
 - (c) Furniture Purchased for Rs.2,500 in cash was posted to the Purchase Account in the Ledger.
 - (d) Credit Sale of Rs.97 was posted to the credit of the Customer's Account as Rs.79.
 - (e) Rs.50 allowed as cash discount to a trade debtor was not debited to the Discount Account.

Show the necessary journal entries to rectify the above errors.

[2x5]

5. On 31.12.2008 the Bank column of Cash Book of Mr. D shows a debit balance of Rs.920. On examination of the Cash Book and the Bank statement you find that:

- (i) Cheques amounting to Rs.1200 issued before Dec 31 and entered in Cash Book were not presented for payment till date.
- (ii) Cheques of Rs.250 entered in Cash Book as sent to Bank on Dec 31 were entered into the Bank statement after that date.
- (iii) Bank charged commission of Rs.40 and interest on loan Rs.30 not yet entered in Cash Book.
- (iv) Dividend of Rs.180 collected by the Bank has not been entered in the Cash Book.
- (v) Bank charges recorded twice in cash book Rs.25.

From the above details find out the correct balance of the Cash Book and then prepare a Bank Reconciliation Statement to find out Bank Pass Book balance on 31.12.2008. **[6+4=10]**

6. From the following particulars prepare a Trading and Profit and Loss A/c for the year ended 31.3.09 and a B/S as on that date:

Trial Balance as on 31.3.09

Debit Balance	Rs.	Credit Balance	Rs.
Opening Stock	24,000	Sales	4,00,000
Purchases	3,00,000	Capital	78,500
Returns	12,000	Loan (taken on 1.10.08)	80,000
Rent	16,000	Sundry Creditors	40,000
Salaries	35,000	Returns	10,000
Interest on Loan (@ 10% p.a.)	3,000	Commission	5,000
Electricity	2,000		
Carriage on Purchases	2,000		
Carriage on Sales	1,500		
Bad Debts	1000		
Building	50,000		
Machineries	40,000		
Cash in Hand	2,000		
Sundry Debtors	50,000		
Cash at Bank	50,000		
Wages	25,000		
	6,13,500		6,13,500

Additional Information:

- (i) Stock as on 31.3.09 is Rs.28,000
- (ii) During the year stock Destroyed by Fire was Rs.10,000 and the insurance company admitted a claim of Rs.8,000.
- (iii) During the year Machinery worth Rs.10,000 was purchased on credit on 1.10.08 not yet recorded in books.
- (iv) Provide depreciation on Building @ 5% p.a. and Machinery @ 10% p.a.
- (v) Commission to manager @ 10% on net profit after charging such commission.

[3+4+3=10]

7. Write short notes on **(any two)**:

- Matching Principles in Accounting.
- Valuation of Inventory as per AS – 2.
- Capital and Revenue expenditure.
- Accounting equation.

[5+5=10]
