

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



ST. XAVIER'S COLLEGE (AUTONOMOUS)

**1st SEMESTER EXAMINATION
B.B.A.
NOV - DEC 2010**

FINANCIAL ACCOUNTING

FIAA3101

Tuesday, December 14, 2010 9:30 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 your own words as far as practicable.
- Do not write anything on the Question paper other than your Roll No.

Group – A

1. Answer **ANY FIVE** questions. [5x2 = 10]

- (i) What is double entry system of accounting?
- (ii) State how will you deal with the following matters in the accounts of Big Bang Ltd for the year ended 31.03.2010: The company had spent Rs.50 lac for publicity and research expenses on one of its new consumer product which was marketed in the accounting year 2009-10 but proved to be a failure.
- (iii) Mention two non-depreciable assets.
- (iv) Elucidate the concept of Matching in accounting.
- (v) During the current year, X Ltd made the following expenditure relating to its plant building:

	Rs. in Lakhs.
Routine Repairs	4
Repairing	1
Partial replacement of roof tiles	0.5
Substantial improvements to the electrical wiring system	10
Which will increase efficiency? What amount should be capitalized?	

- (vi) What is compensating error?
- (vii) Differentiate between reserves and provisions.

Group – B

Answer **ANY FOUR** questions. [4x10 = 40]

2. On 31.12.2009, the bank balance appearing in the cash book of A Ltd. was a debit of Rs. 3,375. The cashier successfully reconciled the balance appearing in the firm's bank statement after taking into account the following:
- (a) Cheques amounting to Rs. 437 paid into the bank as 31.12.09, were not entered by the bank until 01.01.2010.
 - (b) Bank charges of Rs.16 entered in the bank statement on 31.12.2009 had not been entered in the Cash Book.
 - (c) A cheque for Rs.37 received from B.Basu had been credited to D.Basu.
 - (d) A payment by cheque of Rs.484 to C.Chanda had been entered in the cash book as Rs. 448.
 - (e) Subscription of Rs.20 paid by standing order had not been entered in the Cash Book.
 - (f) Discount of Rs.10 received from a supplier had been included in the bank column of the Cash book.
 - (g) A dividend of Rs.65 paid directly into the bank account had not been entered in the Cash book.
 - (h) Cheques payable to suppliers and entered in the Cash book amounted to Rs.254. At 31.12.2009 they had not been presented for payment. Prepare (i) Statement showing the bank balance as per Cash book after making necessary corrections. (ii) A copy of the bank reconciliation statement at 31.12.2009.
3. Sunit keeps his books under Single Entry System. On 01.01.2009 his capital was 69,000. An analysis of his Cash Book for the year gives the following particulars:

Debit	Rs.	Credit	Rs.
Received from Sundry debtors	60,000	Due to Bank (Jan 01)	7,400
Paid in on Capital Account	5,000	Payment to Creditors	25,000
		General Expenses	10,000
		Wages	15,500
		Drawings	3,000
		Balance at Bank	4,000
		Balance in hand	100
	65,000		65,000

	01.01.2009(Rs.)	31.12.2009(Rs.)
Debtors	53,000	88,000
Creditors	15,000	19,500
Stock	17,000	19,000
Furniture	1,400	1,400
Plant & Machinery	20,000	20,000

Prepare a Profit & Loss Account for the year ended 31.12.2009 and a Balance Sheet as at that date after providing 5% interest on Capital (ignoring payment in and drawings), 10% Depreciation on Plant, 5% Depreciation on Furniture and a Reserve of 5% on Debtors.

4. The trial balance of Avanti Garments did not tally. In order to give it an agreement, the accountant of the company transfers the difference to suspense account. Later on he discovers the following errors:
- An item of Rs.58,000 paid for the purchase of a new typewriter for the accounts department has been wrongly passed through the purchase book.
 - An item of 700 in sales book has been posted as Rs. 980 in the customer's accounts.
 - An addition in the returns inward book has been cast Rs.240 short.
 - An item of Rs.450 appearing in the discount column on the credit side of cash book has been posted to the credit side of the concerned personal account as Rs.540.

Give journal entries to rectify the above errors and also show the Suspense Account.

5. From the following Trial balance prepare Trading and Profit and Loss account for the year ended 31.12.2009 and the Balance Sheet as on that date:

Debit Balances	Rs.	Credit Balances	Rs.
Salaries	10,223	Sales	66,420
Bills receivable	6,377	Capital	50,000
Investments	40,000	Provision for bad debts	2,500
Furniture	12,000	10% loan (01.07.09)	10,000
Opening Stock	4,500	Discount	400
Purchases	30,000	Creditors	9,300
Debtors	20,000	Bills Payable	5,000
Interest on loan	400	Outstanding Salary	500
Insurance Premium	900	Bad Debts Recovered	200
Wages	4,600	Interest on Investments	2,000
Rent	1,520		
Bad debts	1,200		
Carriage outward	600		
Cash at bank	10,000		
Depreciation on Furniture	2,500		
Accrued Interest	1,000		
Advertisement	500		
	1,46,320		1,46,320

Adjustments:-

- Closing stock Rs.6,000.
- Goods costing Rs. 1,000 were distributed as free samples while goods costing Rs.500 were taken by the proprietor for personal use.
- A credit sale of Rs.2,000 was not recorded in the Sales book.
- Closing Stock included goods costing Rs.1,000 which were sold and recorded as sale but not delivered to the customer.
- Maintain provision for doubtful debts @ 5% on debtors.

6. Write short notes on **ANY TWO**:
- (i) GAAP.
 - (ii) Amended cash book.
 - (iii) Doctrine of consistency.
 - (iv) Accounting – a language of business.
7. Pass adjustment entries for the following transactions:-
- (a) Purchase of machinery of Rs.50,000 wrongly debited to purchase account.
 - (b) The proprietor uses materials of Rs.5,000 for his personal use.
 - (c) Stock destroyed by fire Rs.7,000 and the insurance company admitted a claim of Rs.6,000.
 - (d) Outstanding liabilities:
Wages Rs.1,000.
Salaries Rs.2,000.
 - (e) Of the sundry debtors of Rs.60,500, Rs.500 proved bad and the company maintained a provision of 5% on debtors.
