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47 (2) FIAC 2.4

2019

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 with a proper word:*

5×1=5

- (a) Assets will be equal to _____ if there are no liabilities.
- (b) Cash column of cash book cannot show _____ balance.
- (c) Balance Sheet is also known as _____ Statement.
- (d) Wrong balancing of account is an example of error of _____.
- (e) When the totals of a Trial Balance do not agree, a _____ account is opened.

Contd.

2. Answer the following very briefly : $5 \times 1 = 5$

- (a) What is a transaction ?
- (b) What is Bank Reconciliation Statement ?
- (c) What is Trial Balance ?
- (d) What is Receipts and Payment Account ?
- (e) What is accounting information ?

3. Answer the following : $5 \times 2 = 10$

- (a) What is GAAP ?
- (b) Explain briefly *two* objectives of ledger.
- (c) What is the meaning of business entity concept ?
- (d) State *two* differences between capital expenditure and revenue expenditure.
- (e) State *any four* types of errors in accounting.

4. Answer/Solve (**any four**) of the following : $4 \times 5 = 20$

- (a) State *three* advantages and *two* disadvantages of accounting. $3+2$
- (b) What is Trading Account ? What are the advantages of preparing trading account ? $2+3$
- (c) What are the sources of accounting information ? Name *any six* books of accounts maintained by a company. $2+3$

(d) On 31st March, 2019, Cash Book of Sachin showed debit bank balance of ₹ 75,000. When compared with the Bank Statement, following facts were discovered :

- (i) On 30th March, two cheques of ₹ 6,000 and ₹ 7,000 were deposited in the bank but were not realised till date.
- (ii) On 28th March, three cheques of ₹ 6,000, ₹ 8,000 and ₹ 12,000 were issued but none of these were presented to the bank for payment.
- (iii) On 31st March, bank credited ₹ 1,500 as interest and deducted ₹ 150 as bank charges but this was not recorded in Cash Book.

Prepare a Bank Reconciliation Statement as on 31st March, 2019.

(e) From the following transactions make a Sales Day Book for ABC & Co. :

- (i) Sold goods to X for ₹ 6,000
- (ii) A credit sale of 100 units to Y for ₹ 45 per unit
- (iii) Sold 50 units to Z for ₹ 1,350 inclusive of 10% cash discount

(iv) Q bought units worth ₹ 500 on credit from us.

(f) Pass necessary rectification entries for the following errors that were detected after the preparation of Trial Balance :

(i) Sales return book was undercast by ₹ 100

(ii) Tuition fees paid for proprietor's daughter has not been recorded at all

(iii) ₹ 4,000 paid for purchase of machine was treated as ordinary purchase

(iv) Goods sold to Shyama on credit ₹ 1,500 wrongly posted to Shyam account

(v) Carriage paid ₹ 1,200 wrongly posted in Carriage Account as ₹ 120.

5. Answer/Solve (**any five**) of the following :

5×8=40

(a) How many types of accounts are there under American approach ? Name them. Explain the steps involved in book-keeping.

3+5

(b) State *eight* differences between Income and Expenditure Account and Receipts and Payments Account.

(c) (i) What is a corporate annual report ?

(ii) From the following information prepare a Trading Account for the year ended 31st March, 2019 in the books of Grewal Automobiles :

2+6

	(in ₹)
Stock on 1-4-18	90,000
Purchases	3,02,300
Sales Return	860
Purchases Return	5,300
Sales	6,75,000
Wages	60,000
Carriage Inward	4,000
Manufacturing expenses	50,000
Stock on 31-3-19	75,500
Wages outstanding	500
Carriage Outward	4,000

(d) (i) Explain *five* points of difference between books of original entry and ledger. What is the advantage of sub-division of journal ?

5+3

Or

(ii) What is Journal Proper ? State the types of transactions which are recorded in Journal Proper. State *three* differences between Journal and Journal Proper. 2+3+3

(e) M/s XYZ Trader started their Cash Book on 1-12-2018 with the following balances :

Cash in hand ₹ 1,354

Bank Current Account ₹ 7,560

He had the following transactions in the month of December :

Dec. 03	Cash sales	2,300
Dec. 05	Purchased goods, paid by cheque	6,000
Dec. 08	Cash sales	10,000
Dec. 12	Paid Trade expenses	700
Dec. 15	Sold goods and received cheque which was deposited on the same day	20,000
Dec. 18	Purchased furniture and paid by cheque	15,000
Dec. 20	Cheque received from Manish and deposited into bank on same day	10,000
Dec. 22	Cash sales	7,000
Dec. 25	Cheque received from Manish returned dishonoured	
Dec. 28	Paid rent	2,000

Dec. 29	Cash deposited into bank	2,000
Dec. 31	Cash withdrawn for personal use	1,000

(f) Star Cricket Club had a cash and bank balance of ₹ 16,000 and ₹ 20,000 respectively on 1.4.18. From the following details prepare a Receipts and Payments Account for the year ended 31.3.19 :

	(in ₹)
Donation received	1,80,000
Entrance fees received	60,000
Donation received for building	9,00,000
Furniture purchased	1,80,000
Salaries paid for the year	1,05,000
Salaries paid in advance	20,000
Repair of building	15,000
Rent received	15,000
Wages paid	60,000
Sales of old newspaper and scrap	9,000
Outstanding salaries	15,000
Depreciation on furniture	20,000
Maintenance grant	9,000
Subscription received	
2016-17	80,000
2017-18	2,50,000
2018-19	10,000
Life membership fees	40,000
Balance of bank on 31.3.19	13,55,000

(g) The following Trial Balance is extracted from the books of Mr. Das as on 31.3.19 :

Debit	₹	Credit	₹
Furniture	640	Capital	12,500
Motor Vehicle	6,250	Provision for bad debts	200
Building	7,500	Sundry Creditor	2,500
Bad debts	125	Sales	15,450
Sundry Debtors	3,800	Bank loan	2,850
Stock on 1.4.18	3,460	Purchase return	125
Purchases	5,475	Commission	375
Sales Return	200		
Advertisement	450		
Interest	118		
Cash in hand	650		
Taxes & insurance	1,250		
General expenses	782		
Salaries	3,300		
	<u>34,000</u>		<u>34,000</u>

Adjustments :

- (i) Stock on 31.3.19 was ₹ 5,750
- (ii) Prepaid Rent ₹ 300
- (iii) Wages outstanding ₹ 200
- (iv) Depreciate furniture @ 10% p.a.

Prepare Trading Account, Profit and Loss Account for the year and a Balance Sheet as on 31.3.19.