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47 (2) FIAC 2-4

2015

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 appropriate words :
5×1=5
 - (a) Receipts and Payment Account is a summary of _____ transactions.
 - (b) According to the _____ concept, even the proprietor of the business is treated as a creditor.
 - (c) Amount withdrawn by the proprietor of a business is called _____.
 - (d) Discount allowed for prompt payment is _____.
 - (e) Credit purchase of furniture is recorded in _____ Journal.

Contd.

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

- (a) What is book-keeping?
- (b) Write one example of error of principle.
- (c) What is Trial Balance?
- (d) What are books of original entry?
- (e) What is GAPP?

3. Answer the following briefly (within **fifty** words approximately) : $5 \times 2 = 10$

- (a) What is fund based accounting?
- (b) What is accounting information?
- (c) What is journal proper?
- (d) What is marshalling of Balance Sheet?
- (e) State any two objectives of financial accounting.

4. Answer/Solve (**any four**) the following :

$$4 \times 5 = 20$$

- (a) State any five reasons for disagreement of bank balance as per Cash Book and Pass Book. 5
- (b) What is rectification of errors? Explain errors of commission and errors of principle. $2 + 1\frac{1}{2} + 1\frac{1}{2} = 5$
- (c) What are the accounts prepared by not for profit organisation? State any three differences between capital expenditure and revenue expenditure. $2 + 3 = 5$

(d) Prepare the new format of Statement of Profit and Loss Account as per Schedule VI of Companies Act, 2013. 5

(e) Prepare a Sales Day Book in the books of M/s Modern Furniture Stores of Guwahati for the month of May, 2015. 5

May 1 Sold 10 tables @ ₹ 5,000 each to M/s Woodies
Carriage thereon ₹ 200 and trade discount @ 10%

May 5 Sold 50 chairs @ ₹ 1,000 each to M/s Rajmahal Furniture on credit

May 10 Sold old almirah to an employee for ₹ 5,000

May 15 Sold 10 tables to M/s Crafts Villa at ₹ 1,500 per table for cash
Cash discount @ 10%

May 30 Sold 25 armchairs to M/s Interior Furnitures at ₹ 5,000 each.

(f) Draw the accounting equations for the following transactions : 5

(i) Started business with a capital of ₹ 10,00,000.

(ii) Purchased goods on credit ₹ 25,000.

- (iii) Sold goods (costing ₹ 15,000) at ₹ 18,000 on credit.
- (iv) Paid salary ₹ 10,000 in cash.
- (v) Purchased furniture in cash for ₹ 10,000.

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

5×8=40

- (a) What are the different types of accounts under Modern/American Approach? Explain. State the rules of debit for each type of account. 5+3=8
- (b) What is a corporate annual report? What are its contents? 4+4=8
- (c) Does accounting information have qualitative characteristics? If yes, elaborate. State *any four* users of accounting information and the benefits they derive from accounting information. 4+4=8
- (d) What is the treatment of the following items while preparing an Income and Expenditure Account :
 - (i) Subscription received in advance
 - (ii) Sale of furniture
 - (iii) Donation received for special purpose
 - (iv) Scholarship to students.

2+2+2+2=8

- (e) Prepare a Double Column Cash Book in the books of M/s Lifeline Medicos for the first week of May, 2015 :

2015

- May 1 Cash in hand ₹ 1,05,000.
Cash at bank ₹ 2,00,000.
- May 2 Deposited Cash into bank ₹ 50,000.
- May 3 Sold goods for ₹ 1,35,000 and cheque received for the same (it was banked on the same day).
- May 4 Purchased furniture in cash from M/s Modern Furniture at ₹ 10,000.
- May 5 Purchased goods for ₹ 1,00,000 and payment made by cheque.
- May 6 Invested in shares of ABC Ltd. ₹ 1,50,000 by cheque.
- May 7 Paid rent ₹ 40,000 by cheque. 8

- (f) The bank balance of Mr. Shyam did not agree as per Cash Book and Pass Book as on 31st May, 2015. The reasons are stated below. You are required to prepare a Bank Reconciliation Statement to reconcile the differences :

- (i) The bank balance as per Cash Book as on 31.05.2015 was ₹ 50,000.

- (ii) Out of two cheques deposited into the bank valued ₹ 3,500 and ₹ 9,000 on 21.05.2015 one cheque was collected by the bank on 29.5.2015 valued ₹ 9,000 and the other cheque on 03.06.2015.
- (iii) Bank had collected dividend on shares ₹ 4,000 and credited to the account.
- (iv) A cheque of ₹ 10,000 deposited into the bank and collected by it was recorded in the Cash Book as ₹ 1,000.
- (v) Cheque worth ₹ 25,000 were issued to creditors of which cheques worth ₹ 5,000 were not encashed by creditors till 31.05.2015.
- (vi) Bank charges of ₹ 500 were not recorded in Cash Book.
- (vii) Interest on deposit credited by bank but not recorded in Cash Book ₹ 1,500. 8

(g) Prepare a Receipts and Payments Account in the books of North East Sports Club for the year ended 31.03.2015.

- (i) Cash in hand ₹ 1,10,000
Cash at bank ₹ 15,000] on 01.04.14

- (ii) Entrance fees received ₹ 10,000 of which ₹ 5,000 is to be capitalised.
- (iii) Subscriptions received for 2014-15 ₹ 80,000.
- (iv) Subscriptions received for 2015-16 in advance ₹ 8,000.
- (v) Maintenance grant ₹ 10,000.
- (vi) Donations for Eye Camp ₹ 50,000.
- (vii) Amount spent for organising Eye Camp ₹ 40,000.
- (viii) Free medicines distributed ₹ 10,000.
- (ix) Receipt from sale of old newspapers ₹ 200.
- (x) Cash in hand on 31.03.2015 is ₹ 80,000. 8

(h) From the following Trial Balance and adjustments, prepare a Trading Account and Profit and Loss Account for the year ended 31.03.2015 and a Balance Sheet as on that date, in the books of M/s Sharmason Computers :

Trial Balance

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Opening Stock	1,10,000	Sales	24,000
Purchases	50,000	Capital	1,80,000
Carriage	500	Purchase Return	2,000
Salary	20,500	Commission	1,000
Sales Return	2,000	Bad Debt Recovered	1,200
Rent	8,000	Sundry Creditors	60,000
Bills Receivable	13,000	Bills Payable	15,800
Cash in hand	7,000		
Cash at Bank	15,000		
Furniture	5,000		
Debtors	50,000		
Drawings	2,000		
Trade Expenses	1,000		
	2,84,000		2,84,000

Adjustments :

- (i) Closing Stock on 31.03.2015 is ₹ 18,000.
- (ii) Make a provision @ 10% on Sundry Debtors.
- (iii) Furniture is to be depreciated @ 5% p.a.
- (iv) Rent outstanding ₹ 1,000.

$$2+3+3=8$$