

DEC 2012

Roll No.

Total No. of Pages : 04

Total No. of Questions : 07

BBA (Sem.-2nd)

FINANCIAL ACCOUNTING

Subject Code : BB-201

Paper ID : [C0207]

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTION TO CANDIDATES :

1. SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.
2. SECTION-B contains SIX questions carrying TEN marks each and students has to attempt any FOUR questions.

SECTION-A

I. Write briefly :

- (a) Accounting Process
- (b) Provision
- (c) Drawings
- (d) Error of omission
- (e) Marshalling of Assets
- (f) Cost of goods sold
- (g) Trade Discount
- (h) Contingent Liabilities
- (i) Fixed Assets
- (j) Suspense Account

SECTION-B

2. "Accountancy is the language of Business but it fails to depict the true value of business". Critically explain in the light of the limitations of Financial Accountancy.

3. A book keeper prepared a rough Trial Balance from the books maintained by him and it did not match. Therefore, he searched for the errors and discovered the following errors. You are required to pass necessary rectified journal entries.

- (a) Sundry items of plant sold for Rs.500 had been entered in the Sales Account.
- (b) Rs.100 discount received from a creditor had been duly entered in his account but not posted to discount account
- (c) Goods worth Rs.200 returned by Gawaskar were recorded in Sales Book
- (d) Goods purchased from a merchant for Rs.545 had been posted to the credit of his account as Rs.454
- (e) An item of Rs.100 entered in the sales returns account had been posted to the debit of the customer who returned the goods.
- (f) An entry of Rs.145 representing the selling price of goods returned to Shanker had been made in the purchase returns account. The amount should have been Rs.130
- (g) Goods worth Rs.250 taken by the proprietor had been omitted to be recorded in the books
- (h) Amount of Rs.420 received from Desai, which was written off as bad debts last year has been credited to his account
- (i) On scrutinizing the accounts of a defaulting cashier, it was discovered that he had received Rs.2000 from customer and Rs.1000 from cash sales and had paid Rs.480 to a creditor (after deducting Rs.20 for discount) but none of these transactions were recorded in the books of accounts.

4. Prepare Bank Reconciliation Statement as on March 31, 2012 of Mr. Akram from the following particulars :

- (a) Bank overdraft as per cash book Rs.3500.
- (b) Cheques issued but not encashed during the year Rs.2200.

- (c) Cheques deposited but not credited by bank during the year Rs.660.
- (d) Bank charges not recorded in the cash book Rs.150.
- (e) Cheques deposited as per bank statement not entered in the cash book Rs.950.
- (f) Interest charged by the bank recorded twice in the cash book Rs.450.
- (g) Club dues on Mr.Akram paid by bank as per standing instructions not recorded in cash book Rs.100.
- (h) Cheque issued by Mr.Akram dishonoured Rs.1200.
5. What do you mean by depreciation, depletion, amortization and depreciable assets? Discuss the main causes of depreciation.
6. Following is the Trial Balance of M/S Ramesh & Sons as on March 31, 2012. You are required to prepare the Trading and Profit and Loss Account and Balance Sheet after giving effect to the adjustments :

Particulars	Debit (Rs.)	Credit (Rs.)
Sundry Creditors		63000
Sundry Debtors	145000	
Capital account		710000
Drawings	52450	
Insurance	6000	
General expenses	30000	
Salaries	150000	
Patents	75000	
Machinery	200000	
Freehold land	100000	
Building	300000	

Particulars	Debit (Rs.)	Credit (Rs.)
Opening stock	57600	
Carriage inward	20400	
Carriage outward	32000	
Fuel and power	47300	
Wages	104800	
Returns outwards		5000
Returns inwards	6800	
Sales		987800
Purchases	406750	
Cash at bank	26300	
Cash in hand	5400	
Total	1765800	1765800

The following adjustments are to be made:

- (a) Inventory at the end of the year stands at Rs.68000;
- (b) A provision for bad and doubtful debts is to be created to the extent of 5% on S. Debtors;
- (c) Depreciate Machinery by 10% and Patents by 20%;
- (d) Salaries amounting to Rs.15000 for the month of March, 2012 was unpaid;
- (e) Insurance includes a premium of Rs.1700 on a policy expiring on September 30, 2012.
7. What do you mean by Generally Accepted Accounting Principles (GAAPs)? Discuss the basic accounting concepts and conventions.