

# sub - Intro to Financial Acc

## sem-I

Q.P. Code :00123

[Time:  $2\frac{1}{2}$  Hours]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All Questions are compulsory carrying 15 marks each.
  2. Working notes should form part of your answers wherever applicable.

Q.1) A) State whether the following statements are True or False. (any eight)

(08)

1. Recording business transaction in the journal is known as casting.
2. The cash book is used for recording the credit transaction of the business.
3. Prepaid expenses is a liability.
4. The Balance Sheet is the most important account in the ledger.
5. Nominal A/c is an account of expenses and income, losses and gains.
6. Ledger is book where individual accounts are recorded.
7. Personal A/c is credited when the person gives something to business.
8. The expenditure incurred on installation of machinery is capital expenditure.
9. Under fixed installation method, depreciation amount remains constant.
10. Wrong balancing of an account will affect the Trial Balance.

B) Match the following :

(07)

| Group A |                                      | Group B |   |
|---------|--------------------------------------|---------|---|
| 1.      | AS-9                                 | 1.      | A Fixed assets which has limited useful life  |
| 2.      | Contra Entry                         | 2.      | Net Profit                                    |
| 3.      | Drawing A/c                          | 3.      | Net Loss                                      |
| 4.      | Depreciable asset                    | 4.      | Calculated as % on original cost              |
| 5.      | Debit balance of Profit and Loss A/c | 5.      | Deals with recognition of revenue             |
| 6.      | Interest A/c                         | 6.      | Real A/c                                      |
| 7.      | SLM                                  | 7.      | One error removes the effect of another error |
|         |                                      | 8.      | Nominal A/c                                   |
|         |                                      | 9.      | Appears on both the sides of cash book        |
|         |                                      | 10.     | Personal a/c of the proprietor                |

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Q.2) A) Journalise the following transactions in the books of Ms. Rekha:

| Date       | Particulars                                    | Rs.    |
|------------|--|--------|
| March 2016 |  |        |
| 2          | Ms. Rekha started his business with cash       | 60,000 |
| 3          | Deposited in to bank                           | 40,000 |
| 5          | Bought goods on credit from Mr. Yartin         | 5,000  |
| 6          | Returned goods to Mr. Yatin                    | 1,000  |
| 10         | Sold goods for cash to Ms. A                   | 5,000  |
| 17         | Drew from bank for personal use                | 4,000  |
| 25         | Paid to Mr. Yatin in full settlement by cheque | 3,800  |
| 30         | Paid salaries to staff                         | 4,000  |
| 30         | Withdrew goods for personal use                | 500    |

B) Prepare Personal Account of Soham from the following transactions.

| Date   | Particular   | Rs.   |
|--------|--|-------|
| 2016   |  |       |
| Jan.1  | Debit balance on Soham's a/c                         | 1,000 |
| Jan.2  | Sold goods on credit to Soham                        | 5,400 |
| Jan.6  | Received from Soham                                  | 6,300 |
| Jan.6  | Allowed him discount                                 | 100   |
| Jan.10 | Soham bought goods on credit                         | 1,500 |
| Jan.15 | Received cash from Soham                             | 1,450 |
| Jan.15 | Allowed him discount                                 | 50    |
| Jan.20 | Purchased goods on credit from soham                 | 1,040 |
| Jan.25 | Paid cash to Soham                                   | 500   |
| Jan.28 | Returned goods to Soham                              | 140   |
| Jan.31 | Paid cash to Soham in full settlement of her account | 390   |

OR

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Q.2) Enter the following transactions in a three column cash book:

(15)

| January 2016 |                                | Rs.    |
|--------------|--------------------------------|--------|
| 1.           | Capital introduced (in cash)   | 30,000 |
| 4.           | Paid into bank                 | 80,000 |
| 5.           | Purchased goods by cheque      | 10,000 |
| 6.           | Received a cheque from Rama    | 20,000 |
|              | Allowed discount               | 1,000  |
| 10.          | Cash sales                     | 70,000 |
| 12.          | Paid into bank                 | 30,000 |
| 15.          | Gopal paid by cheque           | 30,000 |
|              | Discount received              | 500    |
| 20.          | Paid salaries by cheque        | 10,000 |
| 25.          | Withdrew for office use        | 20,000 |
| 31.          | Draw a cheque for personal use | 5,000  |

Q.3) A) Prepare a Bank Reconciliation Statement of Kelvinator as on 30<sup>th</sup> April, 2016 from the following particulars.

(08)

|    | Particulars   | Rs.   |
|----|---|-------|
| 1. | Balance as per pass book 30 <sup>th</sup> April   | 8,500 |
| 2. | Paid in but not cleared in April  | 875   |
| 3. | Debit in pass book on 30 <sup>th</sup> April for dishonored cheques not recorded in cash book                                 | 100   |
| 4. | Cheque issued but not cashed in April   | 1,895 |
| 5. | Cheques issued on 25 <sup>th</sup> April and cashed on 27 <sup>th</sup> April was entered in the cash column of the cash book | 150   |
| 6. | Bank interest credited in pass book but not debited in cash book  | 15    |
| 7. | Bank charges debited in pass book on 30 <sup>th</sup> April credited in cash book on 1 <sup>st</sup> May                      | 5     |
| 8. | Balance as per Cash book on 30 <sup>th</sup> April  | 7,720 |

B) Rohini Cement Ltd. Purchased on 1<sup>st</sup> January 2013 a plant for Rs.80, 000/-. On 1<sup>st</sup> April 2014 it purchased additional plant costing Rs.48, 000/-. On 1<sup>st</sup> September 2015 the plant purchased on 1<sup>st</sup> January 2013 was sold off for Rs.42, 000/- and same date fresh plant was purchased at the cost Rs.75, 000/-. Depreciation is to be provided at 10% p.a. on the Diminishing Balance Method every year on 31<sup>st</sup> March. Show the Plant Account for 3 year. (07)

OR

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- Q.3) State which of the following are capital, revenue and deferred revenue. Explain with reasons: (15)
1. Legal expenses incurred in connection with issue of capital.
  2. Sold 4% Government securities (Investment) for Rs.1, 40,000.
  3. Cost of replacement of a defective part of the machinery.
  4. Expenditure incurred in preparing a project report.
  5. Expenditure for training employees for better running of machinery.
  6. Expenditure incurred for repairing cinema screen.
  7. Paid 10,000 underwriting commission on issue of shares.
- Q.4) A) The trial balance of a Trader had a difference, which was transferred to Suspense Account. Later on the following errors were discovered: (08)
1. Goods worth Rs.400/- were purchased from Z Ltd. But the same was entered in the Sales Book. However, the account of Z Ltd. Was correctly credited.
  2. The total of credit side of Meena's A/c was overcast by Rs.400/-
  3. Purchase Book was under cast by Rs.400/-
  4. The total of Returns Inward Book amounting to Rs.800/- was not posted to ledger.
  5. Goods amounting to Rs.2480/- sold to S & Co. were correctly entered in the Cash Book but wrongly credited to Z & co's A/c.
  6. A credit balance of Rs.2940/- of Rent Receivable account was shown as Rs.2280/-
- Required: i) Rectification entries ii) Suspense Account
- B) Mr. Prakash has prepared the following Trail balance on 31<sup>st</sup> March 2016. Kindly verify it and prepare a revised Trial Balance. (07)

| Particulars                   | Dr. Rs.      | Cr. Rs.      |
|-------------------------------|--------------|--------------|
| Prakash-capital               |              | 1,556        |
| Prakash-Drawings              | 564          |              |
| Leasehold Premises            | 741          |              |
| Sales                         |              | 2,756        |
| Due from Customers            |              | 530          |
| Purchases                     | 1,268        |              |
| Loan from Bank                |              | 250          |
| Purchases returns             | 264          |              |
| Creditors                     | 528          |              |
| Trade & office expenses       | 784          |              |
| Cash at Bank                  | 142          |              |
| Bills payable                 | 100          |              |
| Salaries & wages              | 598          |              |
| Stock (1 <sup>st</sup> April) |              | 264          |
| Rents, Rates etc.             | 465          |              |
| Sales Returns                 |              | 98           |
| <b>Total</b>                  | <b>5,454</b> | <b>5,454</b> |

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OR

- Q.4) The following Trial Balance was extracted from the books of M/s ABC on 31<sup>st</sup> March 2016. You're required to prepared Trading and Profit and Loss Account for the year ending on 31<sup>st</sup> March 2016 and a Balance as on the date : (15)

| Particular                   | Dr. (Rs.) | Cr. (Rs.) |
|------------------------------|-----------|-----------|
| Capital                      |           | 30,000    |
| Drawings                     | 5,000     |           |
| Debtors and Creditors        | 20,000    | 10,000    |
| Loan from Bank               |           | 9,500     |
| Interest on Loan             | 300       |           |
| Cash in hand                 | 2,000     |           |
| Provision for bad debts      |           | 700       |
| Stock (1.4.2015)             | 6,800     |           |
| Motor Vehicle                | 10,000    |           |
| Cash at Bank                 | 3,500     |           |
| Land and Building            | 12,000    |           |
| Purchases and Sales          | 66,000    | 1,10,000  |
| Returns                      | 8,000     | 1,500     |
| Carriage Outwards            | 2,500     |           |
| Carriage Inwards             | 3,000     |           |
| Salaries                     | 9,000     |           |
| Rent and Insurance           | 3,000     |           |
| General Expenses             | 6,900     |           |
| Bad debts                    | 500       |           |
| Discount                     |           | 500       |
| Bills Receivable and Payable | 6,000     | 2,000     |
| Rents Received               |           | 300       |
|                              | 1,64,500  | 1,64,500  |

Adjustment :

- Stock on 31.03.2016 Rs.7000.
- Depreciation on Land and Building @2.5% and on Motor Vehicle @20% per annum.
- Salaries outstanding Rs.200.
- Prepaid insurance Rs.200.
- Provision for bad debts is to be maintained at 5% on debtors.

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Q.5) A) What is IFRS? Give any two needs of IFRS.

(08)

B) What do you mean by computerized accounting system? Explain the advantages.

(07)

OR

Q.5) Write Short notes on any three:-

1. Straight Line Method of Depreciation

2. IAS-2

3. As-10 (Fixed Asset)

4. Need for Book-keeping

5. Scope of Accounting

(15)