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Department of Distance Education

Bachelor in Business Administration (Distance)

Home Assignment – Sem - I

(2011-12)

Marks : 80

Principles of Financial Accounting

Code : 71113

Note :

- * **The Paper consists of two sections I & II**
- * **Questions from Section I carry equal marks**
- * **Section II is Compulsory**

Section I

Q.1 Explain the meaning of Book Keeping, Accountancy & difference between book keeping & accountancy **(15)**

OR

Q.1 Prepare reconciliation statement on 31.03.2011 of M/s MSA, Mumbai from following information:

Bank Passbook

Particulars	Amount	Particulars	Amount
To Balance	14000.00	By Salaries	2000.00
To Sagar	6000.00	By Sunder	1400.00
To Ganesh	8000.00	By Arvind	800.00
To Rupesh	4000.00	By Roopa	2000.00
To Sachin	6000.00	By Mayuri	6000.00
		By Balance C/D	25800.00
TOTAL	38000.00	TOTAL	38000.00

Bank Account In the books of M/s MSA

Particulars	Amount	Particulars	Amount
To Balance B/D	10000.00	By Surendra bahadur	2000.00
To Rupesh	4000.00	By Subhash Chandra	1600.00
To Sachin	6000.00	By Suresh Bahadur	2400.00
To Sourabh	3000.00	By Sunder	1400.00
To Muralidhar	4000.00	By Sudhir Kumar	1200.00
		By Arvind	800.00
		By Sharad	1800.00
		By Balance C/D	17000.00
TOTAL	27000.00	TOTAL	27000.00

Q.2 Pass necessary journal entries for the following transactions in the books of **IDEAL PRODUCTS 2011**

- Sept 1 Purchased goods for cash at 20 % trade discount & 5 % cash discount from Suresh the list price is Rs. 20,000.00
 Sept 5 Purchased goods from Mahesh at 20% trade discount list price is Rs. 8000.00
 Sept 6 Returned goods to Mahesh list price is Rs. 700.00
 Sept 10 Withdrew goods of Rs. 200.00 for personal use
 Sept 12 Sold goods to Mahesh for cash Rs. 2000
 Sept 21 Sold Goods, whose list price is Rs. 5000.00 to Mohan at 6% trade discount And 1% cash discount. He paid 60% in cash.
 Sept 30 Purchased goods from Mohanlal at 10% trade discount and 3 % cash discount list price Rs. 6000.00 & paid 80% in cash

(15)

OR

Q.2 What is a Bank Reconciliation Statement ? What are the causes of difference between cash book balance & bank book balance? (15)

Q.3 From the following Trial balance of Mr RAICHAND SHARMA prepare Trading & Profit & Loss A/C for the year ended 31.03.2011 & Balance Sheet as on that date after giving effects to adjustments (15)

Particulars	Dr Amounts	Cr Amounts
Capital		90000.00
Drawings	16250.00	
Stock 01.04.2010	87225.00	
Return Inwards	6200.00	
Carriage inwards	2770.00	
Interest Free Deposits	6875.00	
Carriage Outwards	3625.00	
Loan To Deepak @ 5% given on 01.04.2010	5000.00	
Return Inwards		4200.00
Interest on the Above loan		125.00
Rent	4100.00	
Rent Outstanding		650.00
Purchase	564850.00	
Debtors	20000.00	
Goodwill	8650.00	
Creditors		15000.00
Advertisement Expenses	4770.00	
Provision for doubtful Debts		6000.00
Bad Debts	2000.00	
Patents & Trademarks	2500.00	
Cash in Hand	310.00	
Sales		639570.00
Discount allowed	1650.00	
Wages	3770.00	
Plant & Machinery (purchased on 01.04.2010)	15000.00	
Total	755545.00	755545.00

Adjustments

- 1) increase bad debts by Rs. 3000.00 make provision for doubtful debts @ 10% and provision for discount on debtors @ 5 %
- 2) The value of closing stock is Rs. 93960.00
- 3) Wages include Rs. 1000.00 paid for erection of machinery on 01.04.2010
- 4) Provide Depreciation on Machinery at 10% p.a.

OR

Q.3 **Airnet** company purchased on 01.04.2008 machinery costing Rs. 1,80,000.00. Companies accounting year is calendar year. It purchased further machinery on 01.10.2008 costing Rs. 1,20,000.00 & on 01.07.2009 of Rs. 60,000.00.

On 01.01.2010 one-third of the machinery installed on 01.04.2008 became obsolete & sold for Rs. 18000.00

Prepare Machinery Account by using: (15)

- a) Fixed installment Method
- b) Written Down Value Method

Q 4 **Write short Notes.** (Any 3) (15)

- a. Write names of 10 subsidiary books & explain in detail the Cash book.
- b. What are the objectives of Accounting & who are users of Accounting information?
- c. Explain the Objects of Inventory Records & Valuation.
- d. Discuss any five Accounting Concepts.
- e. Types of Accounts & Rules of journalizing transactions.

Section II (20)

Q. 5. **Objective Questions**

- 1) Accounting is a process of
 - a) recording transactions
 - b) classifying transactions
 - c) summarizing transactions
 - d) All of the above

- 2) The Accounting Equation is
 - a) Assets – Liabilities = Goodwill
 - b) Assets = equities
 - c) Assets/Liabilities
 - d) None of the Above

- 3) Which one of the following is an example of wasting assets ?
 - a) Land
 - b) Patent
 - c) Preliminary Expenses
 - d) Mines

- 4) Which is the basis of value of assets in the Balance Sheet ?
 - a) cost price
 - b) Market price
 - c) Book value
 - d) Realisable price

- 5) Cash sales Result into
- Application of funds
 - Sources of funds
 - No flow of funds
 - Both application & sources of funds
- 6) Every debit has equivalent credit
- True
 - False
 - Completely false
 - Cannot be concluded
- 7) Capital Employed =
- Fixed assets
 - Fixed assets + current assets
 - Current assets
 - Net fixed assets + working capital
- 8) Opening capital Rs. 5000, Closing Capital Rs. 7000.00, Withdrawal Rs. 1000.00 Fresh Capital Rs. 500.00 ; profit is
- Rs. 2000.00
 - Rs. 4500.00
 - Rs. 2500.00
 - Rs. 5500.00
- 9) Debit note is sent by to the seller of the goods
- Buyer of the goods
 - Seller of the goods
 - Third party
 - None of the above
- 10) Bank Reconciliation is prepared by
- by the bank
 - by the customer
 - by the third party
 - all of the above
- 11) Bank Reconciliation statements prevent frauds
- True
 - False
 - Only (a)
 - Both a & b
- 12) Errors related to personal accounts affect the amount
- Trading account
 - Profit & loss account
 - Debtors & Creditors
 - None of the above

- 13) Errors of omission occurs when
- a) entries have been completely omitted from record
 - b) entries have been partially omitted from the record
 - c) both a & b
 - d) Neither a or b
- 14) rectifying entries which are related to personal accounts affects
- a) balance sheet
 - b) Profit & Loss accounts
 - c) Subsidiary accounts
 - d) None of the above
- 15) Wages are debited to
- a) trading account
 - b) Profit & Loss Account
 - c) Capital Account
 - d) None of the above
- 16) Which of the following is not a current assets
- a) Bills payable
 - b) Creditors
 - c) Bank Overdraft
 - d) All Above
- 17) In sinking fund method of depreciation the amount of depreciation
- a) remains constants every year
 - b) goes on increasing every year
 - c) goes on decreasing every year
 - d) fluctuates every year
- 18) Inventory implies
- a) finished goods
 - b) Work-in-progress
 - c) Raw material
 - d) All of above
- 19) Under FIFO method
- a) goods purchased first are issued at last
 - b) goods purchased first are issued at first
 - c) any goods can be issued at any time
 - d) none of the above
- 20) Debit what comes credit what goes out is rule of
- a) Real account
 - b) Nominal account
 - c) Personal Account
 - d) All of the above
