



Shiksha Mandal, Wardha's
G. S. College of Commerce & Economics, Nagpur

An Autonomous Institution

(Affiliated to Rashtrasant Tukadoji Maharaj Nagpur University)

First Semester Bachelor of Business Administration Examination (CBCS)

FINANCIAL ACCOUNTING-I

(BBAC 1.1)

Time: 3 Hours

Maximum Marks: 80

Note: 1. All Questions are compulsory.

2. Draw well labeled diagram wherever necessary.

Q.1 A) The following errors were found in the books of Ram Prasad and Sons. Give the necessary entries to correct them. 10

1. Rs. 500 paid for furniture purchased has been charged to ordinary Purchase Account.
2. Repairs made were debited to Building Account for Rs. 50.
3. An amount of Rs. 100 withdrawn by the proprietor for his personal use has been debited to Trade Expenses Account.
4. Rs. 100 paid for rent debited to landlord's account.
5. Salary Rs. 125 paid to clerk due to him has been debited to his Personal Account.
6. Rs. 100 received from Shah & Co. has been wrongly entered as received from Shaw & Co.
7. Rs. 700 paid in cash for purchase of a typewriter was charged to Office Expenses Account.
8. A purchase of goods from Ram amounting to Rs. 150 has been wrongly entered through sales book.
9. A credit sale of goods amounting to Rs. 120 to Ramesh has been wrongly passed through the purchase book.
10. The purchase of machinery for Rs. 2,000 has been entered in the purchase book.

OR

B) Journalise the following transactions and prepare the ledger account in the books of a trader.

Debit Balances as on 1 February, 2018:

Cash in hand Rs. 8,000; Cash at Bank Rs. 25,000; Inventory of Goods Rs. 20,000; Building Rs. 10,000;

Trade Receivables: Vijay Rs. 2,000; Madhu Rs. 2,000;

Credit Balance as on 1 February 2018:

Trade Payables: Anand 5,000; Capital 55,000.

Following were further transactions in the month of February 2018:

- Feb. 1 Purchased Goods worth Rs. 5,000 for cash (payable at a later date) less Rs. 20% trade discount and 5% cash discount.
- Feb. 4 Received Rs. 1,980 from Vijay and allowed him Rs. 20 as discount
- Feb. 8 Purchased plants from Mukesh for Rs. 5,000 and paid Rs. 100 as cartage for bringing the plant to the factory and another Rs. 200 as installation charge.
- Feb. 12 Sold goods to Rahim for Rs. 600.
- Feb. 15 Rahim became insolvent and could pay only 50 paise in a Rupee.
- Feb. 18 Sold goods to Ram for cash Rs. 1,000.
- Feb. 20 Introduced additional capital of Rs. 10,000.
- Feb. 25 Withdrawn a sum of Rs. 5,000 for household purpose.

Q.2 A) From the following particulars ascertain the balance that would appear in the Bank Pass Book of 'A' on 31st December, 2017. 10

1. The Bank overdraft as per cash book on 31.12.2017 Rs. 6,340.
2. Interest on overdraft for six months ending on 31.12.2017 Rs. 160 is entered in Pass Book.
3. Bank charges of Rs. 400 are debited in bank Pass Book only.
4. Cheques issued but not encashed prior to 31.12.2017 amounted to Rs. 11,68,000.
5. Cheques deposited into bank but not cleared before 31.12.2017 were for Rs. 22,17,000.
6. Interest on investment collected by the bank and credited in the Pass Book Rs. 12,00,000.

OR

B) On 30.09.2017, the bank account of Mr. Suyog, according to the bank column of the Cash Book, was overdrawn to the extent of Rs. 4,062. On the same date the bank statement showed a debit balance of Rs. 20,758 in favour of Mr. Suyog. An examination of the Cash Book and Bank Pass Book (statement) reveals the following:

1. A cheque of Rs. 13,14,000 deposited on 29.09.2017 was credited by bank on 03.10.2018.
2. A payment by cheque for Rs. 16,000 has been entered twice in the Cash Book.
3. On 29.09.2017, the bank credited an amount of Rs. 1,17,400 received from a customer of Mr. Suyog but the advice was not received by Mr. Suyog, until 01.10.2017.
4. Bank charges amounting to Rs.580 had not been entered in the Cash Book.
5. On 6th September, 2017, the bank credited Rs. 20,000 to Mr. Suyog in error.
6. A bill of exchange of Rs. 1,40,000 was discounted by Mr. Suyog with his bank. This bill was dishonoured on 28.09.2017 but no entry has been made in the books of Mr. Suyog.
7. Cheques issued upto 30.09.2017 but not presented for payment upto that date totaled Rs. 13,26,000/-.

You are required:

- a) To show the appropriate rectifications required in the Cash Book of Mr. Suyog to arrive at correct balance on 30.09.2017 and
- b) To prepare Bank Reconciliation Statement as on that date.

Q.3 A) From the following particulars extracted from the books of Ganguli, prepare trading and profit and loss account and balance sheet as at 31.03.2016 after making the necessary adjustments. 10

Particulars	Rs.	Particulars	Rs.
Ganguli's Capital A/c (cr.)	5,40,500	Interest received	72,500
Stock on 01.04.2015	2,34,000	Cash with Traders Bank Ltd.	40,000
Sales	14,48,000	Discount received	14,950
Sales return	43,000	Investment (at 5%) as on 01.04.2015	25,000
Purchases	12,15,500	Furniture as on 01.04.2015	9,000
Purchases return	29,000	Discount allowed	37,700
Carriage inwards	93,000	General expenses	19,600
Rent	28,500	Audit fees	3,500
Salaries	46,500	Fire Insurance Premium	3,000
Sundry Debtors	1,20,000	Travelling Expenses	11,650
Sundry Creditors	74,000	Postage and Telegram	4,350
Loan from Dena Bank Ltd.(at 12%)	1,00,000	Cash in hand	1,900
Interest paid	4,500	Deposits at 10% as on 01.04.2015 (Dr.)	1,50,000
Printing & Stationary	17,000	Drawings	50,000
Advertisement	56,000		

Adjustments:

1. Value of stock as on 31.03.2016 is Rs. 3,93,000. This includes goods returned by customers on 31.03.2016 to the value of Rs. 15,000 for which no entry has been passed in the books.

2. Purchases include furniture purchased on 01.01.2016 for Rs. 10,000.
3. Depreciation should be provided on furniture at 10% p.a.
4. The loan account from Dena Bank in the books of Ganguli appear as below :

Particulars	Rs.	Particulars	Rs.
31.03.2016 to Balance c/d	1,00,000	01.04.2015 by Balance b/d	50,000
		31.03.2016 by Bank	50,000
	1,00,000		1,00,000

5. Sundry debtors include Rs. 20,000 due from Robert and sundry creditors include Rs. 10,000 due to him.
6. Interest paid include Rs. 3,000 paid to Dena Bank.
7. Interest received represents Rs. 1,000 from the sundry debtors and the balance on investments and deposits.
8. Provide for interest payable to Dena Bank and for interest receivable on investments and deposits.
9. Make provision for doubtful debts at 5% on the balance under sundry debtors. No such provision need to be made for the deposits.

OR

- B) Mr. Birla is a proprietor engaged in business of trading electronics. An excerpt from his Trading and Profit & Loss Account is as follows.

Trading and P & L A/C for the year ended on 31.03.2017

Particulars	Rs.	Particulars	Rs.
To cost of Goods Sold	45,00,000	By Sales	C
To Gross Profit c/d	D		F
	F		D
To Rent A/c	26,00,000	By Gross Profit b/d	D
To Office expenses	13,00,000	By Miscellaneous	E
To Selling expenses	B	Income	
To Commission to Manager (on net profit before charging such commission)			
To Net Profit	A		
	G		60,00,000

Commission is charged at the rate of 10% selling expenses amount to 1% of total sales. You are required to compute the missing figures.

- Q. 4 A) JHP Ltd. is a company with an authorized share capital of Rs. 10,00,000 in equity shares of Rs. 10 each of which 6,00,000 shares had been issued and fully paid on 30.06.2016. The company proposed to make a further issue of 1,00,000 of these Rs. 10 shares at a price of Rs. 14 each, the arrangements of payment being:
- a) Rs. 2 per share payable on application, to be received by 01.07.2016.
 - b) Allotment to be made on 10.07.2016 and a further Rs. 5 per share (including the premium) to be payable.
 - c) The final call for the balance to be made, and the money received by 30.04.2017.
- Applications were received for 3,55,000 shares and were dealt with as follows:
- i) Applications for 5,000 shares received allotment in full;
 - ii) Applications for 30,000 shares received an allotment of one share for every two applied for; no money was returned to these applicants; the surplus on application being used to reduce the amount due on allotment;

iii) Applications for 3,20,000 shares received on allotment of one share for every four applied for; the money due on allotment was retained by the company, the excess being returned to the applicants; and

iv) The money due on final call was received on the due date.

You are required to record these transactions (including cash items) in the journal of JHP Ltd.

OR

B) Mr. Long who was the holder of 2,000 preference shares of Rs. 100 each, on which Rs. 75 per share has been called up could not pay his dues on allotment and first call each at Rs. 25 per share. The directors forfeited the above shares and re-issued 1,500 of such shares to Mr. Short at Rs. 65 per share paid-up as Rs. 75 per share. Give Journal Entries to record the above forfeiture and re-issue in the books of the company. Also show necessary workings.

Q.5 Answer the following questions in 75-100 words: (Any two) 08

- A) Explain the fundamental accounting assumptions.
- B) Explain substance over form as an important qualitative characteristic of financial statement.
- C) Explain matching concept of accounting.

Q.6 Answer the following questions in 75-100 words: (Any two) 08

- A) Explain the procedure for preparation of Bank Reconciliation statement.
- B) State the need and importance of Bank Reconciliation statement.
- C) State salient features of Bank Reconciliation statement.

Q.7 Answer the following questions in 75-100 words: (Any two) 08

- A) Explain the term “Goods sent on approval basis”. Explain its treatment in books of accounts with an appropriate example.
- B) Distinguish between provision and reserve fund.
- C) Write short note on “Closing Entries”.

Q.8 Answer the following questions in 75-100 words: (Any two) 08

- A) Explain the concept of “Minimum Subscription”.
- B) Explain the type of allotment of shares when an issue is over-subscribed.
- C) Explain the concept of forfeiture of shares. Can forfeited shares be re-issued? If yes, then write accounting entries for such re-issue of shares.

Q.9 Answer the following questions. 08

- A) Explain the following accounting concepts.
 - i. Conservatism
 - ii. Dual aspect
- B) Fill in the blanks with appropriate answer:
 - i. Bank Reconciliation Statement helps in finding out the actual position of the _____.
 - ii. All the adjustments considered in _____ are not carried again to the Bank Reconciliation Statement.
- C) Explain an accounting treatment of following items in final accounts of a sole proprietor:
 - i. Rebate
 - ii. Provision for Bad and Doubtful Debts
- D) Fill in the blanks with an appropriate answer:
 - i. Loss on re-issue of shares should not exceed the _____.
 - ii. If the premium has already received by the company, it _____ even if the shares are forfeited in the future.
