



ED-975

Bachelor of Business Administration
1st Semester Examination,
March-April 2021

FINANCIAL ACCOUNTING

(105)

Time : Three Hours] [Maximum Marks : 90
[Minimum Pass Marks : 32

Note : Answer **all** questions. All questions carry equal marks.

Unit-I

1. Define Accounting. Explain its advantages and limitations.

OR

Discuss the relationship of accounting with other functional areas.

Unit-II

2. (a) What is Trial Balance? Explain the method of preparation of Trial Balance.

OR

Record the following Transactions in Shyam's Journal :

2020

1 April Shyam commenced business with ₹ 50,000, out of which he himself contributed ₹ 30,000 and has taken a loan of ₹ 20,000 from bank.

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(Turn Over)

(2)

2020

- 7 April Purchase goods of ₹ 20,000, out of these goods amounting to ₹ 14,000 is insured. Goods amounting to ₹ 3,000 is burnt by fire out of the insured goods, but the loss is only ₹ 2,500. Insurance company accepted this claim and made the payment.
- 15 April An order of goods for ₹ 3,000 is received from Ram.
- 18 April Shyam ask his supplier Durga to send the goods to Ram according to his order.

Unit-III

3. What are the different types of error ? Explain each of them.

OR

From the following particulars ascertain the Bank pass book balance of Mr. Shyam as on 31st December,2020 :

- (a) Bank balance as per cash book on 31st December, 2020 ₹ 6,340.
- (b) Bank charged ₹ 160 for interest which was debited in pass book.
- (c) Cheques issued but it was not presented for payment till 31st December, 2020 ₹ 5,168.
- (d) A cheque was deposited in the bank which was not cleared up till 31st December, 2020 ₹ 3,170.

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(3)

- (e) Bank collected interest on investment ₹ 1,000 and dividend of ₹ 550 which was credited only in the pass book.
- (f) A customer directly deposited ₹ 4,580 in the account of Mr. Shyam which was not recorded in the cash book.

Unit-IV

4. What are the Final Accounts? Why is it necessary for a company to prepare its Final Accounts? Describe the difference between manufacturing account and trading accounts.

OR

Prepare Final Accounts of Gaurav provisions for the year ending 31st March, 2020 :

	Debit (₹)	Credit (₹)
Purchase and Sales	70,007	82,500
Opening Stock	24,600	
Sales Return	505	
Bad debts	300	
Depreciation	1,800	
General Expenses	700	
Provisions for bad debts		1,200
Salaries	3,000	
Capital		55,310
Cash	8,708	
Debtors and Creditors	21,300	20,625
Furniture	4,500	
Outstanding Salaries		785
Plant	25,000	
	1,60,420	1,60,420

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Adjustments :

- (a) Closing Stock ₹ 21,499.
- (b) Credit Purchase of ₹ 4,200 has not been recorded.
- (c) Write-off ₹ 300 for bad debts and make a provision of ₹ 1,000 for bad and doubtful debts.
- (d) Purchase of Furniture of ₹ 2,000 has been recorded in purchase book.

Unit-V

5. What is Hire Purchase System? What are its characteristics? Give its merits and demerits.

OR

On 1st April, 2015 Murti Ltd. whose accounting year ends on 31st March purchased 10 machines for ₹ 20,000 each. Depreciation is charged @ 10% per annum on cost for the period in which they are owned. On 30th June, 2016 one machine was sold for ₹ 16,000 and 31st December, 2017 another machine was sold for ₹ 15,000. A new machine was purchased on 31st December, 2018 for ₹ 24,000. Prepare Machinery Accounts and Depreciation Accounts for four years.