

College of Applied Business (CAB)

Sent-up Examination, February 2015

BBA / Third Semester / ACC 201: Financial Accounting

Candidates are required to give their answers in their own words as far as practicable.

Section 'A'

Time: 15 minutes

Brief answer questions. Attempt ANY TWO questions.

[2×2=4]

1. Give the meaning of Double Entry System.
2. Following information is given.
 - i) Started business with cash Rs. 80,000.
 - ii) Purchased goods costing Rs. 30,000 for cash Rs. 25,000.
 - iii) Goods costing Rs.20,000 was sold for Rs.25,000 for cash.
 - iv) Salary due for the month Rs.4,000.

Required: Accounting equation.

3. The following information is provided by a company.

Trial Balance

Particulars	Debit Amount	Credit Amount
Debtors	50,000	
Bad debts	1,000	
Provision for bad debts		4,000

Additional information:-

Additional bad debt written off Rs. 2000.

Maintain provision for bad debts @ 5% on debtors.

Required: Provision for bad debts account.

4. Following assets and liabilities of a company are provided.

Overdraft	Rs 10,000
Stock	25,000
Loan from friends	4,000
Cash in hand	2,000
Creditors	12,000
Fixed assets	52,000

Required: Opening entry.

Section 'B'

Time: 15 minutes

Short answer questions. Attempt ANY ONE question.

[1×6=6]

5. Write the differences between capital and revenue expenditure.
6. The following information of a trader is provided:
 - i. Overdraft as per cash book Rs 5,000
 - ii. Cheque issued but not presented for payment Rs 3,000
 - iii. Cheque paid into bank but not yet credited Rs 1,500
 - iv. Interest on investment collected by the bank and credited in the pass book Rs 1,800
 - v. Amount paid by the bank as per standing order Rs 700.
 - vi. Interest on overdraft debited in the pass book Rs 250

Required: Bank Reconciliation Statement.

7. Transaction relating to purchase of Manakamana Books are given below:
- i. Purchased from Pashupati Books House
100 books @ Rs. 45 each
150 booklets @ Rs 20 each
 - ii. Purchased from Narayani Books for cash 200 Atlas @ Rs 50 each
 - iii Purchased from Ratna Pustak
50 Dictionaries @ Rs 150 each
100 computer books @ Rs 75 each. [Trade discount @ 10%]
 - iv Purchased from Furniture Land
2 Office tables @ Rs. 4,000 each.

Required: (i) Purchase book (ii) Purchase account

Section ‘C’

Time: 90 minutes

Comprehensive answer question.

[30]

8. Mr. Madhav, a trader of consumer goods started his business on 1st Baisakh 2070 with a capital of Rs. 500,000. On 2nd Baisakh, he deposited cash of Rs. 350,000 into the bank. On 8th Baisakh, he purchased office furniture worth Rs. 50,000 for cash. He purchased goods worth Rs. 150,000 making a down payment of Rs.50, 000 in cash. His office was in rented building for which he paid by cheque Rs. 50, 000 @ Rs. 5,000 per month. He purchased an insurance policy for two years and paid premium of Rs. 12,000 by cheque. He has appointed a staff and paid salary Rs. 55,000 by cheque. He also paid telephone and electricity bill of Rs.25,000 in cash. During the year, he sold goods for cash Rs. 75,000 and in credit Rs.200, 000. He paid to creditor Rs. 45,000 for the settlement of the due of Rs. 50,000 and he also received a cheque of Rs. 145,000 from the debtor for the settlement of 75% of debts. He also paid Rs. 10,000 for the administrative expenses.

Additional information:-

- Goods unsold at the end of the year Rs. 40,000.
- Depreciate furniture @ 10% p.a.
- Salary outstanding was Rs.5, 000.
- Half of insurance premium was paid for 2071.

- Required: -**
- i) Journal entries [6]
 - ii) Cash book with cash, bank and discount columns. [5]
 - iii) Necessary ledger accounts. [7]
 - iv) Financial statement using work sheet. [8]
 - v) Cash flow statement for the period. [4]

- GOOD LUCK-