

Business Accounting

Time Allowed : 3 Hours

Maximum Marks :

Regular : 80

Re-appear : 90

Note : **Question No. 1 is compulsory.** Attempt five questions in all, All questions carry equal marks.

Compulsory Question

1. Explain/Answer the following in upto one page length each :
 - (a) Accounting as Information System
 - (b) Users of Accounting Information
 - (c) GAAP Vs FSAB
 - (d) Suspense Account
 - (e) Closing Entries
 - (f) Differentiate Capital Profits and Revenue Profits.
2. Explain the major accounting concepts and Fundamental accounting assumptions. What is the need of these concepts ?
3. Define Financial Accounting. How accounting is different from book keeping ? Explain limitations of Accounting.
4. Journalise the following transactions, and post them into the ledger for September 2008 :
 - 01- Started business by bringing in cash worth Rs. 2,00,000 out of which paid into bank Rs. 80,000.
 - 06/09- Bought Furniture for Rs. 20,000 and Machinery Rs. 4,000.
 - 07- Purchased goods for Rs. 56,000
 - 08- Sold goods for Rs. 32,000.
 - 09- Purchased goods from Jain and Co. on credit for Rs. 44,000.

- 10/09- Received cash from travelling salesman Rs. 800 for goods sold by him.
- 15- Bought 100 shares in PQ and Co. Ltd. at Rs. 120 and paid brokerage Rs. 80
- 16/09- Goods worth Rs. 4,000 which were defective were returned to Jain and Co. and balance amount due to them was settled by issuing a cheque in their favour.
- 17- Paid for donations for Rs. 402.
- 20/09- Sold 40 shares of PQ and Co. Ltd. at Rs. 130 per share and paid brokerage Rs. 80.

5. (a) Differentiate Sales Book and Sales Account.
(b) Differentiate Cash Book and Cash Account.
(c) Differentiate Trial balance and Balance Sheet.
6. Pass Journal Entries to rectify the following errors :
- (a) Sales of Rs. 20 to Manoj were recorded as Rs. 200 in the Sales Book.
- (b) Goods of Rs. 300 taken by the proprietor have not been entered in books at all.
- (c) Goods of the value of Rs. 400 returned to Ashok, but no entry was made in the books.
- (d) A cheque of Rs. 400 received from Shiv Prasad was dishonoured and debited to Discount Allowed Account.
- (e) An amount of Rs. 600 due from Harish Bros. which has been written off as Bad debt in Previous year, was unexpectedly recovered, and has been credited to the personal A/c of Harish Bros.
- (f) Bill for Rs. 820 received from Ramesh for repairs to Machinery was entered in the purchase books as Rs. 720.

7. From the following Trial Balance extracted from the books of Shri Vishnu Charan Singh, prepare a Trading and Profit and Loss Account for the year ended 30th September, 2008 and a Balance Sheet as on that date :

<u>Debit Balance</u>	<u>Rs.</u>		<u>Rs.</u>
Drawings	4,480	Investments	30,000
Land and Buildings	25,000	Sundry Debtors	37,000
Plant and Machinery	14,270	Stock (1st October, 2007)	26,420
Furniture and Fixtures	1,250	Fire Insurance	490
Carriage Inwards	4,370	Cash at Bank	13,000
Wages	21,470	Cash in Hand	850
Salaries	4,670	<u>Credit Balance :</u>	
Sales Return	1,760	Bad Debts Provision	2,470
Bank Charges	140	(as on 1-10-2007)	
Coal, Gas and Water	720	Sales	91,230
Rates and Taxes	840	Discount Account	120
Purchases	42,160	Purchase Returns	8,460
Bills Receivable	1,270	Sundry Creditors	12,170
Trade Expenses	1,990	Apprentice Premium	500

Charge Depreciation on Land and Building Account on 2½% on Plant and Machinery Account at 10% and on Furniture and Fixtures Account at 10%. Make a provision of 5% on Sundry Debtors for Doubtful Debts Carry forward the unexpired amount for Fire Insurance Rs. 125, Rates and Taxes Rs. 240 and Apprentice Premium Rs. 400, charges 5% interest on Capital and Interest on Drawings is Rs. 300. The value of Stock as on 30th September, 2008 was Rs. 29,390. Outstanding Wages are Rs. 530. Interest on investment Rs. 3,000 is accrued.

8. "Capital expenditure is different from Revenue expenditure." Explain by giving suitable examples.