

MBA Degree (FT/PT) First Semester End Semester Examination- February/March, 2022  
 21-371-0105/21-372-0105/16-372-0105: Financial Accounting  
 (Regular/Supplementary)

Time: 3 Hours

Max. Marks: 50

PART A*(Answer ALL questions. Each question carries 2 marks)*

1. The process of finding the balance of a particular account on a given date is known as 'Balancing of account'. What does it mean when an account shows a debit balance?
2. "Certain transactions appear on both sides of the Cash book." Why?
3. What do you understand by "Dual Aspect Concept" of accounting?
4. How will you treat Opening stock and Closing stock in the final accounts?
5. As per accounting principles, "Capital is considered as a borrowing" – Comment.

(5X2=10)

PART B*(Answer ANY FIVE Questions. Each question carries 4 marks)*

6. Journalize the following transactions:

2011 Jan. 01	Girdhar commenced business with cash 10,000
Jan. 03	Goods purchased for cash 5000
Jan. 04	Purchase from Hari 3000
Jan. 08	Furniture purchased from Murari for cash 7000
Jan. 09	Furniture purchased from Mridul 6000
Jan. 12	Cash paid to Hari in full settlement of his account 2800
Jan. 15	Goods purchased from Anil and he allowed us 10% trade discount 3000
Jan. 21	Prince bought goods from business 2000

7. India converging to IFRS in two phases. Conversion or convergence to IFRS leads to global harmonization- Comment
8. Briefly explain various tools used for Analysis and Interpretation of financial statement
9. Following transactions extracted from the books of a business concern, draw Bank account.
  - i) 1<sup>st</sup> January open a bank account Rs.15000
  - ii) Purchase goods and paid by cheque Rs.5000
  - iii) Sold goods to Mohan 1000
  - iv) Received cheque from Mohan Rs.1000
  - v) Cheque received from Mohan submitted to Bank Rs. 1000
  - vi) Mohan's cheque returned dishonoured



10. In double entry system accounting every transaction affect two aspects. Show the effect of the following transactions on the assets, liabilities and capital of Mr. Kumar through the accounting equation

- (i) Kumar started business with cash of Rs.20000.
- (ii) Purchased goods for cash for Rs.10000.
- (iii) Purchased goods on credit from Mr.Mohan Lal for Rs.8000.
- (iv) Sold goods costing Rs.8000 for Rs.10000.
- (v) Withdrew Rs.1000 from business in cash to pay his private expenses.
- (vi) Electricity bills paid for Rs.1000.
- (vii) Borrowed Rs.5000 from Mr.Lalit.
- (viii) Purchased goods for cash Rs.2000.

11. Following is a Trial Balance prepared by an incompetent accountant. You are required to rewrite it.

Capital	22,000	
Opening Stock	6,500	
Furniture	2,700	
Purchase		8,850
Cash	7,300	
Carriage	300	
Sales		22,700
Building	12,000	
Return Inwards		1,500
Return Outwards	350	
Trade Expense	1,000	
Discount Received	370	
Salary	3,500	
Office Rent		1,770
	<u>56,020</u>	<u>34,820</u>

12. Explain the accounting period concept in the context of going concern concept with the help of example.

(5X4=20)



**PART C**

(Answer ANY TWO questions. Each question carries 10 marks)

13. From the following details prepare final accounts of the business for the year ending on 31<sup>st</sup> March, 2013.

	Rs		Rs
Capital	1,00,000	Plant & Machinery	60,000
Cash in hand	1,200	Furniture	15,000
Purchases	1,20,000	Sales	2,00,200
Bills Payable	23,000	Bills Receivable	20,000
Stock (1.4.2012)	35,000	Rent, Taxes	10,000
Debtors	50,000	Wages	16,000
Creditors	24,000	Salaries	20,000

**Additional Information:**

- (a) Stock on 31-3-2013 Rs.40,000  
(b) Outstanding rent Rs.2,000; Wages Rs.3,000; Salaries Rs.4,000  
(c) Provide depreciation on Plant & Machinery at 5%; on Furniture at 10%
14. Enter the following transactions in a three column cash books
- 2011**
- |         |   |
|---------|---|
| July 01 | Started business with an investment of Rs.9000  |
| July 02 | Deposited in Bank of India, Rs.7000   |
| July 10 | Paid the bill of the furniture by cheque Rs.10000                                     |
| July 15 | Purchase of Rs.800 by cheque  |
| July 18 | Withdrew Rs.1000 from the bank  |
| July 20 | Sold merchandise for Rs.1200  |
| July 22 | Deposited Rs.2000 into the bank   |
| July 25 | Bought goods Rs.1000  |
| July 26 | Sold Rs.1500 merchandise by issuing cheque  |
| July 27 | Paid Rs.1000 by cheque as insurance premium   |
| July 30 | Withdrew from bank for personal use Rs.500  |
| July 31 | Cleared electricity bill Rs.900   |
| July 31 | Paid to Mahesh Rs.1080 in full satisfaction of Rs.1100 for goods purchased            |
| July 31 | Received from Suresh a cheque for Rs.1480 in full satisfaction of the debt of Rs.1510 |
15. "Generally Accepted Accounting Principles, makes it possible to compare the accounting statements of various business units at international level, irrespective of characteristics, size, process"- Explain

(2x10=20)