



Unit 1

Financial Accounting

Q:1) Write a short note on: (4 marks each)

1. User of accounting information.
2. Explain the concept of prudence.
3. Accounting Standards.
4. Going concern concept.
5. Dual Aspect of financial Accounting.

Q:2) Long Questions: (10 marks each)

- 1) Explain any 5 principles of Accounts.
- 2) Difference between Accounting and Book keeping.
- 3) What are the advantages of Financial Accounting?
- 4) What are the objectives of Financial Accounting?
- 5) What do you mean by accounting? Also discuss the scope and objectives of accounting?
- 6) What is GAAP? Explain the concepts and conventions of accounting in detail.
- 7) Discuss the classification of accounts.



Unit 2
Accounting Transactions and Final Accounts

Q:1) Fill in the blanks

(1 Mark each)

1. Journal Entries are known as book of..... Entry.
2. Prepaid expense is treated as.....
3. Outstanding expenses are charged to.....
4. Bookkeeping is anof correctly recording of business transition.
5. Trade Payables are recorded in.....
6. Interest, rent, electricity bill are types of.....account.
7. The revenue recognition principal dictates that all types of incomes should be recorded or recognizedwhen.....
8. Information about an item isif its omission or misstatement might influence the financial decision of the users taken on the basis of that information.
9. Profit from sale of assets is example forprofit.
10. The amount brought in by the proprietor in the business should be credited to.....
- 11.

Q:2) State whether the following statements are true or false:

(1 Marks each)

- 1) As prepaid expenses are used, the expired costs of the assets become expenses.
- 2) Gains from the sale or exchange of assets are not considered as the revenue of the business.
- 3) All liabilities which become due for payment in one year are classified as long term liabilities.
- 4) Sales less cost of good sold = gross profit.
- 5) Stock at the end does not appear in the Trial balance. In case it appears in the Trial balance, the amountof purchases in the Trial balance is reduced.
- 6) Medicines given to the office staff by a manufacturer of medicines will be debited to salaries account.
- 7) Premium paid on the life policy of a partner is debited to profit and loss account.
- 8) The salary paid in advance is not an expense because it neither reduces assets or nor increase liabilities.
- 9) The debts written off as bad, if recovered subsequently are credited to Debtors Account.



Q:3) Make journal entries of the following:

(5marks each)

(A) On April 01, 2016

1. Amit started business with Rs. 100,000 and other transactions for the month are:
2. Purchase Furniture for Cash Rs. 7,000.
8. Purchase Goods for Cash Rs. 2,000 and for Credit Rs. 1,000 from Khalid Retail Store.
14. Sold Goods to Khan Brothers Rs. 12,000 and Cash Sales Rs. 5,000.
18. Owner withdrew of worth Rs. 2,000 for personal use.
22. Paid Khalid Retail Store Rs. 500.
26. Received Rs. 10,000 from Khan Brothers.
30. Paid Salaries Expense Rs. 2,000

(B). On March 2017, Farhan Rahim, starts wholesaling business. Following transactions as follows:

1. He started business with capital of Rs. 15,000 and Land worth Rs. 10,000.
8. Bought goods from Bilal and Friends Rs. 1,000 and by cash from XYZ Co. Rs 2,000.
13. Sold goods to Rehman & sons Rs. 1,500 and sale by cash Rs. 5,000.
17. Gave away charity of cash Rs. 50 and merchandising worth Rs. 30.
21. Paid Bilal and Friends cash Rs. 975; discount received Rs. 25.

Q5. Long Questions
marks)

(16

(A) From the following Trial Balance of M/s. Shradha & Sons as on 31st March, 2018, prepare Trading and Profit and Loss Account and Balance Sheet.

Heads of Accounts	Dr.	Cr.
	Balance	Balance
	(₹)	(₹)
Capital	...	80,000
Drawings	18,000	...
Sales	...	1,55,000
Purchases	82,600	...
Stock (1st April, 2017)	42,000	...
Returns Outward	...	1,600
Carriage Inwards	1,200	...
Wages	4,000	...
Power	6,000	...
Machinery	50,000	...



Furniture	14,000	...
Rent	22,000	...
Salary	15,000	...
Insurance	3,600	...
8% Bank Loan	...	25,000
Debtors	20,600	...
Creditors	...	18,900
Cash in Hand	1,500	...
Total	2,80,500	2,80,500

Adjustments:

- Closing Stock ₹ 64,000.
- Wages outstanding ₹ 2,400.
- Bad Debts ₹ 600.
- Provision for Doubtful Debts to be 5%.
- Rent is paid for 11 months.
- Insurance premium is paid per annum, ended 31st May, 2018.
- Loan from the bank was taken on 1st October, 2017.
- Provide Depreciation on machinery @ 10% and on Furniture @ 5%.

(B) Following are the balances extracted from the books of Narain Lal on 31st March, 2018:

	Amount (₹)	Particulars	Amount (₹)
Narain Lal's Capital	3,00,000	Sales	15,00,000
Narain Lal's Drawings	50,000	Sales Return	20,000
Furniture and Fittings	26,000	Discount (Dr.)	16,000
Bank Overdraft	42,000	Discounts (Cr.)	20,000
Creditors	1,38,000	Insurance	20,000
Business Premises	2,00,000	General Expenses	40,000
Stock on 1st April, 2017	2,20,000	Salaries	90,000
Debtors	1,80,000	Commission (Dr.)	22,000
Rent from Tenants	10,000	Carriage on Purchases	18,000
Purchases	11,00,000	Bad Debts Written off	8,000

Additional Information:



- (i) Closing Stock as on 31st March, 2018 was ₹2,00,600.
(ii) Depreciate: Business Premises by ₹3,000 and Furniture and Fittings by ₹2,500.
(iii) Make a provision of 5% on debtors for doubtful debts.
(iv) Carry forward ₹2,000 for unexpired insurance.
(v) Outstanding salary was ₹15,000.
Prepare Trading and Profit and Loss Account for the year and Balance Sheet as at that date.

(C) The following is the Trial Balance extracted from books of M/s Sangeeta Masale as on 31st March, 2018. Prepare Trading, Profit and Loss Account for the year ended 31st March, 2018 and Balance sheet as on that date.

Particular	Dr.	Particular	Cr.
Land and building	230000	Capital	400000
Drawings	136000	Loan	130000
Plant and building	150000	Sales	200000
Furniture and fixture	35000	Commission Received	9000
Purchases	50000	Sundry creditors	120000
Opening stock	50000	Interest	26000
Office expenses	30000	Rent received	4000
Bad debts	3000		
wages	7000		
Insurance	2000		
Debtors	56000		
Cash at bank	30000		
Cash in hand	10000		
Salaries	100000		
	889000		889000

Adjustments :

1. The closing stock is valued at Rs. 64,000.
2. Outstanding wages are Rs. 1,000.
3. Prepaid insurance is Rs. 800.
4. Depreciate Land and Building and Plant and Machinery @ 10%.
5. Make a provision of 5% on debtors for bad debts.



(C) The following balances were extracted from the books of Priyanka on 31st March, 2018. You are required to prepare a Trading and Profit and Loss Account and Balance Sheet on that date

Particular	Dr	Cr
Opening Stock	16000	
Capital		45000
Salaries	13000	
Drawings	4000	
Carriage inward	500	
Carriage outwards	1000	
Sales return	1000	
Purchase return		700
Loan to Mr. X	11000	
Loan from Mr. Y		7000
Rent	1300	
Rent outstanding		200
Purchase	40000	
sales		731000
Debtors	25000	
Creditors		8000
Bad debts	800	
Reserves for bad debts		1200
Discount Allowed	600	
Furniture	11700	
wages	500	
Insurance premium	1200	
Rent by Sub Letting		800
Cash	700	
Bank	8000	
Total	136300	136300

Adjustments :

- (1) Closing Stock ` 10,500 but the market value of closing stock was ` 9,500.
- (2) Insurance premium prepaid ` 200.
- (3) Loan to Mr. X, given at 10% interest p.a. and loan taken from Mr. Y carries 9% interest p.a.
- (4) Depreciation is to be provided at 5% on furniture.
- (5) Goods worth ` 500 have been taken by the proprietor for private use.
- (6) Bad and doubtful debts are to be provided at 10%.



(D) Enter the following transactions in the Cash book of Amol (having cash book with cash and bank column) for March 2016.

- 1 Cash in hand Rs. 400 and bank Rs. 1,000
- 2 Sold goods to Suresh & Co. for Rs. 600 and received cash of Rs. 400 in part payment.
- 3 Purchased goods from Patel for Rs. 784 and paid the amount by issue of cheque.
- 5 Transferred Rs. 500 from private bank A/c to business bank A/c.
- 10 Issued a cheque of Rs. 200 to Bharat Furniture Works for the furniture purchased in the month of Feb. 2016.
- 12 Withdrew for personal use from bank Rs. 100
- 14 Issued a cheque to petty cashier for Rs. 175
- 15 Withdrew for office use Rs. 500
- 18 Suresh & Co. informed that they paid directly into our bank A/c the remaining balance i.e. Rs. 200
- 19 Bank collected interest on investments and credited to our account Rs. 200. Bank charged 1% Commission.
- 20 Issued goods against fire for Rs. 40,000 and paid insurance premium 2% by cheque.
- 21 For cash sales received a cheque from M/s Manik & Sons for Rs. 500 and deposited into the bank account immediately.
- 23 Cheque received from M/s Manik was dishonoured.
- 25 Paid salary by cheque Rs. 300
- 30 Purchased Govt. Securities of Rs. 800 @ 98%

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Unit 3
Bank Reconciliation Statements

Q:1) Fill in the blanks:

(1 mark each)

- 1) Passbook is a copy of as it appears in the ledger of the bank.
- 2) When money is withdrawn from the bank, the bank the account of the customer.
- 3) Normally, the cash book shows a debit balance, passbook showsbalance.
- 4) Favourable balance as per the cash book means balance in the bank column of the cash book.
- 5) If the cash book balance is taken as starting point the items which make the cash book balance smaller than the passbook must be for the purpose of reconciliation.
- 6) If the passbook shows a favourable balance and if it is taken as the starting point for the purpose of bank reconciliation statement then cheques issued but not presented for payment should beto find out cash balance.
- 7) When the cheques are not presented for payment, favourable balance as per the cash book isthan that of the passbook.

Q:2) Short Questions:

(5 marks each)

a) From the following particulars of Anil & Co. prepare a bank reconciliation statement as on August 31, 2017.

1. Balance as per the cash book ` 54,000.
2. 100 bank incidental charges debited to Anil & Co. account, which is not recorded in cash book.
3. Cheques for ` 5,400 is deposited in the bank but not yet collected by the bank.
4. A cheque for ` 20,000 is issued by Anil & Co. not presented for payment

b) From the following particulars of Asha & Co. prepare a bank reconciliation statement on December 31, 2017.

1. Overdraft as per passbook 20,000
2. Interest on overdraft 2,000
3. Insurance Premium paid by the bank 200
4. Cheque issued but not presented for payment 6,500
5. Cheque deposited but not yet cleared 6,000
6. Wrongly debited by the bank 500



Q:3) Long Questions:

(10 marks each)

(A) From the following particulars, prepare Bank Reconciliation Statement as on 31st December, 2008:

1. Debit balance as per Cash Book ₹ 10,000.
2. A cheque for ₹ 500 issued in favour of Karan has not been presented for payment.
3. A bill for ₹ 700 retired by bank under a rebate of ₹ 20, the full amount of the bill was credited in the Cash Book.
4. A cheque for ₹ 295 deposited in the bank has been dishonored.
5. A sum of ₹ 800 deposited in the bank has been credited as ₹ 80 in the Pass Book.
6. Payment side of the Cash Book has been undercast by ₹ 200.
7. A bill receivable for ₹ 1,000 (discounted with the bank in November 2008) dishonored on 31st December, 2008.

(B) On 1st March, 2018 the Cash-Book of Amit showed a debit balance of 6,490. On comparing his Cash-Book with the Pass-book he finds that :

- (i) Out of three cheques totalling to 2,100 issued on 29th March, 2018 only a cheque of 1,200 has been presented and cashed upto 31st March, 2018.
- (ii) Two cheques of 1,000 and 2,635 respectively were deposited into bank but only a cheque of 1,000 was credited before 31st March, 2018.
- (iii) Bank charges of 15 and bank interest of 400 appearing in the Pass-book are not yet recorded in the cash-book.
- (iv) A standing order for payment of Life Insurance Premium amounting to 175 has not been entered in Cash-book.
- (iv) A cheque of 150 deposited and credited by Bank was entered as 115 in Cash-book.

Prepare a Bank Reconciliation statement to find out the balance as per the Pass-book on 31st March, 2018.



Unit 4

Computerized Accounting

Q:1) Short Questions: (5 marks each)

1. What are the different types of accounting software?
2. What is the most widely used accounting software?
3. Which software is used for financial accounting?
4. What is computerized accounting?
5. What are five basic components of an accounting system?

Q:2) Long Questions: (10 marks each)

1. What is computerized Accounting? Explain the advantages and disadvantages of computerized Accounting?
2. Explain the difference between computerized accounting system and manual accounting system?
3. What are Accounting software packages? Explain the various types of accounting software?

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