

Exam. Code : 304301

Subject Code : 7396

P.G. Dip. in Business Management 1st Semester

FINANCIAL ACCOUNTING

Paper—PGDBM-103

Time Allowed—Three Hours] [Maximum Marks—50

Note :— Attempt **FIVE** short answer questions from Section A carrying **2** marks each. The length of answer to each question should be in up to **5** lines. Attempt **TWO** questions each from Section B and Section C carrying **10** marks each. The length of answer to each question in Section B and Section C should be in up to **5** pages.

SECTION—A

1. Explain the meaning of Accounting.
2. What is a debit note ?
3. Give an example of contra entry.
4. Define Bills Receivables Book.
5. What is a Journal Proper ?
6. What is bank reconciliation statement ?
7. What do you mean by error of duplication ?
8. What is profit and loss account ?

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SECTION—B

1. Define Accounting. What are its functions and advantages ?
2. What are the causes of disagreement in pass book and cash book balance ? How would you reconcile them ?
3. Enter the following transactions in the three columnar cash book :

2010

- Nov. 1 Balance of cash in hand Rs. 4,000 and in bank Rs. 10,000.
- Nov. 2 Received cash from Mohan Rs. 1,000 and allowed him discount Rs. 30.
- Nov. 3 Paid into bank Rs. 2,000.
- Nov. 4 Paid to Dinu & Co. by cheque Rs. 320 in full settlement of their account for Rs. 350.
- Nov. 5 Received from cash sales Rs. 275 and cheque Rs. 225.
- Nov. 6 Paid for cash purchases by cheque Rs. 645.
- Nov. 7 Paid by cheque to Radha & Co. Rs. 725 in full settlement of Rs. 800.
- Nov. 8 Drew for office use Rs. 900 and Rs. 100 for personal use from bank.
- Nov. 11 Paid cash for advertisement Rs. 45.
- Nov. 15 Drew a cheque of Rs. 500 for personal use.

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Nov. 19 Paid salaries to staff by cheque Rs. 1,250.

Nov. 20 Paid Life Insurance premium Rs. 300.

Nov. 23 Paid rent Rs. 400.

Nov. 26 Purchased by cheque, office furniture worth Rs. 375.

Nov. 30 Received a cheque of Rs. 580 from Maya & Co. in full settlement of their account for Rs. 620.

4. Following errors are traced out in the books of M/s Ludhiana Cycle Works. You are required to rectify the errors.

(a) A purchase of goods for Rs. 3,050 from Raghbir was recorded in sales book.

(b) A sales return of Rs. 600 from Y was entered in Purchases Returns Book.

(c) A bill receivable of Rs. 2,000 from Amar was recorded wrongly in Bills payable book.

(d) A sale of Rs. 2,500 to Prem was recorded in Purchases Book.

(e) A purchase return of Rs. 1,700 to Sachin was recorded in the sales return book.

(f) An acceptance of Rs. 2,200 to Akhil was wrongly recorded in Bills Receivable Book instead of Bills Payable Book.

(g) A purchase of goods for Rs. 3,300 from Surinder was recorded in Purchases Return book.

SECTION—C

1. Define depreciation. What are its features ? Define the various factors affecting the depreciation amount ?
2. What is bills of exchange and promissory note ? Differentiate between bills of exchange and promissory note.
3. Prepare Trading and Profit and Loss Account and Balance Sheet from the following information :

Dr. Balance	Rs.	Cr. Balance	Rs.
Stock 1-4-2010	42,000	Sales	96,170
Purchases	68,250	Loans	60,000
Carriage	600	Discount	850
Wages	12,000	Commission	680
Power	1,800	Sundry Creditors	6,000
Furniture	4,000	Capital	30,000
Investments	6,000	Provisions for	
Freehold Premises	15,000	bad debts	250
Travelling expenses	900		
Debtors	1,000		
Interest	400		
Bills Receivable	1,800		
Tools	7,000		
Plant and Machinery	30,000		
Bad debts	200		
Drawings	3,000		

The following adjustments are to be made :

- (a) Stock on hand on 31-3-2011 was Rs. 7,860.
- (b) Depreciate plant and machinery @ 10% p.a.
- (c) Wages Rs. 700 are outstanding.
- (d) Commission receivable was Rs. 100.

4. From the following Receipts and Payments Account of Rotary club, prepare the Income and Expenditure Account for the year ended 31 March, 2017 :

Receipts	Rs.	Payments	Rs.
To Bank Balance (1-4-2016)	1,360	By Rent of Hall	2,160
To Annual Subscriptions	4,100	By Cost of Music	680
To Entrance Fees	2,400	By Trophies Awarded	2,740
To Donations (General)	1,200	By Secretarial Expenses	1,060
To Sale of Concert Tickets	5,720	By Sundry Expenses	1,200
		By Bank Balance (31-3-2017)	6,940
	14,780		14,780

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On 1st April, 2016 subscriptions in arrears amounted to Rs. 1,400 and on 31 March 2017 it was due Rs. 250. An amount of Rs. 500 for trophies awarded to the participants was unpaid at the end of the year. Half of the entrance fees is to be capitalised.