

and profit and loss account for the year ending 31st December 2011 and a balance sheet on that date :

Sales (inclusive of cash Rs. 7,000)	17,000
Purchases (inclusive of cash Rs. 4,000)	15,000
X's drawings	1,200
Salary to staff	2,000
Bad debts written off	500
Business expenses	700

X took cloth worth Rs. 500 from the shop for private use and paid Rs. 200 to his son, but omitted to record these transactions in his books on 31st December 2011 his sundry debtors were Rs. 5,200 and sundry creditors Rs. 3,600 stock in hand on 31st December 2011 was Rs. 6,500.

8. Describe the method of preparing income and expenditure account from receipts and payment account.

Exam. Code : 304301

Subject Code: 6236

P.G. Diploma in Business Management (PGDBM)

1st Semester (Batch 2021-22)

FINANCIAL ACCOUNTING

Paper—PGDBM-103

Time Allowed—3 Hours]

[Maximum Marks—50

Note :— Attempt FIVE questions in all, selecting at least ONE question from each section. The FIFTH question may be attempted from any Section. All questions carry equal marks.

SECTION—A

1. What do you mean by accounting ? Explain the nature and objectives of accounting.
2. What are different categories in which accounting transactions can be classified ? Explain the different rules of journalizing the transactions with appropriate illustrations.

SECTION—B

3. Is trial balance a conclusive proof of the books of account ? If not, what are the errors which remain undetected in spite of its agreement ?

4. (a) Explain the reasons on account of which the balances shown in pass book do not tally with bank column of cash book.
- (b) From the following particulars prepare a bank reconciliation statement as at December 31, 2011 :
- (a) Overdraft as per pass book as on 31st December, 2011, Rs. 13,880.
 - (b) Interest on overdraft for six months ending 31st December, 2011, Rs. 240.
 - (c) Bank charges debited in pass book only, Rs. 60.
 - (d) Cheques issued but not yet presented to the bank by the customers Rs. 2,300.
 - (e) Cheques paid into the bank but not cleared by the bank yet Rs. 4,340.
 - (f) A bill receivable (discounted with the bank in November) dishonoured on 31st December, 2011, Rs. 1,000.

SECTION—C

5. What do you understand by bills of exchange ? Give journal entries with respect to endorsement and dishonor of bills of exchange. Illustrate your answer with suitable example.

6. ABC Ltd. Co., purchased second hand machinery on April 1, 1996 for Rs. 3,70,000 and installed it at a cost of Rs. 30,000, On October 1, 1997, it purchased another machine for Rs. 1,00,000 and on October 1, 1998, it sold off the first machine purchased in 1996, for Rs. 2,80,000. On the same date, it purchased machinery for Rs. 2,50,000. On October 1, 1999, the second machinery purchased for Rs. 1,00,000 was sold off for Rs. 20,000. In the beginning, depreciation was provided on the machinery at the rate 10% p.a. on the original cost each year on March 31. From the year 1997-98, however, the company changed the method of providing depreciation and adopted W.D.V. method, the rate of depreciation being 15%. Give machinery account for the period.

SECTION—D

7. Mr. X commenced as a business as a cloth merchant on 1-1-2011 with a capital of Rs. 10,000 on the same date he purchased furniture and fitting for cash Rs. 3,000.
- From the following particulars obtained from his books kept by single entry, you are required to prepare a trading