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B. HMCT
HMFM 4110

Second Semester Examination – 2008

BASIC ACCOUNTING

Full Marks – 70

Time : 3 Hours

Answer Question No. 1 which is compulsory
and any **five** from the rest.

Figures in the right hand margin
indicate marks.



1. Answer the following questions : 2×10
- (a) What is business entity concept of Accounting ?
 - (b) What is meant by overdraft ?
 - (c) Write two examples of direct expenses.

- (d) Write a transaction in which both asset and liability decreases.
- (e) Write two advantages of charging depreciation under diminishing balance method.
- (f) Write two examples of contra entry in cash book.
- (g) Arrange the following assets in order of permanence :
Cash, Investments, Debtors, Closing stock.
- (h) Distinguish between Reserve and Provision (any two).
- (i) Distinguish between primary memory and secondary memory of a computer. (any two)
- (j) Mention the nature of transaction to be recorded in a purchase book.

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2. Briefly explain the important concepts and conventions which form the backbone of Accounting. 10
3. What are the basic functions performed by the computer system ? 10
4. Prepare Trading and P/L A/c and Balance Sheet from the following information. 10

Dr.		Cr.	
Particulars	Amount Rs.	Particulars	Amount Rs.
Opening Stock (01.01.05)	42,000	Sales	96,170
Purchases	68,250	Loan	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	Bills payable	250
Land & Building	15,000		
Travelling Exp.	900		
Debtors	1,000		
Interest	400		
Bills Receivable	1,800		
Plant & Machinery	37,000		
Bad Debts	200		
Drawings	3,000		
	1,93,950		1,93,950

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The following adjustments are to be made :

Closing stock in hand on 31.12.05 is Rs.7,860.

Depreciate Plant & Machinery @10%per annum

Wages outstanding is Rs. 700

Discount receivable is Rs. 100

5. Write short notes on (any four) : 2.5×4

(a) Trial Balance

(b) Analogue Computer

(c) Ledger

(d) Representative Personal Account

(e) Straight line method of charging depreciation.

6. What do you mean by Bank Reconciliation Statement ? What are the causes of disagreement between Cash Book and Pass Book and how would you reconcile them ? 2+8

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7. Enter the following transactions in the triple column Cash Book. 10

<u>Date</u>	<u>Events</u>	<u>Amount</u> Rs.
Nov-1-2006	Cash in Hand	14,000
	Cash at Bank	10,000
Nov-2	Received cash from Mohan and allowed discount	1,000 30
Nov-3	Paid into Bank	2,000
Nov-4	Paid to Prakash by cheque in full settlement of their account for Rs. 350	320
Nov-5	Received from Cash Sales	
	Cash :	275
	Cheque :	225
Nov-6	Paid for purchases by cheques	645
Nov-7	Paid by cheque to Ravi in full settlement of Rs. 800.	725
Nov-8	Draw from Bank for office use	900
	Draw from bank for personal use	100

8. M/s Dipti purchased a machine on 1st April 2004 for Rs. 10,000. On 1st October in the same year additional machinery was purchased costing Rs. 5000. On 1st October 2005 the machine purchased on 1st April

2004 was sold off for Rs. 4000. Depreciation is charged @ 10% per annum on original cost every year. Show machinery account for 2004 and 2005. The books are closed on 31st March each year. 10