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**M.A.M.****Theory Examination (Semester-II) 2015-16****FINANCIAL ACCOUNTING****Time : 3 Hours****Max. Marks : 100****SECTION A****1. Answer all parts in not more than 30 words each: (2X10=20)**

- What is book keeping?
- What is financial accounting?
- What is ledger posting?
- What is petty cash book?
- Define trial balance?
- What is a joint stock company?
- What is an accounting equation?
- Differentiate between calls in advance and calls in arrear.
- What is a debenture?
- What is forfeiture of shares?

**SECTION B****2. Answer any five parts in not more than 250 words each:****(10X5=50)**

- What are the three major objectives of preparation of trial balance?
- State and explain the main differences between financial accounting and management accounting.
- Explain accounting principles and their usefulness in formulating accounting policies and practices.
- Discuss various methods of charging depreciation.
- Enumerate the conditions under which shares are reissued.
- Discuss in detail the objectives of provisions and reserves.
- What do you understand by 'subsidiary books'? Explain the purpose of each of them.
- What are the legal requirements relating to the Accounting Disclosures?

**SECTION C****Answer any two out of the following:****(15X2=30)**

- On June 1, Rakesh established XY Travel Agency. The following transactions were completed during the month. Pass necessary journal entries in the book of XY Travel Agency.
  - Rakesh invested Rs.30000 cash in the business.
  - Bought Rs. 500 of office supplies on credit.
  - Received Rs. 5500 cash from clients for the service revenue earned.
  - Performed travel service for clients on credit, Rs. 3000.
  - Paid cash expenses: computer lease Rs. 600, office rent Rs. 1100, employee salary Rs. 1200, electricity Rs. 400.
  - Paid Rs. 300 on the account payable created in transaction 3.
  - Renovation of Rakesh's house Rs. 5000. This is not a transaction of the business.
  - Collected Rs. 1000 on the account receivable created in transaction 5.
  - Sold land for cash at its cost at Rs. 50000.
  - Withdrew Rs. 2000 cash for personal expenses.
- On April 01, 2015, XY Marbels purchased a machine for Rs. 280000 and spent Rs. 10,000 on its carriage and Rs. 10000 on its installation. It is estimated that's its working life is 10 years and after 10 years its scrap value will be Rs. 20000/-. Prepare machine account and depreciation account for the first four years by providing depreciation on straight line method. Accounts are closed by 31<sup>st</sup> March every year.
- The Directors of a company forfeited 300 shares of Rs. 10 each issued at a premium of Rs. 3 per share, for the non-payment of the first call money of Rs. 3 per share. The final call of Rs. 2 per share has not been made. Half the forfeited shares were reissued at Rs. 1500 fully paid. Record the Journal entries for the forfeited shares and reissue of shares and prepare the ledger of share capital account.