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| **SESSION** | **MaRCH 2023** |
| **SEMESTER** | **II** |
| **course CODE & NAME** | **DBB1202 – Financial accounting** |
| **CREDITS** | **4** |
| **nUMBER OF ASSIGNMENTS & Marks** | **02**  **30 Marks each** |

**Assignment Set – 1**

**1. Elaborate the following accounting concepts:**

**Ans 1.**

**a. Business entity**

According to this concept the entity is separate and distinct from the person who owns or controls it. The amount of capital invested by the owner and his share in the profit of the business is treated as a liability of the entity. For example, Manu Florist Company should have a bank account separate from the account of Mrs. Maneesh, the proprietor. Mrs.

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**2. On 1st Jan 2009, Ramanathan opened a Bank Account by depositing Rs.6,000/- in cash. All remittances are to be paid into bank on the same day on which they are received and all payments are made by cheques. Enter the following transactions in three columnar cash book.**

**Jan 2 Goods sold to Mohan for cash Rs.250**

**Jan 5 Settled Hari’s account of Rs.200 at a discount of 5%**

**Jan 7 Received from Shyam a cheque for Rs.725. Discount allowed Rs.25**

**Jan 10 Purchased a calculator for Rs.200.Spent Rs.50 on the cover**

**Jan 12 Shyam’s cheque was returned dishonored**

**Jan 15 Received a money order for Rs.25 from Hari**

**Jan 20 Shyam settled his account by means of a cheque for Rs.755, Rs.5 being for interest charged**

**Jan 27 Purchased machinery from Rajiv for Rs.5000 and paid him by means of a bank draft purchased from bank for Rs.5,005**

**Ans:**Ramanathan's three-columnar cash book, which records all transactions in terms of cash, bank, and discount, for the month of January 2009 would look as follows:

**Notes:**

1. The opening balance on January 1st is Rs. 6000 in cash.
2. On January 2nd, Ramanathan sold goods to Mohan for cash, increasing his cash balance by Rs. 250.

**3. Narrate the various kinds of errors that are disclosed by the Trial Balance.**

**Ans 3.**

**Various kinds of errors that are disclosed by the Trial Balance**

**1. Errors of Omission:** The error of omission is one where a transaction has not been recorded in the books of account either wholly or partially. When the transaction has been completely omitted in the books of accounts, it is an error of complete omission.

For example, if a credit purchase of goods is omitted to be entered in the purchase book, it is

**Assignment Set – 2**

**1. Enumerate the major reasons of differences in cash book and passbook which leads to the preparation of Bank reconciliation statement.**

**Ans 1.**

**Differences in cash book and passbook**

There are so many reasons which cause differences in the balances between cash book and pass book. As the time period of posting, the transactions in the bank column of cash book does not correspond with the time period of posting in the bank pass book of the firm, the difference arises. The reasons for difference in balance of the cash book and pass book are as under:

**2. Discuss AS6 (revised) on Depreciation accounting.**

**Ans 2.**

**Revised AS-6 (Depreciation Accounting)**

Accounting Standard-6 deals with depreciation accounting and applied to all depreciable assets. As per Paragraph 3.1 of the Standard, Depreciation is defined as “a measure of the wearing out, consumption or other loss of value of a depreciable asset arising from use, effusion of time or obsolescence though technology and market changes”. It is allocated so as

**3. Explain Share capital and the various classes of shares that can be issued by a company.**

**Ans 3.**

The Shareholder’s equity of a company consists of three parts:

 Share capital

 Retained Earnings and

 Other reserves

Share capital means the capital raised by a company by the issue of shares. Retained earnings