

**UNIVERSITY OF EDUCATION**  
**“UEXAM” Semester-I, 2019**  
**M.Sc Information Technology Session:2018-20**

Course Code: BUSA3112  
Subject: Financial Accounting  
Time Allowed: 100 Minutes.

Max. Marks: 42  
Paper Passing Marks: 30

**Section II (Short Answer)**

**Q.2- Write short answers of the following.**

**3x6 = 18**

- i. Differentiate between depreciation and accumulated depreciation.
- ii. Explain any three purposes of cash flow statement.
- iii. Why firms use perpetual inventory system?
- iv. What is bank reconciliation statement?
- v. Differentiate between income statement and retained earnings.
- vi. What is trade discount?

**Section III (Essay Type)**

**Answer the following Questions**

**6x4 = 24**

**Q: 3 Claypool Hardware is the only hardware store in a remote area of northern Minnesota. Some of claypool's transaction during the current year are as follows:**

**Nov. 05** Sold lumber on account to Bemidji construction, \$ 13,390. The inventory subsidiary ledger shows the cost of this merchandise was \$ 9,105.

**Nov 09** Purchased tools on account from Owatonna tool company \$3,800.

**Dec 05** collected in cash the \$ 13,390 account receivable from Bemidji construction.

**Dec 09** paid the \$ 3,800 of the Owatonna tool company.

**Dec 31** Claypool's personal counted the inventory on hand and determined its cost to be \$ 182,080. The accounting records however, indicate inventory of \$ 183,790 and a cost of goods sold of \$ 695,222. The physical count of the inventory was observed by the company's auditors and is considered correct.

**Instructions**

**Prepare journal entries to record these transaction and events in the accounting records of claypool hardware.(The company uses the perpetual inventory system)**

**Prepare partial income statement showing the company's gross profit for the year.(Net sales for the year amount to \$1,024,900). (Marks 6)**

**Q : 4 pass the journal entries and prepare ledgers and trial balance (Marks 6)**

**2018**

**Jan 1** MR Thomas commenced business with capital stock of \$100,000

**Jan 5** He purchased stock of goods for \$10,000 on credit.

**Jan 10** He paid rent of building \$500

**Jan 15** He sold goods \$ 1500 on account.