

Dt :- 18/3/23



FYBBI - Semester 1

Financial Accounting

Time: 2 ½ Hours

75 marks

Note:

All questions are compulsory.

Figures to right indicate marks.

Use of simple calculator is allowed.

Q1. A. Fill in the blanks (Any 8)

8 marks

1. Wages account is a _____ account (Real, Normal)
2. Cash account is _____ account. (Real, Normal)
3. Small expenses of daily routine business are recorded in _____ A/c. (Petty Cash, Cash)
4. _____ is the official body in India that issues accounting standard from time to time. (ICAI, ICSI)
5. Repainting of building is _____ expenditure. (Revenue, Capital)
6. In hire purchase, the title of goods remains with the _____. (Hire vendor, Hire purchaser)
7. _____ means gradual and permanent fall in the value of fixed assets. (Depreciation, Loss on goods by fire.)
8. Goodwill is _____ asset. (Intangible, Tangible)
9. Carriage inward is debited in _____ a/c in final accounts of Manufacturing concern. (Manufacturing, Trading)
10. Prepaid expenses are shown in _____ side of balance sheet. (Asset, Liabilities)

Q1. B. True or False (Any 7)

7 marks

1. Cash received on sale of old furniture is capital receipt.
2. Deferred Revenue Expenditure defer more than a year.
3. Credit transaction are not entered in cash book.
4. Accounting Standard - 1 deals with disclosure of accounting policies.
5. Accounting standard - 9 deals with revenue recognition.
6. GAAP stands for Generally Accepted Accounting Principles.
7. FIFO method assumes that the latest items are in stock.
8. In FIFO method stock is valued at oldest rate.
9. In hire purchase, depreciation on asset is charged by hire purchaser.
10. Full cash price method is also known as Asset Accrual Method.

Q2. A. Journalize the following transactions, post them into ledger and prepare trial balance in books of M/s. Ratnam Industries Ltd. (Narration not required): 15 marks

Jan. 01 Business started with cash Rs. 25,000; Building Rs. 75,000; Furniture Rs. 10,000.

Jan. 03 Cash Purchases of Rs. 12,500.



Jan. 04 Cash sales Rs. 15,000

Jan. 06 Purchased goods worth Rs. 15,000 @ 10% Trade discount of Rachit and Company.

Jan. 08 Sold goods worth Rs. 18,000 to Darshit and Co.

Jan. 15 Purchased furniture worth Rs. 2500 on credit basis from Shubham Furniture Mart.

Jan. 20 Received cash from Darshit & Co.

Jan. 25 Paid to Rachit & Co. in full and final settlement.

Jan. 28 Paid Salaries Rs. 1,500; Insurance Rs. 250; Printing & Stationery Rs. 750.

OR

Q2. B. Complete Mr. Shastri's Triple column Cash book for the month of February 2017 from the following information, indicating the cash balance available for the next month. 15 marks

February 1 Balance b/f – Cash Rs. 5,000 and Bank Rs. 15,000.

February 2 Cash Purchase of Rs. 1,000 using office funds were recorded.

February 5 Mr. B settled his account of Rs. 10,000 enjoying 5% cash discount, paying partly by a Cheque of Rs. 3,000 which was banked.

February 7 The cash amount received by Mr. B and retained in the office, was used to pay rent of Rs. 2,000 and a supplier Mr. C to whom Mr. Shastri owed money.

February 10 Mr. Shastri secured a loan from Union Bank of India of Rs. 15,000 which amount he banked.

February 15 Mr. P's total amount of Rs. 7,000 was cleared by a cheque payment, but after accounting for a 2% cash discount, allowed by Mr. P

February 18 Mr. B's cheque was returned by the bank with request to represent the cheque.

February 19 Accordingly, Mr. B's Cheque was redeposited by Shastri.

February 25 Goods worth Rs. 15,000 were sold for complete payment in cash, half of which was banked immediately.



Q3. A. From the following Trial Balance of Ravindra Co; Prepare Manufacturing Account; Trading Account; Trading & Profit & loss account and Balance Sheet as on 31/3/2019. 15 marks

Particulars	Debit (Rs.)	Credit (Rs.)
Capital		40,000
Sales		25,000
Purchases	15,000	
Salaries	2,000	
Rent	1,500	
Insurance	300	
Drawings	5,000	
Machinery	28,000	
Bank Balance	4,500	
Cash Balance	2,000	
Stock as on 01-04-2018.		
Raw Materials	2,000	
Work in Progress	2,000	
Finished Goods	1,200	
Debtors	2,500	
Total	66000	65000

Adjustments required:

1. Stock on 31-03-2019 was follows:
Raw material Rs. 1,500
Work in Progress Rs. 1,500
Finished Goods Rs. 1,900
2. Machinery to be depreciated @ 10% p.a.
3. Rent paid in advance Rs. 200
4. Insurance prepaid Rs. 90
5. Salaries to be disturbed between Factory and Office in ratio 2:5.

OR

Q3. B. Amar Chemicals has the following Ledger Balance as on 31st March 2014.

15 marks

Particulars	Dr. Rs.	Cr. Rs.
Goodwill	50,000	
Factory Shed	20,000	
Machinery	1,30,000	
Furniture	8,000	
Investments	10,000	
Capital		1,95,000
Bank Loan		3,00,000



Creditors		1,50,000
Debtors	1,35,000	
Stock on 01-04-2013		
Materials	1,30,000	
Work in progress	7,500	
Finished goods	82,500	
Net Sales		11,00,000
Miscellaneous Income		4,000
Bad Debts Reserve		5,000
Purchase of materials	8,60,000	
Freight on materials	50,000	
Factory power	15,000	
Salaries and Wages		
Factory	1,50,000	
Office	65,000	
Repairs and Renewals	2,500	
Rent and Taxes	16,500	
Insurance	3,900	
General Expenses	18,100	
	17,54,000	17,54,000

The following additional information is available:

1. Closing stock: Material Rs. 2,10,000; Work in Progress Rs. 12,500 and Finished Goods Rs. 2,07,500.
2. Depreciation to be provided at 2 ½% on Factory Shed, 10% on machinery and 15% on Furniture.
3. Repairs and rent and taxes are to be apportioned between Factory and Office in the ratio of 3:2.
4. Reserve for bad and doubtful debts to be provided at 4% on debtors.
5. Insurance Premium covers a period of one month in advance.

You are required to prepare Manufacturing, Trading and Profit and Loss account for the year ended 31st March 2014 and Balance sheet as on that date.

Q4. A. On 1st January, 2001 Sagar and Co. acquired a pick-up van on hire purchase from Indian Motors Co. Ltd. The terms of the contract were as follows. 15 marks.

- a) The cash price of the van was Rs.1,00,000.
- b) Rs. 40,000 was to be paid on signing the contract.
- c) The balance was to be paid in annual installments of Rs. 20,000 plus interest.
- d) Interest chargeable on outstanding balance was 6% p.a.



e) Depreciation at 10% p.a. is to be written off using straight line method.

You are required to give journal entries and make necessary ledger accounts in the book of Hire purchaser.

OR

Q4. B. From the following particulars, prepare stock record by FIFO and Weighted average method.

15 marks

Date	Transaction	Units	Rate
04.01.2014	Purchase	40	30
17.01.2014	Purchase	60	28
20.01.2014	Sale	5	35
22.01.2014	Purchase	80	29
25.01.2014	Sale	80	33
28.01.2014	Sale	20	34
30.01.2014	Purchase	100	26
31.01.2014	Sale	90	35

The stock on hand on 1st January, 2014 was 50 units @ Rs. 25 each.

Q5. Long Answers.

15 marks

A. Explain any four accounting principles. (08 Marks)

B. Distinguish between Revenue Expenditure and Capital Expenditure. (07 Marks)

OR

C. Short notes (Any 3)

15 marks

1. Merits and Demerits of Accounting Standard

2. Bank Reconciliation Statement

3. Weighted Average Cost

4. Deferred Revenue Expenditure

5. Manufacturing Account