



FYBAF – 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. Repayment of bank loan is an example of _____ expenditure.
2. Under _____ method of stock valuation, fluctuations in prices are overcome.
3. Interest on drawing is credited to _____.
4. Goodwill is _____ asset.
5. Accounting standard for revenue recognition _____.
6. Accounting standard 2 pertains to _____.
7. All Liabilities have _____ balance.
8. All adjustments have _____ effects.
9. Depreciation on factory asset is charged to _____ account.
10. All Assets have _____ balance.

Q1. B. Match the column (Any 7)

7 marks

Group A	Group B
AS - 2	Allocated on the bases of floor space occupied by each department
Fixed Assets	Goods used by the proprietor
Realisation value	Not applicable for Live stock
Down payment	Expected to be used for more than one accounting period
Hirer	Payment made by buyer on signing Hire Purchase Agreement
Outstanding salaries	The closing stock is valued at the latest rate
Drawings	Does not represent actual cost price of material
Insurance for Building	A liability
First in First Out method	Buyer of goods on hire purchase basis
Weighted Average Cost	Value expected to be realised from sale

Q2. A. The Trial balance of Mrs. Deepali as on 31st December, 2013 was as follows:

15 marks

Debit Balance	Rs.	Credit Balance	Rs.
Raw Material	23,000	Sundry Creditors	17,000
Work in Progress	10,000	Bills Payable	8,500
Finished Goods	15,500	Sales of Scrap	1,500
Sundry Debtors	27,000	Commission	400

Carriage Inwards	1,000	Provision for Doubtful Debts	1,600
Carriage Outwards	1,000	Deepali's Capital A/c	1,00,000
Bill Receivable	16,000	Sales of Scrap	2,00,000
Wages	12,000		
Salaries	10,000		
Repairs of plant	1,200		
Repairs of Office furniture	600		
Purchase	1,00,000		
Cash at Bank	2,300		
Plant and Machinery	90,000		
Office Furniture	9,000		
Rent	5,000		
Lighting Expenses	1,800		
Factory Insurance	2,000		
General Expenses	1,600		
	3,29,000		3,29,000

Following additional information is provided to you:

1. Closing stock as on 31st December, 2013 was: Raw Materials Rs. 15,800, Finished Goods Rs. 18,200, Semi Finished Goods Rs. 7,000
2. Salaries Rs. 2,000 and wages for December, 2013 Rs 2,000 was paid in January 2014.
3. Lighting Expenses were outstanding Rs. 600 whereas insurance was prepaid Rs. 500.
4. 25% of the lighting expenses and rent is to be charged to office premises and the remaining amount is to be charged to factory.
5. Depreciation is to be written off on Machinery at 10% p.a. and on furniture at 5% p.a.
6. Provision for doubtful debts is to be maintained at 10%.

You are required to prepare manufacturing account, trading account and profit and loss account for the year ended 31-12-2013 and Balance Sheet as on that Date.

OR

Q2. 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.

Q3. A. From the following trial balance, prepare Department Trading and Profit and Loss A/c for the year ended 31st March, 2014 and Balance Sheet as at that date. 15 marks

Trial Balance

Particulars	Dr. Rs	Cr. Rs
Stock - Opening		
Deptt. A	17,000	
Deptt. B	14,500	
Purchases		
Deptt. A	35,400	
Deptt. B	30,200	
Sales		

Deptt. A		60,800
Deptt. B		51,250
Wages		
Deptt. A	8,200	
Deptt. B	2,700	
Rent, Rates, Taxes & Insurance		
	9,390	
Sundry Expenses		
	3,600	
Salaries		
	3,000	
Lighting and Heating		
	2,100	
Discount Allowed	2,220	
Discount Received		650
Advertising		
	3,680	
Carriage Inwards		
	2,340	
Furniture & Fittings		
	3,000	
Plant and Machinery		
	21,000	
Sundry Debtors		
	6,060	
Sundry Creditors		18,600
A's Capital Account		47,660
A's Drawings	4,500	
Cash in Hand		170
Cash at Bank		9,900
	1,78,960	1,78,960

The Following information is also provided:

1. Internal transfer of goods from Department A to Department B Rs. 420.
2. The items rent, taxes and insurance, sundry expenses, lighting and heating, salaries and carriage inwards to be apportioned 2/3 to Department A and 1/3 Department B.
3. Advertising to be apportioned equally.
4. Discount allowed and received are apportioned on the basis of departmental sales and purchases (excluding transfers) correct to nearest Rs. 10.
5. Depreciation at 10% p.a. on furniture and fittings, and on plant and machinery. This is to be charged 3/4 to Department A and 1/4 to Department B.
6. Services rendered by B department included in wages Rs. 500.
7. Closing Stock – A department Rs. 16,740 and B department Rs. 12,050.
8. Fixed Assets remain unchanged during the year.

OR

Q3. B. From the following information of Mr. Apte a proprietor having three departments X, Y and Z, prepare Department Trading and Profit & Loss A/c for the year ended 31st December 2013 and Balance Sheet on that date. 15 marks

Trial Balance as on 31st December, 2013

Particulars	Dr. Rs	Cr. Rs
Mr. Apte's Capital		1,00,000
Stock:		



X	20,000	
Y	15,000	
Z	10,000	
Purchases		
X	90,000	
Y	70,000	
Z	50,000	
Sales		
X		1,00,000
Y		75,000
Z		50,000
Salaries	25,000	
Rent and Rates	5,000	
Selling & Distributing expenses	9,000	
Land & Building	25,000	
Furniture & Fixtures	10,000	
Cash in Hand	5,000	
Cash at Bank	10,000	
Sundry Debtors	25,000	
Sundry Creditors		44,000
	3,69,000	3,69,000

Other Information:

1. Stock in trade as on 31st December, 2013 was X- Rs. 35,000, Y – 25,000 and Z- Rs. 20,000.
2. Salaries are to be allocated in the ratio of 40%, 30%, 30% amongst all the departments.
3. The Floor Space occupied by each department is in the proportion of 40%, 30%, 30%.
4. Selling and Distribution expenses are to be allocated on the basis of sales of each department.

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 books of Hire seller.

OR



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

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 Accounting Standard 9 in detail.
- B. Explain Accounting Standard 1 in detail.

OR

C. Short notes (Any 3)

15 marks

- 1. Difference between capital expenditure and revenue expenditure.
- 2. Weighted Average Method.
- 3. FIFO
- 4. Hier purchase system
- 5. AS- 2