



Time: 2 ½ hours

Financial Accounting

Marks: 75

Note: 1. All questions are compulsory with internal choice.

2. Figures to the right indicate marks.

3. Use of simple calculator allowed

Q1. Choose the correct alternative and rewrite the sentence: (Any 8) (8)

1. Amount invested into business is _____.
(a) Capital (b) Drawings (c) Loan
2. Under _____ concept comparison of one accounting period with the other is possible.
(a) Consistency, Accrual, Cost
3. _____ system enables ascertainment of financial position.
(a) Double entry (b) Single entry (c) Credit system
4. We debit nominal account for _____.
(a) Income (b) Expense (c) Asset
5. _____ is a book of daily record.
(a) Ledger (b) Trial balance (c) Journal
6. A debit may signify that there is _____.
(a) An increase in asset (b) A decrease in asset (c) An increase in capital
7. _____ is the subsidiary book in which cash transactions are recorded.
(a) Journal Proper (b) Purchase book (c) Cash book
8. _____ 'term' is used for the statement indicating the causes of disagreement between the balance as per cash book and pass book.
(a) Bank advice (b) Bank statement (c) Bank reconciliation statement
9. Under fixed instalment method, depreciation is charged at a certain rate on _____.
(a) Scrap value of the asset (b) cost of the asset every year (c) market value of the asset.
10. Outstanding salaries appearing in trial balance will be shown in _____.
(a) Trading account (b) Profit & Loss account (c) Balance Sheet

Q1.B. State whether the following are Capital expenditure, revenue expenditure, deferred revenue expenditure, capital receipts or revenue receipts. (Any 7) (7)

1. Payment for purchase of goods.
2. Cost of transporting newly purchased furniture.
3. Payment for purchase of car.
4. Payment of a loan taken earlier.
5. Amount spent by a factory in overhauling its plant, which has enhanced the life of the plant by five years.
6. Wages of erection of machinery.
7. The concern spent on heavy advertisement campaign to introduce a new product in the market.
8. Sale of machinery.
9. Expenses incurred on issue of shares.
10. Sold 8% Government Securities.

Q2.A You are required to prepare the Furniture A/c in the ledger book of Vulture Associates on the basis of following information 2017-18 (7)

| | Particulars |
|---------|--|
| April 1 | Opening balance Rs 10,000 |
| May 10 | Furniture purchased from Cross Ltd on credit Rs 25,000 |
| July 17 | Furniture purchased from Crow Ltd on cash basis Rs 70,000 |
| Oct 12 | Old furniture sold for cash (cost Rs 18,000) for Rs 14,000 |
| Nov 15 | Furniture withdrawn from business Rs 5,000 |
| Jan 16 | Furniture bought by the owner Rs 8,000 |

Q2.B. From the particulars given below, prepare Sales Book and return book

(8)

| 2015 | Particulars |
|--------|--|
| Aug 1 | Sold goods to Laxmidhar Rs 900 less 10% trade discount |
| Aug 9 | Vidhyadhar bought goods from us Rs 700 |
| Aug 10 | Invoiced goods of Rs 500 to Dandekar |
| Aug 15 | Cash sales Rs 700 |
| Aug 18 | Dandekar returned goods Rs 150 |
| Aug 23 | Sold goods to Shri Banerjee Rs 1,000 less 10% trade discount |
| Aug 25 | Sold machinery for Rs 3,000 |

OR

Q2.C. Journalize the following transactions (Narration not required)

(15)

| 2015 | Particulars |
|-------|--|
| Aug 1 | Raju commenced business with cash Rs 5,000, goods worth Rs 10,000 and building Rs 7,000 |
| 3 | Purchased goods worth Rs 5,000 less 10% trade discount from Mr Sawant |
| 5 | Received cash Rs 5,900 from Mr Mayur and allowed him discount of Rs 100 |
| 7 | Sold goods worth Rs 6,000 for cash on 5% cash discount terms |
| 9 | Old typewriter of Rs 1,000 is stolen |
| 12 | Paid for Raju's club bill Rs 600 |
| 15 | Sold private scooter for Rs 2,000 and invested in business |
| 17 | Goods purchased from Tarak for Rs 44,000 @ 10% TD & 5% C.D and paid cash immediately |
| 20 | Goods of Rs 50,000 purchased from Rohit at @ 12% TD and 5% CD terms. Paid 50% of the amount due in cash, 30% by cheque and the balance 20% was on credit |

Q3.A. Enter following transactions in a three column cash book

(15)

| 2015 Sept | Particulars |
|--------------|---|
| 1 | Cash in hand Rs 2,430 |
| 1 | Balance at bank Rs 4,500 |
| 2 | Received from Vinayak cash Rs 1,250 and a cheque of Rs 450 on account |
| 3 | Paid by cheque to Babul Rs 350 in full settlement of Rs 370 |
| 4 | Cheque received on 2 nd Sept. deposited in bank |
| 5 | Cash sales Rs 890 |
| 6 | Cash deposited in bank Rs 500 |
| 7 | Purchased goods from Mr Unreliable for cash Rs 1,300 |
| 8 | A cheque received from Vinayak returned dishonoured |
| 12 | Bank commission debited by bank in the pass book Rs 17 |
| 13 | Trustworthy has directly deposited Rs 3,500 in our bank account |
| 19 | Withdrawn by cheque Rs 450 for office use and Rs 150 for personal use |

OR

Q3.B. Rohit Shetty Trading co purchased furniture on 1st April, 2013 for Rs 25,000. In the same year on 1st October, additional furniture was purchased for Rs 10,000. On 1st October, 2014 the furniture purchased on 1st April, 2013 was sold for Rs 15,000 and on the same date, new furniture was purchased for Rs 12,000.

The company charges depreciation at 8% on reducing balance method.

Prepare Furniture account for 3 years, assuming that the accounting year of the company closes on 31st March every year.

(8)

Q3.C. The following Trail Balance has a number of inaccuracies. You are required to rewrite it correctly. (7)

| A/c Head | Debit Rs | Credit Rs |
|-----------------------------|--------------|--------------|
| Cash at bank | 200 | - |
| Discount allowed | - | 90 |
| Discount received | 20 | - |
| Capital | ,- | 1,700 |
| Sales | - | 900 |
| Return outwards | 30 | - |
| Purchases | 600 | - |
| Return inwards | - | 35 |
| Carriage I/w | 50 | - |
| Carriage O/w | - | 75 |
| Stock (1 st Jan) | 200 | - |
| Loan from Kunti | 500 | - |
| Premises | 2,000 | - |
| Rent | 100 | - |
| Suspense account | - | 900 |
| TOTAL | 3,700 | 3,700 |

Q4.A. From the following trial balance of Shri Bhosale and the additional information given below that, you are required to prepare Trading a/c and Profit & Loss a/c for the year ended 31st March, 2015 and the Balance Sheet as on that date, after making the necessary adjustments: (15)

| Particulars | Debit Rs | Credit Rs |
|------------------------------|---------------|---------------|
| Wages and salaries | 6,000 | - |
| Sales: Cash | - | 8,000 |
| Sales: Credit | - | 18,000 |
| Capital account | - | 34,000 |
| Drawings | 2,000 | - |
| Purchases | 18,000 | - |
| Sales return | 300 | - |
| Office furniture | 4,000 | - |
| Buildings | 12,000 | - |
| Office expenses | 800 | - |
| Advertisement | 500 | - |
| Discount earned | - | 340 |
| Opening stock | 5,000 | - |
| Rent, rates and taxes | 400 | - |
| Commission | 200 | - |
| Purchase return | - | 460 |
| Bills receivable | 800 | - |
| Travelling expenses | 250 | - |
| Trade expenses | 350 | - |
| Bad debts | 190 | - |
| Provision for doubtful debts | - | 1,500 |
| Sundry creditors | - | 2,800 |
| Sundry debtors | 11,000 | - |
| Cash in hand | 1,800 | - |
| Bank overdraft | - | 1,300 |
| Postage | 50 | - |
| Freight on purchases | 210 | - |
| Investments | 2,000 | - |
| Income from investments | - | 250 |
| Fuel and power (factory) | 800 | - |
| | 66,650 | 66,650 |



Adjustments:

- i. Closing stock was valued at Rs 8,200
- ii. Rent of Rs 120 was outstanding
- iii. Provide 5% provision for doubtful debts
- iv. Depreciation to be provided on building and furniture at 10%.
- v. Interest accrued but not received was Rs 50

OR

Q4.B. From the following Trial balance of Ajit and Sujit, you are requested to prepare Trading and Profit & loss account for the year ended 31st December, 2013 and a Balance sheet as on that date. (15)

Trial Balance as on 31st December, 2013

| Particulars | Debit | Credit | Particulars | Debit | Credit |
|--------------------|----------|----------|-----------------------|-----------------|-----------------|
| Capital A/c | | | Carriage outward | 1,400 | |
| Ajit | | 60,000 | Wages | 24,000 | |
| Sujit | | 40,000 | Insurance | 1,600 | |
| Drawings A/c | | | Discount received | | 200 |
| Ajit | 2,000 | | Postage | 800 | |
| Sujit | 1,000 | | Debtors and Creditors | 70,400 | 64,200 |
| Stock on 1-1-2013 | 44,000 | | Furniture | 24,000 | |
| Bills receivable | 1,800 | | Cash in hand | 9,800 | |
| Purchase and sales | 1,90,000 | 3,02,000 | Machinery | 80,000 | |
| Return | 6,000 | 2,000 | Rent & taxes | 1,200 | |
| Salaries | 10,000 | | Printing & stationery | 400 | |
| | | | | 4,68,400 | 4,68,400 |

Adjustments:

1. The closing stock on 31st December, 2013 was valued at Rs 56,000
2. The outstanding expenses were: (a) wages Rs 2,000 and (b) Salaries Rs 930
3. Goods of Rs 2,000 were distributed as free samples
4. Interest on partners' capital was to be provided at 7% p.a.
5. Prepaid insurance was Rs 100
6. Depreciation was to be provided on furniture at 10% and on machinery at 5%
7. A reserve for bad and doubtful debts was to be created at 5% of sundry debtors

Q5.A. Difference between: Capital expenditure and Revenue expenditure (7)

Q5.B. What is depreciation? Why there is a need to provide depreciation? (8)

OR

Q5.C Short Notes : (Any 3) (15)

- a. Advantages of Double entry Book-keeping system to Traders
- b. Conservatism
- c. Need and Purpose of Accounting Standards
- d. Difference between: Fluctuating Capital Method and Fixed Capital Method
- e. Written Down Method