

F.A. - 19.10.19

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)

- The immediate recognition of loss is supported by the underlying principle of \_\_\_\_\_  
(a) Matching (b) Consistency (c) Conservatism
- Under \_\_\_\_\_ system of Book-keeping records of both the aspects of transactions are recorded.  
(a) Single Entry (b) Double Entry (c) Indian
- \_\_\_\_\_ discount is earned in payment of cash or allowed in receipt of cash.  
(a) Trade (b) Credit (c) Cash
- The \_\_\_\_\_ 'term' is used for refusal on the part of the drawee i.e. to pay money on the cheque.  
(a) Endorsement (b) Crossing (c) Dishonour
- In \_\_\_\_\_ type of Cash book cash and discount and banking transaction are recorded.  
(a) Two-column cash book (b) Triple column cash book (c) Petty cash book
- \_\_\_\_\_ discount is deducted from invoice price but never recorded in subsidiary book.  
(a) Concession (b) Cash (c) Trade
- \_\_\_\_\_ book is maintained by businessman for keeping individual records of persons, properties, expenses, incomes.  
(a) Journal (b) Ledger (c) Balance book
- Agreement of trial balance ensures \_\_\_\_\_.  
(a) Arithmetical accuracy (b) Absence of fraud (c) Absence of error.
- \_\_\_\_\_ statement is prepared to show the financial position of the business.  
(a) Trading account (b) Profit & Loss account (c) balance sheet
- Under Fluctuating Capital Method, all the adjustments relating to partners are made in \_\_\_\_\_.  
(a) Partners Capital account (b) Partners Current Account (c) Partners Loan Account

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

(7)

- Expenditure incurred on overhauling machinery.
- Taxes paid.
- Wages paid to the workers for erection of a new machinery.
- Heavy expenditure incurred on advertisements.
- Cost of construction of a building.
- Machinery costing Rs 10,000 sold for Rs 12,000
- Repairs to building.
- Legal expenses incurred in connection with issue of share capital.
- Amount bought by the proprietor as capital.
- Purchased machinery.

Q2.A. You are requested to enter the following transactions in the subsidiary journals of Tejas and Co. and pass them to ledger account.

(8)

2018	Particulars
Jan 1	Bought goods worth Rs 16,000 less 5% T.D. from Bharat Bros
Jan 2	Invoiced goods worth Rs 25,000 on 4% trade discount to Hindustan Ltd
Jan 5	Returned goods to Bharat Bros worth Rs 2,000 (gross value) as they were defective
Jan 7	Indian Mart invoiced goods to us Rs 20,000 on 3% T.D.
Jan 22	Returned goods worth Rs 4,000 (gross value) to Indian Mart as they were received in damaged condition
Jan 25	Received an order for the supply of goods Rs 60,000 from Bhandare & Co
Jan 29	Bought furniture Rs 32,000 from Sudhir & co on credit
Jan 31	Dispatched goods to Bhandare & co as per his order received on 25 <sup>th</sup> Jan

Q2.B. Prepare personal account of SIYA from the following information:

(7)

2018	Particulars	Rs
Jan 1	Debit balance on Siya's a/c	1,000
Jan 2	Sold goods on credit to Siya	5,400
Jan 6	Received from Siya	6,300
	Allowed her discount	100
Jan 15	Purchased goods on credit from Siya	1,040
Jan 18	Paid cash to Siya	500
Jan 31	Paid cash to Siya in full settlement of her account	530

OR

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

(15)

2017	Particulars
July 1	Ms Rasika started business with cash Rs 50,000 and bank balance Rs 75,000
5	Goods worth Rs 2,000 distributed as free samples
7	Received an order for goods from Malhotra for Rs 22,500
10	We executed the order which was placed by Malhotra on 10 <sup>th</sup> July, 2017. We also paid carriage Rs 150 on his behalf
12	Goods sold for cash Rs 20,000 @ 5% T.D.
14	Goods purchased from Tanya Rs 44,000 @ 10% T.D. and 5% C.D. and paid cash immediately
20	A customer Mr Inder had deposited Rs 25,000 directly into our bank account as per our instructions
22	Commission Rs 7,000 collected by bank on our behalf
26	Bank charges debited by bank Rs 1,500
27	Rasika pad her sons' tuition fees by cheque Rs 4,500

Q3.A. Enter the following transaction in the books of Mr Jamai in Cash ,Bank and Discount columns for the month of September, 2018

(15)

2015 Sept	Particulars
1	Cash in hand Rs 56,000
	Bank overdraft Rs 11,000
3	Purchased goods for Rs 13,000 for cash at 2% cash discount
6	Received bearer cheque for Rs 13,250 from Govind Trsders
9	Purchased 100 shares of Amar ltd at Rs 110 each and paid by cheque immediately
14	Deposited into bank Rs 11,000
17	Received a cross cheque for Rs 18,000 from Ganesh Traders and deposited into bank the same day
20	Bank paid our telephone bill Rs 3,230
21	Bank charged Rs 540 as interest on overdraft
22	Paid by cheque to Urmila Rs 8,000
25	Deposited into bank the cheque received from Govind Traders
27	Received a bearer cheque for Rs 3,460 for rent which was deposited into bank
29	Bank informed that cheque received for rent was dishonoured

OR

**Q3.B.** On 31<sup>st</sup> January, 2015 the Cash book of Shri Gokhale showed a bank overdraft balance of Rs 13,000. The Pass book showed a difference balance. On investigation the following discrepancies were found: (7)

1. Cheques of Rs 2,500 were issued on 25<sup>th</sup> January to the creditors, out of which one cheque of Rs 1,500 was presented to the bank for payment on 1<sup>st</sup> February and the other cheque of Rs 1,000 was presented on 6<sup>th</sup> February, 2015.
  2. Cheques amounting to Rs 1,800 were deposited into the bank, out of which one cheque of Rs 400 was collected on 27<sup>th</sup> January, 2015
  3. Dividend collected by the bank and credited in the Pass Book Rs 90 was not recorded in the Cash book
  4. Mr Faithful directly deposited in our Bank account Rs 350. The intimation of the same was received on 3<sup>rd</sup> February 2015.
  5. Interest on overdraft debited in the Pass book Rs 150 but it was not recorded in the cash book.
  6. Pass book showed a debit of Rs 200 for dishonor of a Bill Receivable formerly discounted.
- Prepare a Bank reconciliation statement as on 31<sup>st</sup> January, 2015.

**Q3.C.** On 1-1-2014 Kite Ltd purchased a machinery for Rs 12,00,000. On 1-7-2016 a part of machinery purchased on 1-1-2014 for Rs 80,000 was sold for Rs 45,000 and new machinery at a cost of Rs 1,50,000 was purchased on the same date. The company has adopted the method of providing 10% p.a. Depreciation on original cost method. Show machinery a/c. (8)

**Q4.A.** From the given Trail Balance of Hiralal. Prepare manufacturing, Trading and Profit & Loss a/c for the year ended 31-3-2017 and Balance sheet as on that date. (15)

Particulars	Amt Rs	Particulars	Amt Rs
Stock as on 1-4-2016		Capital of Hiralal	90,000
Raw material	13,000	Sales	1,12,000
Work-in-progress	8,000	Interest received	450
Finished goods	19,000	Discount received	250
Machinery (at cost)	40,000	Creditors	16,000
Furniture (at cost)	18,000	<b>Provision for Depreciation</b>	
Drawings	3,000	On machinery	20,000
Debtors	18,500	On Furniture	10,000
Salaries	3,820		
Factory insurance	1,070		
Balance at bank	13,500		
Cash on hand	810		
Purchase of raw material	79,000		
Return inwards	390		
Wages	8,500		
Direct manufacturing expenses	2,300		
Factory rent	2,500		
Office rent	2,200		
Power expenses	1,200		
Investment	10,100		
Factory lighting	760		
Office lighting	1,200		
Carriage outward	550		
Printing & stationery	1,000		
Bad debts	300		
	<b>2,48,700</b>		<b>2,48,700</b>

**Adjustments:**

1. Additional bad debts of Rs 500 are to be written off and R.D.D. to be provided at 5% on debtors.
2. Outstanding office rent Rs 200
3. Depreciate machinery @ 10% p.a.; furniture @ 15% p.a.
4. Closing stock: Raw Material- Rs 2,000; Work-in-progress- Rs 16,330; Finished goods- Rs 28,000



OR

Q4.B. Sam and Tom are partners sharing profits and losses 2:3. Their Trial Balance on 31<sup>st</sup> March, 2015 is given below:

You are required to prepare Trading and Profit & Loss a/c for the year ending 31<sup>st</sup> March, 2015 and Balance sheet as on that date after taking into account the given adjustments: (15)

Trial Balance

Particulars	Amt Rs	Particulars	Amt Rs
Purchase	98,000	Sam capital	30,000
Patent rights	4,000	Tom capital	40,000
Building	1,00,000	Provident fund	7,000
Stock (1-4-2014)	15,000	Creditors	45,000
Printing & stationery	1,750	Bank loan	12,000
Sundry debtors	35,000	Sales	1,58,000
Wages and salaries	11,000	Reserves for doubtful debt	250
Audit fees	700	Purchase returns	3,500
Sundry expenses	3,500		
Furniture & fixtures	8,000		
10% Investment (Purchase 30.09.2014)	10,000		
Cash	4,000		
Provident Fund contribution	800		
Carriage inward	1,300		
Trade expenses	2,700		
	2,95,750		2,95,750

Adjustments:

1. Closing stock is valued at cost RS 15,000 while its market price Rs 18,000
2. On 31<sup>st</sup> March, 2015 the stock of stationery was Rs 500
3. Reserve for bad and doubtful debts at 5% on debtors
4. Depreciate building at 5% and patent at ~~5%~~ 10%
5. Interest on capital is to be provided at 5%
6. Goods worth Rs 10,000 were destroyed by fire. The insurance company admitted a claim for Rs 8,000

Q5.A. Distinction between: Trade discount and Cash discount (7)

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

OR

Q5.C. Short Notes: (Any 3)

(15)

1. Importance of Journal
2. Business Entity Concept
3. Need and Purpose of Accounting Standards
4. Difference between: Capital receipt and Revenue receipt
5. Straight Line Method