

Time: 2 ½ hours

Introduction to Financial Accounts

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 (A) State whether the following are true or false: (Any 8)

1. Accounting is useful only to the owner.
2. Data and Reports are one and the same thing.
3. Trade discount is not recorded in the books of accounts.
4. Goods account will be debited when order is place for purchase of goods.
5. Wages paid for erection of machinery are debited to profit and loss account.
6. Depreciation is charged to reduce the value of an asset to its market value.
7. A well maintained asset need not to be depreciated.
8. The amount of depreciation remains constant over the year in the original cost method of depreciation.
9. Trail balance shows the profit earned by the firm during a period.
10. Balance sheet shows the profitability of the business.

Q1.B. Match the columns: (Any 7)

Column A	Column B
1. The books containing all accounts	a. Current liabilities (Short term provisions)
2. Accounting for Fixed Assets	b. AS 10
3. As and when a business transaction takes place, it is recorded in	c. AS 9
4. Bank Balance	d. AS 6
5. Proposed dividend	e. Bad debts report
6. Ignore expected income but record expected losses	f. Conservatism
7. Revenue Recognition	g. Realization
8. Income from sales is recorded when actually received	h. Current assets (Cash and cash equivalent)
9. Customer report	i. Ledger
	j. Journal

Q.2A. Journalize the following transactions in the books of Ms Anita (Narration not required)

Date	Particulars
July 1	Cheque of Rs 2,000 received from Mr Sumit
July 5	Cheque received from Mr Sumit deposited into the bank
July 10	Purchased furniture worth Rs 10,000 and payment made by cheque
July 15	A cheque issued for Rs 5,990 to Mr Y in full settlement of Rs 6,000
July 25	A customer Mr Hari had deposited Rs 20,000 directly into our bank account as per our instructions
July 27	Paid insurance premium for goods Rs 500 and life insurance premium of the owner Rs 1,000

Q2.B. Prepare Personal Account of ~~Soham~~ ^{Soha} from the following transactions: (7)

Date	Particulars	Amt (Rs)
2018		
May 1	Debit balance on Sona's a/c	2,000
May 2	Sold goods on credit to Sona	6,000
May 6	Received from Sona	7,400
	Allowed him discount	100
May 10	Sona bought goods on credit	2,500
May 20	Received cash from Sona	2,450
	Allowed him discount	50
May 22	Purchased goods on credit from Sona	1,400
May 31	Paid cash to Sona in full settlement of his account	850

OR

Q2.C. Record the following transactions cash book for the month of December, 2016 (15)

2016	Particulars
1 st	Opening cash balance Rs 2,00,000
4 th	Mr Rishi opened an account in bank by depositing cash Rs 70,000
5 th	Purchased furniture worth Rs 5,500 from Mistry and made payment in cash
6 th	Nandu directly deposited into our bank Rs 8,500
7 th	Goods worth Rs 10,000 were sold at 5% cash discount
14 th	Paid salaries by cheque Rs 15,700
20 th	Received from Raj a cheque of Rs 6,000 and deposited into bank
25 th	Cheque received from Raj was dishonoured by bank due to insufficient funds
28 th	Cash withdrawn from bank household expenses Rs 3,000
30 th	Bank paid insurance premium under our standing instructions Rs 1,050 and collected interest on investment Rs 2,050

Q3.A. Aura purchased furniture worth Rs 20,000 on 1-4-2011. He charges depreciation at the rate of 10% on the reducing balance method. On 1-7-2013, he sold out a part of the furniture for Rs 2,000, the original cost of which on 1-4-2011 was Rs 4,000. The financial year of Aura ends on 31st March every year. You are required to prepare Furniture account for the first three years. (8)

Q3.B. Record the following transactions in the Subsidiary of Ekta General Stores for the month of May 2015. (7)

2015	Particulars
May 3	Invoiced goods to B for Rs 40,000 at 4.5% T.D.
May 5	Sold goods to C at Rs 29,000 at 10% T.D.
May 7	B returned goods of Rs 7,000 (gross) for which we issued credit note
May 13	Sold machinery of Rs 40,000 on credit to Gokul for Rs 39,800
May 20	Sold goods to D for Rs 26,650
May 22	E purchased goods from us for Rs 32,000 at 6% T.D.
May 27	E returned goods to us for Rs 4,080 (net)

OR

Q3.C. M/s Sirona Industries manufactures and sells special chairs required by the dentists. They have incurred following expenses during the year ended 31st March, 2014. You are requested to state whether these expenses are capital expenses, revenue expenses or deferred revenue expenses. (15)

- Rent paid Rs 25,000 to the landlord for the month of May 2013.
- Import duty paid Rs 35,000 on purchase of new machinery.
- Professional fees paid Rs 25,000 to the advocate for preparing documents for purchase of new office premises.
- Annual membership fees paid Rs 5,000 to the Machinery Manufactures Association of India.
- Bank interest paid Rs 35,000 on loan taken for purchase of land & Buildings.
- VAT tax paid Rs 15,000
- Transfer fees paid Rs 25,000 to the society where the concern has purchased new office premises.



Q4.A. Mr Rakesh has prepared the following Trail Balance on 31st March, 2017. Kindly verify it and prepare a revised Trail Balance . (8)

A/c Head	Debit Rs	Credit Rs
Goodwill	-	1,00,000
Machinery	--	21,000
Furniture	-	19,000
Capital	1,50,000	-
Sales	2,00,000	-
Sundry Debtors	-	35,000
Purchases	-	1,16,000
Sundry Creditors	42,000	-
Office expenses	-	10,000
Interest received	3,200	-
o/s expenses	15,000	-
Opening stock	-	1,07,400
Cash balance	-	1,800
TOTAL	4,10,200	4,10,200

Q4.B. The Pass Book of Mahendra shows a debit balance of Rs 6,700 as on 31st December, 2013. Prepare Bank Reconciliation Statement from the following details: (7)

	Particulars
1	Bank has directly made a payment of Rs 1,250 for rent as per standing instructions.
2	A cheque of Rs 550 is recorded in the Cash Book, but not sent to bank for collection
3	A debtor has directly deposited Rs 350 in the bank account.
4	Cheques issued amounting to Rs 2,000 were presented to bank in January 2014
5	Cheques deposited amounting to Rs 1,000 were collected by the bank in January 2014
6	Bank had debited Rs 200 for interest on overdraft and Rs 75 for bank charges

OR

Q4.C. From the following Trial Balance of Khandwala Enterprises prepare Final Accounts. (15)

Trial Balance as on 31st March, 2018

Particulars	Debit Rs	Credit Rs
Capital	-	55,000
Drawings	3,000	-
Opening stock	16,400	-
Purchases	31,100	-
Direct expenses	2,500	-
Sales	-	50,000
Returns	1,980	-
Rent & Taxes	6,000	-
Bad debts	400	-
Reserve for bad debts	-	1,500
Discount	2,375	-
Commission received	-	255
Debtors & Creditors	20,250	18,500
Furniture	6,000	-
Machinery	12,000	-
Goodwill	7,500	-
Wages & salaries	7,000	-
Salaries (for 10 months)	5,000	-
Advertisement	9,000	-
Investment in Debentures	8,500	-
Loans & advances	-	13,750
	1,39,005	1,39,005



Adjustments:

- i. Closing stock Rs 17,250
- ii. Rent of Rs 4,000 has been prepaid
- iii. Provide 2% reserve for bad debts on debtors. It was realized that our debtor worth Rs 1,000 proved to be bad and has to be written off.
- iv. Write off depreciation @ 7.5% on machinery and 15% on furniture.
- v. Create discount on creditors @ 3%.

Q5.A. What is Depreciation ? Explain the causes of Depreciation

(7)

Q5.B. Advantages of Computerised Accounting System.

(8)

OR

Q5.C Short Notes: (Any 3)

(15)

1. Persons interested in Accounting.
2. Limitations of Computerised Accounting System.
3. Difference between: Revenue Receipt and Capital Receipt
4. Factors affecting depreciation.
5. Written Down Value (WDV)