

## Financial Accounting - I

[ 2½ Hours ]

[ Total Marks : 75 ]

Please check whether you have got the right question paper:

N.B:

1. Solve all questions after exercising internal option.
2. Working notes are allotted separate marks.
3. Figures to the right indicate full marks.
4. Use of simple calculator is allowed.

1. A) State whether the following statements are True or False and rewrite the sentence (any Eight) : (08)

- 1) Under Hire Purchase instalment is treated as hire price.
- 2) Rate of Gross Profit indicates profitability of each department.
- 3) Weighted average method is suitable when the lots of inventory are not identifiable.
- 4) Capital receipt is recurring in nature.
- 5) Current assets are long-term assets.
- 6) Different firms follow different accounting policies.
- 7) Abnormal wastage of material should not be included in the cost of inventories.
- 8) Interest is recognized on receipt basis.
- 9) Drawing Account always credit balance.
- 10) Provision for unrealized profit is charged to Departmental Profit and Loss A/c.

B) Match the following and rewrite (any Seven) : (07)

Column 'A'	Column 'B'
1) Substance over form	a) Current Assets
2) Revenue from sales	b) Initial payment
3) Retail Method	c) Current Liability
4) Wages paid to workers for Installation of machinery	d) Value of Asset
5) Purchases of raw material	e) No. of workers
6) Cost of canteen	f) AS-1
7) Insurance of asset	g) Revenue expenditure
8) Down payment	h) Capital expenditure
9) Outstanding salary	i) AS-9
10) Cash at Bank	j) AS-2

2. A) From the following information provided to you by Kumar Traders, you are required (15)  
to prepare Departmental Trading and Profit & Loss A/c and General Profit & Loss A/c  
from the following information provided to you for the year ended 31<sup>st</sup> March, 2018 :

Particulars	Dept. P (₹)	Dept. Q (₹)	Dept. R (₹)	Common
Sales	20,000	40,000	60,000	-
Purchases	15,000	10,000	5,000	-
Salaries	5,000	8,000	9,000	-
Opening Stock	18,000	17,000	15,000	-
Closing Stock	20,000	21,000	20,500	-
Audit Fees	-	-	-	4,000
Delivery Van Expenses	-	-	-	5,000
Commission Paid	-	-	-	3,500
Discount Received	-	-	-	3,800
Interest Paid	-	-	-	4,700
Travelling Expenses	-	-	-	4,700
Freight Inward	-	-	-	1,500
Octroi Duty	-	-	-	1,800
Printing & Stationery	-	-	-	2,400
Postage & Telegram	-	-	-	2,200
Telephone Charges	-	-	-	1,600
Power	-	-	-	5,400
Repairs to Machinery	-	-	-	9,000
Depreciation	-	-	-	6,000
Packing Expenses	-	-	-	3,000
Rent Paid	-	-	-	8,400

**Adjustments :**

1. Area occupied by three departments P, Q and R is in the ratio of 3 : 3 : 2.
2. Value of Machine used in Department P, Q and R is ₹40,000, ₹30,000 and ₹20,000 respectively.
3. Horse Power of Machinery used in department P, Q and R is 300HP, 200HP and 100HP respectively.
4. Printing and Stationery to be allocated in the ratio 4 : 3 : 2.

**OR**

2. B) Kothari Transports purchased two trucks from Mahindra Ltd. on hire purchase system on 1<sup>st</sup> January, 2015. The cash price of each truck was ₹1,25,000. The payment was made as follows: (15)

Date	Amount (₹)	Description
01-01-2015	₹ 30,000	each truck
31-12-2015	₹ 35,000	each truck
31-12-2016	₹ 40,000	each truck
31-12-2017	₹ 45,000	each truck

Depreciate @ 20% p.a. on original cost is charged.

You are required to calculate interest per year and show the necessary accounts in the books of Kothari Transports.

3. A) From the following Trial Balance of Mr. Arnav as on 31<sup>st</sup> March, 2018; You are required to prepare Manufacturing Account, Trading and Profit & Loss Account for the year ended 31<sup>st</sup> March, 2018 and a Balance Sheet as on that date : (15)

**Trial Balance as on 31<sup>st</sup> March, 2018**

Particulars	Debit (₹)	Credit (₹)
Purchase of Raw Material	3,15,000	
Sales		5,00,000
Opening Stock		
- Raw Material	32,000	
- Work-in-progress	6,000	
- Finished Goods	20,000	
Carriage Inwards	3,000	
Direct Labour	24,000	
Rent of Factory	20,000	
Electricity	27,000	
Factory Power & Fuel	21,000	
Office Salaries	24,000	
Selling & Distribution Expenses	13,000	
Sundry Debtors	49,000	
Discount Allowed	5,000	
Bad Debts	2,000	
Provision for Bad Debts		2,000
Creditors		45,000
Bills Payable		46,000
Discount Received		10,000
Capital		1,05,000
Drawing	15,000	
Machinery	95,000	
Delivery Van	32,000	
Cash at Bank	5,000	
<b>Total</b>	<b>7,08,000</b>	<b>7,08,000</b>

**Additional Information :**

- 1) Closing Stock :
 

Raw material	₹16,000
Work-in-progress	₹10,000
Finished Goods	₹28,000
- 2) Outstanding factory rent is ₹1,000.
- 3) Electricity is to be apportioned in the ratio of 2 : 1 to factory & office.
- 4) Depreciate machinery @ 5% p.a. and delivery van @ 20% p.a.
- 5) Debtors include ₹15,000 due from Pratik; an amount of ₹8,000 is also due to him and is included in creditors.
- 6) Provide reserve for doubtful debts @ 10% on debtors.

**OR**

3. A) Mr. Darasingh prepared his Accounts on 31<sup>st</sup> March, every year. Due to some unavoidable reasons, stock taking could be done only on 15<sup>th</sup> April, 2018; When the stock was found to be ₹60,500. The following information is provided for the period between 31<sup>st</sup> March, 2018 and 15<sup>th</sup> April, 2018 : (08)

- 1) Sales ₹45,590.
- 2) Purchases ₹16,710.
- 3) Sales returns were ₹1,200.
- 4) On 15<sup>th</sup> March, goods having sales value of ₹6,800 were sent on sale or return basis to a customer; the period of approval being four weeks. He returned 40% of the goods on 10<sup>th</sup> April, approving the rest.
- 5) Mr. Darasingh had received goods costing ₹8,000 in March for sale on consignment basis. 20% of the goods had been sold by 31<sup>st</sup> March and another 40% by 15<sup>th</sup> April. These sales have not been included in sales of ₹45,590 given above.

You are required to calculate the value of stock on 31<sup>st</sup> March, 2018 by preparing a Stock Reconciliation Statement assuming that goods are sold at the Profit of 20% on sales.

- B) Nitya Ltd. produces chemical A. From the following data, calculate the value of closing stock : (07)

Direct Materials	:	₹5 per unit
Direct Labour	:	₹2 per unit
Chargeable Expenses	:	₹3 per unit
Normal Capacity	:	12,000 units p.a.
Actual Production	:	10,000 units p.a.
Fixed Production overheads	:	₹60,000 p.a.

The company has 2,000 units of closing stock at the end of the year.

4. A) Calculate the cost of goods sold and closing stock under weighed average cost of inventory using : (15)

- 1) Periodic System  
2) Perpetual System

2018 March 1	Stock in hand	500 units	@ ₹9 each
Purchases	March 03	500 units	@ ₹11 each
	March 10	1000 units	@ ₹12 each
	March 18	600 units	@ ₹10 each
	March 24	500 units	@ ₹12 each
	March 30	400 units	@ ₹13 each
Issues	March 02	400 units	
	March 09	500 units	
	March 16	900 units	
	March 23	500 units	
	March 31	600 units	

OR

- B) State with reasons whether the following expenditures or receipts are capital or revenue.
- 1) Paid ₹2,00,000 as a Custom Duty on machinery purchased form USA. (02)
  - 2) Paid subscription charges ₹6,000 for Trade Journal. (02)
  - 3) Premium of ₹3,00,000 payable on redemption of debentures. (02)
  - 4) Loss on sale of plant and machinery of ₹20,000. (02)
  - 5) Recovery of Bad Debts from Sarita of ₹5,000. (02)
  - 6) Amount of ₹50,000 received on sale of old furniture. (02)
  - 7) Sold of Equity Shares (held as investment) for ₹20,00,000 and suffered a loss of ₹20,000. (03)
5. A) Explain the following and give 2 examples of each : (08)
1. Floating Assets
  2. Fictitious Assets
  3. Contingent Liabilities
  4. Factory Overheads
- B) Distinction between FIFO and Weighted Average Method. (07)

OR

5. Write a short notes (any Three) : (15)
- 1) Different Accounting Policies as per AS-1.
  - 2) Main requirements of AS-9.
  - 3) Calculation of Interest in Hire Purchase.
  - 4) General Profit & Loss Account in Departmental Accounting.
  - 5) Capital Expenditure.