

(L)

Financial Accounting - I

Q.P. Code : 784400

(2½ Hours)

[Total Marks : 75

- N.B. : (1) All questions are compulsory.
 (2) Working Notes should form part of your answer.
 (3) Figures to the right indicate full marks.

1. (a) Select the most appropriate alternative from those given below & rewrite the statement (Any Eight) : 8

1. The articles purchased, sold or produced by a businessman are called

(a) Fixed assets	(b) Financial assets
(c) Goods	(d) Real assets
2. Person who owes money to the business is a

(a) Creditor	(b) Debtor
(c) Proprietor	(d) Lender
3. The accounting concept which requires the valuation of closing stock at market price, if it is lower than cost is

(a) Cost Concept	(b) Going Concern Concept
(c) Conservatism Concept	(d) Realization Concept
4. Accounting Standards in India are issued by the

(a) Central Government
(b) International Accounting Standards Board
(c) Institute of Standards of India
(d) Accounting Standards Board of ICAI
5. AS- _____ deals with Revenue Recognition.

(a) 10	(b) 13
(c) 9	(d) 2
6. Trade-mark is a _____.

(a) Current Asset	(b) Fictitious Asset
(c) Tangible Asset	(d) Intangible Asset
7. The basic rule of Book-Keeping "Debit what comes in & Credit what goes out" is applicable to _____.

(a) Personal Account	(b) Real Account
(c) Nominal Account	(d) Capital Account
8. _____ Discount does not appear in the books of accounts.

(a) Cash	(b) Net
(c) Retail	(d) Trade

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9. Depreciation is charged only on the _____ assets of a Business.

- (a) Current (b) Intangible
(c) Fixed (d) Immovable

10. A partner acts as a _____ for his firm.

- (a) Agent (b) Employee
(c) Third party (d) None of the above

(b) State whether you will consider the following items as Capital Expenditure, Revenue Expenditure, Deferred Revenue Expenditure, Capital Receipt or Revenue Receipt (**Any Seven**) :

1. Sale of machinery.
2. Cost of Training of two engineers on a new Machine in Japan.
3. Customs duty paid on raw materials purchased.
4. Term loan taken from Bank.
5. Commission paid on issue of Debentures.
6. Repairs to keep Machinery in good condition.
7. Purchase of old Machinery for cash.
8. Paid Audit fees.
9. Expenses incurred on issue of Shares.
10. Sold 8% Government securities.

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2. Journalize the following transactions in the books of Ms. Rasika for the month of October 2016 (Narrations not required) : 15

1	Ms. Rasika started Business with cash ₹ 50,000 and Bank Balance ₹ 75,000.
3	Purchased goods of ₹ 15,000 from Mr. Mohit, who allowed 5% Trade Discount.
5	Sold goods on credit to Simran for ₹ 18,000.
7	Goods of ₹ 600 being defective were returned by Simran.
9	Bought Machinery from Raj & Co. ₹ 30,000 and paid half the amount immediately by a cheque.
11	Remitted cash to Priyamvada ₹ 14,800 and received discount ₹ 200.
17	Paid for repairs to Machinery ₹ 400 in cash.
18	Goods of ₹ 1,000 were lost by fire.
20	Paid carriage charges ₹ 200.
25	Withdrew from Bank ₹ 5,000 for personal use
27	Amount due from Kailash ₹ 900 is proved to be irrecoverable and has to be written off as bad.

OR

2. (a) Enter the following transactions in the Analytical Petty Cash Book of Mr. Rohan for the month of June 2016 under the Imprest System : 8

1	Received from Head Cashier ₹ 1,350.
3	Paid packing charges ₹ 102.
6	Paid for telegram ₹ 43 & revenue stamp ₹ 65.
9	Purchased three office files of ₹ 25 each.
18	Gave advance to clerk Mr. Advani ₹ 280.
22	Paid for printing ₹ 162.
27	Paid cleaning and washing charges ₹ 46.

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2. (b) Enter the following transactions in the Purchase Book & Purchase Return Book of Mr. Jayesh for the month of September 2016 : 7

1	Jinesh invoiced goods of ₹15,000 @ 9% Trade Discount as per their Invoice No. 251.
3	Purchased computer from Apple worth ₹85,000 as per their Invoice No.863.
15	Goods worth ₹3,500 returned to Jinesh and issued a Debit Note No.94.
20	Purchased goods from Nidhishree for ₹12,250 as per her Invoice No.545.
24	Monil supplied goods to us of ₹2,450 Invoice No.630.
29	Returned goods worth ₹460 to Monil and issued Debit Note No.95.
30	Returned Furniture worth ₹4000 to Pepper Fry.

3. Pass the following entries in the Triple Column Cash Book of Mr. Dipin for the month ended December 2015 (No narrations required) : 15

1	Cash balance ₹40,000 & Bank balance ₹12,000.
4	Purchased goods worth ₹25,000 @ 10% Cash Discount.
7	Received a crossed cheque of ₹20,000 from Ms. Rasika.
10	Bank paid electricity bill ₹3,450 as per standing instruction.
12	Received a bearer cheque for ₹22,880 from Mr. Saurav in full settlement of his account ₹24,000.
18	Issued a cheque to Alisha for advertisement ₹22,300.
25	Deposited into the Bank ₹8,000.
28	Withdrew by cheque ₹8,000 for office use and ₹3,000 for personal use.
29	Paid legal charges by cheque ₹5,500.
30	Deposited into the Bank all cash in excess of ₹6,350.

OR

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3. (a) Mansha Traders purchased Machinery for ₹1,47,000 on 1st April 2013 and spent ₹3,000 on its fixation and erection. In the same year on 1st October, additional Machinery costing ₹50,000 was purchased. On 1st October 2015 the Machinery purchased on 1st October 2013 was sold for ₹35,000. 8

Depreciation was provided annually on 31st March @ 10% p.a. following Reducing Balance Method. Prepare Machinery A/c, for the year 2015-16. Show necessary working notes.

3. (b) Prepare Bank Reconciliation Statement as on 30th April 2016 from the following information : 7

1. Balance as per Cash Book ₹ 17,500 on 30th April, 2016.
2. Cheque of ₹158 issued and presented for payment but wrongly recorded in the Cash Book as ₹185.
3. Out of the cheques amounting to ₹15,000 deposited into the Bank only cheques of ₹9,500 were collected till 30th April 2016.
4. Out of the cheques amounting to ₹9,500 issued to suppliers on different dates, cheques of ₹2,500 were presented for payment on 5th May 2016.
5. A customer directly deposited ₹3,000 into our Bank A/c without our knowledge.
6. Bank Charges ₹700 and Telephone Charges ₹550 were debited in the Pass Book but were not recorded in the Cash Book till 30th April 2016.

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4. Below is the Trial Balance of Ms. Karishma as on 31st December, 2015 : 15

Debit	₹	Credit	₹
Stock as on 01-01-2015		Karishma's Capital A/c	1,00,000
Raw Materials	23,000	Sundry Creditors	17,000
Work in Progress	10,000	Sales	2,00,000
Finished Goods	15,500	Sale of Scrap	1,500
Sundry Debtors	27,000	Bills Payable	8,500
Wages	12,000	Provision for Doubtful Debts	2,000
Salaries	10,000		
Repairs to Plant	1,200		
Repairs of Office	600		
Equipment Purchase	1,00,000		
Rent	5,000		
Carriage Inward	2,000		
Bills Receivable	25,000		
Cash at Bank	2,300		
Plant & Machinery	90,000		
Lighting Expenses	1,800		
General Expenses	3,600		
Total	3,29,000	Total	3,29,000

Following is the additional information given to you :

- Provision for doubtful debts to be maintained at 10%.
- Depreciation to be written off on Machinery @ 10% p.a.
- 75% of Lighting Expenses and Rent are to be charged to factory and the balance to office.
- Wages of ₹2,000 and Salaries of ₹2,000 of December 2015 were paid in the month of January 2016.
- Closing stock as on 31st December 2015 was Raw Materials ₹15,800 Finished Goods ₹18,200 and Work-in-Progress was ₹7,000.

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You are required to prepare Manufacturing Account, Trading Account and Profit and Loss Account for the year ended 31st December 2015 and the Balance sheet as on that date.

OR

4. From the following Trial Balance of Arnab and Dhananjay and the additional information prepare the Trading, Profit & Loss Account, Profit & Loss Appropriation Account, Partners Capital Account and the Balance Sheet relating to 31st December 2015 : 15

Debit	₹	Credit	₹
Drawings : Arnab	2,000	Capital : Arnab	60,000
Drawings : Dhananjay	1,000	Capital : Dhananjay	40,000
Opening Stock	44,000	Sales	3,02,000
Machinery	80,000	Discount Received	200
Bills Receivable	1,800	Creditors	64,200
Purchases	1,90,000	Purchase Returns	2,000
Printing & Stationery	400		
Rent & Taxes	1,200		
Cash in Hand	9,800		
Furniture	24,000		
Debtors	70,400		
Postage	800		
Insurance	1,600		
Wages	24,000		
Carriage outward	1,400		
Salaries	10,000		
Sales Returns	6,000		
Total	4,68,400	Total	4,68,400

Adjustments :

- Create a Reserve for bad and doubtful debts at 5%.
- Outstanding Wages were ₹2,000.
- Depreciate Furniture @10% p.a.
- Interest on Partner's Capital to be provided at 7% p.a.

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- (e) Goods distributed as free samples were ₹2,000.
(f) Closing Stock as on 31st December 2015 was valued at ₹56,000 the market value of the same was ₹60,000.

5. (a) State the reasons for difference in the Pass book Balance and Cash book Balance. **8**
(b) Explain the advantages of Double Entry System of Book Keeping. **7**

OR

5. Short Notes (Attempt Any Three) : **15**
(a) Fixed Capital Method under Partnership
(b) Objectives of Book Keeping
(c) Straight Line Method of Depreciation
(d) Revenue Expenditure
(e) Types of Accounts

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