

January

8/3/2017

BFM

25

## Sub-Financial A/c

Q.P. Code :00268

[Time: 2½ Hours]

[Total Marks:75]

Please check whether you have got the right question paper.

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

Q.1 (A) Choose the correct alternative: (any eight)

(08)

1. The accounts of persons, companies, bodies or any institutions are called the \_\_\_\_\_ accounts.  
(a) Nominal (b) Real (c) Personal (d) None of the above.
2. Income Tax Account is a \_\_\_\_\_ type of account.  
(a) Nominal (b) Real (c) Personal (d) none of the above
3. Cash discount appears on \_\_\_\_\_ side of a Creditors Account.  
(a) Debit side (b) credit side (c) Both (d) None
4. \_\_\_\_\_ means a page or a leaf number.  
(a) Casting (b) Folio (c) Ledger (d) Posting
5. The last Accounting Standard issued by ICAI is AS- \_\_\_\_\_.  
(a) 9 (b) 26 (c) 31 (d) 32
6. The money invested by the proprietor in the business is called \_\_\_\_\_.  
(a) Drawing (b) Bank Overdraft (c) Capital (d) None of the above
7. AS- \_\_\_\_\_ deals with inventory valuation.  
(a) 2 (b) 9 (c) 1 (d) 14
8. The journal is a book of \_\_\_\_\_ entry.  
(a) Prime (b) Double (c) Secondary (d) Single
9. Goods withdrawn by the proprietor for his personal use should be credited to \_\_\_\_\_ A/c.  
(a) Profit & loss A/c (b) Balance sheet (c) Drawings A/c (d) Trading A/c
10. Goodwill is \_\_\_\_\_ asset.  
(a) Current (b) Intangible (c) Tangible (d) Fictitious

Q.1 (B) State whether the following are capital expenditure, revenue expenditure, deferred revenue expenditure, capital receipts or revenue receipts. (Any seven) (07)

1. Cost of construction of a building.
2. Heavy expenditure incurred on advertising.
3. Demolition cost of an old building.
4. Recovery of doubtful debts written off.
5. Sale of goods.
6. Partial refund of capital to a partner.
7. Cost of goodwill
8. Legal expenses incurred in connection with issue of ordinary shares.
9. Expenditure on training of employees.
10. Repairs of a machinery.

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FY ENI  
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Q.2 Give journal entries for the following transactions in the books of Mr. Sanu. (narrations are not required)

May 16		Rs.
1	Started business with cash	50,000
4	Amount deposited in Dena Bank	10,000
10	Machinery purchased for business in cash	5,000
11	Installation and other charges of machine paid in cash	9,000
18	Goods purchased from Raj on credit with 3% trade discount	8,000
20	An order received from Mehta & Co. for goods @2% T.D.	10,000
22	The above order was executed and goods sent to them vide Bill No.1972	7,000
23	Further capital introduced in the business	
24	Rent paid in cash	
26	Minor repair expenses of the machine	
29	Salary paid to Mr. Salim by Cheque no. 44279991	
31	Goods sold for cash @ 10% cash discount	

OR

Q.2 Write up a Three Columnar Cash Book from the following transactions:

Dec 16	
1	Cash in hand Rs. 5,000; Bank Balance Rs. 10,000.
2	Received cash from Mr. Das Rs.1500 and allowed him discount of Rs.100.
5	Deposited into bank Rs.1,000.
6	Paid to soni and Co. Rs. 430 in full settlement of Rs. 450.
8	Received from Gupte Bros. Rs.975 in settlement of Rs. 1,000 by Cheque.
11	Cheque received from Gupte Bros. returned dishonored.
13	Drew for personal use Rs.250 in cash and Rs. 400 by cheque.
15	Paid to Rashmi Traders Rs.500 in cash and Rs. 1,000 by cheque.
18	Paid wages Rs. 900.
24	Paid Rs. 90 for advertisement in Mid-Day.
31	Deposited all cash in excess of Rs.200 in Bank.

Q.3(A) Prepare a Bank Reconciliation Statement of Sohan as on 31/3/2016:

- Credit balance as per cash book as on 31/3/2016 was Rs.7,800.
- Bank sent him an advice that his account was credited with dividend Rs.300 and was debited with Rs.50 on account of bank charges. The same were not recorded till 31/3/2016.
- Bank paid Insurance Premium Rs. 3,000 as per our standing instruction.
- Cheques issued but not presented Rs.11,300
- Credit side of Bank Column was overcast by Rs.900.
- One customer directly deposited Rs.3,300 into bank account. This was recorded in cash book of April, 2016.

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- (15) Q.3 (B) The machinery Account in the books of Aaditya shows a debit balance of Rs.15,000 on 1/4/2015. On 1/10/2015 he purchased a machinery costing Rs.10,000. On 1/1/2016, he sold out one old machine for Rs.2,000 whose book value in the beginning of the year was Rs.3,000. Machinery is to be depreciated at the fixed rate of 10% on diminishing balance Method. Show the machinery Account for the year ending 31/3/2016. (08)

OR

- Q.3 From the following particulars prepare a Purchase Book, A Sales Book, a Purchase Return Book and a sales Return Book of Vihan Cloth Merchant.

Aug. 16	Transactions
1	Purchased cloth worth Rs. 9,000 from Ambika Mills @2% T.D.
3	Sold cloth worth Rs. 5,500 to Hema Enterprises.
7	Bought cloth from century Mills Rs.3,500
9	Bought cloth from Swadeshi Mills Rs. 2,500.
12	Sold cloth worth Rs.3,000 to Jani Cloth stores.
13	Returned cloth worth Rs.500 to century Mills as it was defective.
16	Returned one bale of cotton to Swadeshi Mills as it was not as per sample Rs.500.
20	Jani cloth stores returned to us cloth worth Rs.1,000.
22	Sold cloth worth Rs.1,000 to M/s. sanghvi Bros for cash.
23	Received an order from Shukla Mills to supply goods worth Rs.4,000 @ 10% T.D within 2 days.
25	Executed order received on 23 August.
28	Purchased sarees from Ambika Mills for Rs.1,600.

- Q.4 Kiran carries on a manufacturing business. The following transactions were extracted from his books as on 31/12/2016. (15)

	Rs.		Rs.
Freehold Premises	1,65,000	Sundry Creditors	1,03,000
Plant & Machinery	1,96,000	Sales	11,26,400
Motor Vehicle	30,000	Capital	6,40,600
Stock 1.1.2016			
Raw Materials	1,65,000		
Finished Goods	72,900		
Work-in-Progress	72,400		
Wages	2,80,800		
Purchases of Raw Material	4,36,000		
Factory expenses	20,500		
Lighting	16,000		
Selling expenses	56,000		
Administration expenses	1,35,000		
Sundry debtors	1,28,000		
Balance at bank	69,400		
Cash in hand	1,000		
Drawings	26,000		
	18,70,000		18,70,000



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You are required to prepare Manufacturing Account and Trading and Profit and Loss Account for the year ended 31/12/2016 and balance sheet as on that date after taking into consideration the following information.

1. The valuations as on 31/12/2016 were:

Raw Materials Rs. 1,37,000; Finished Goods Rs.53,000; Work in Progress Rs.56,000.

2. Provision is to be made for following liabilities:

✓ Factory Expenses Rs.3,700; Selling Expenses Rs. 5,800 & Administration Expenses Rs.2,100.

3.  $\frac{3}{5}^{th}$  of Lighting to be charged to factory.

4. Depreciation for the year ended 31/12/2015 to be provided works out as:

Plant & Machinery Rs.27,000; Motor Vehicles Rs. 8,000

OR

Q.4 Om, Jai and Jagdish carried on a retail business in partnership. The partnership agreement provides that:

Profit and Losses are to be divided as: Om 50%, Jai 30% and Jagdish 20%

The Trial Balance of the firms as at 31<sup>st</sup> December 2016 was as follows:

	Dr. Rs.	Cr. Rs.
Capital account in 1 <sup>st</sup> January, 2016		
Om		96,000
Jai		62,000
Jagdish		38,000
Sales less Returns		4,65,000
Trade Creditors		32,000
Furniture and Fittings	22,000	
Premises	50,000	
Land & Building	65,000	
Purchase less Returns	2,80,000	
Opening Stock	42,000	
Salaries and Wages	64,000	
Office and Trade Expenses	45,200	
Rent, Rates and Insurance	10,500	
Professional charges	3,500	
Debtors	20,600	
Provision for doubtful debts		500
Balance at Bank	53,700	
Drawings:		
Om	17,000	
Jai	11,000	
Jagdish	9,000	
	6,93,500	6,93,500



You are given the following additional information:

- i) A debtors of Rs.600 is to be written off and provision against the remaining debtors should be 5%.
- ii) Stock on 31<sup>st</sup> December, was valued at Ra.36,000
- iii) Rent & Rates prepaid as on 31<sup>st</sup> December Rs. 3,000
- v) Depreciate Land & Building by 20% and Furniture by 10%.

You are required to prepare:

- i) The trading and Profit & Loss a/c for the year ended 31<sup>st</sup> December 2016.
- ii) The balance sheet as on that date.

Q.5 (A) Discuss the advantages of Double Entry Book Keeping system.

(08)

(B) Explain the reasons for disagreement between the Cash Book balance and the Pass Book Balance.

(07)

OR

Q.5 Write short notes on : (Any three)

(15)

- i) Purpose of preparing Trial Balance.
- ii) Trade Discount and Cash Discount.
- iii) Petty Cash Book.
- iv) WDV Method of Depreciation.
- v) Objectives of Book Keeping.