

D: 20/09/2016

FYBBI Sem II

Financial Accounting

75 Marks

2½ Hrs

Note- all questions are compulsory with internal options.

Q1.a. Say True Or False

(5)

- 1) Down Payment is the initial amount payable at the time of signing the hire purchase agreement.
- 2) Drawings are deducted from capital.
- 3) An inventory costing method that assumes that those items which have been first in inventory are sold first is LIFO
- 4) AS 6 is for Depreciation Accounting.
- 5) Capital expenditure is Abnormal expenditure.

b. Fill In The Blanks

(5)

1. Under the hire purchase system, depreciation is provided on _____
2. Return outwards appearing in Trial Balance are deducted from _____
3. Inventories should be valued at cost or net realizable value whichever is _____.
4. The subscribed capital is that part of the _____ which is agreed to be taken up by the public.
5. _____ Accounting Standard is for Valuation of Inventory.

c. Match the following columns.

(5)

Column A	Column B
1) inventory should be valued at	a) Electricity bills
2) Intangible Assets	b) Cash Price Plus Interest
3) Current liability	c) lower of cost and net realisable value
4) Revenue expenditure	d) Goodwill
5) Hire Purchase Price	e) Outstanding Income

Q2. M/s Hindustan Ltd. Purchased truck from the Bharat Motors Ltd., on Hire Purchase Basis. The cash price of the truck was Rs. 12,80,000. The amounts were payable as under:

Rs. 400,000 on the date of purchase i.e. 1st January 2013

Rs. 3,20,000 on 31st December, 2013

Rs. 3,20,000 on 31st December, 2014

Rs. 3,20,812 on 31st December, 2015

The BHarat Motors Ltd., charged interest at 5% p.a. on the unpaid amount. The purchasing company decided to write off as depreciation 20% on the diminishing balance each year. You are required to give Truck A/C, Bharat Motor Ltd A/C, Interest A/C and Depreciation A/C in the books of M/s Hindustan Ltd.

(15)

OR

Q2. State whether the following is capital or revenue expenditure or income; Give reason(15)

- 1) Cost of acquisition of Plant & machinery
- 2) Repainting of Factory building
- 3) Amount spent on uniforms for the staff
- 4) Amount spent for removing and reinstallation of machinery
- 5) Cost of raincoats and umbrellas for employees
- 6) Wages paid to the workers for erection of new machinery.
- 7) Sales tax collected from purchaser of goods.
- 8) A sum of Rs. 20,000 paid for obtaining a license to carry on business.
- 9) Received Rs. 7, 00,000 on the issue of 5% Debentures.
- 10) A plant worth Rs. 7,00,000 is brought by proprietor for business activities.

Q3. On 1st January 2010, M/s Kirloskar & co. purchased a plant costing Rs. 280,000 and spent Rs. 20,000 for installation. The company decided to adopt reducing balance method of depreciation, the depreciation being provided at 20% p.a.

On 1st July, 2012 machinery costing RS. 60,000 purchased on 01-01-2010 was sold for Rs. 41,040. You are asked to show the Plant A/C and Depreciation A/C for 3 years ending 31st December every year and also give P&L A/C Extract and Balance Sheet Extract. (15)

OR

Q3.S Ltd. has an authorized capital of Rs. 5,50,000 equity shares of Rs. 10 each. The company issue for public subscription 5,00,000 equity shares, monies being payable as under. (15)

On application	Rs. 3 per share
On allotment	Rs. 4 per share (including premium of Rs. 2)
On first call	Rs. 3 per share
On 2 nd and final call	Rs. 2 per share

Mr. Rakesh to whom 5000 shares were allotted fail to pay 1st and 2nd call.
You are required to give journal entries in the books of S Ltd.

Q.4 Calculate by FIFO method and Weighted Average Cost of inventory valuation, the cost of goods sold and value of closing inventory from the following data: (15)

Date	Transaction	Units	Price per unit
1/1/2015	Opening stock	3000	20
5/2/2015	Purchase	1500	25
10/3/2015	Purchase	1200	22
15/3/2015	Sales	3600	30
12/4/2015	Sales	1500	31
16/5/2015	Purchase	1200	25
25/6/2015	Sales	1500	32

OR

Q4. The Trail Balance of Mrs. MANjula as on 31st December, 2015 was as follows:

Debit Balance	Amount	Credit Balance	Amount
Raw material	43,000	Sundry Creditors	37,000
Work-in-Process	10,000	Bills Payable	28,500
Finished Goods	15,500	Sales of Scrap	1,500
Sundry Debtors	47,000	Commission	400
Carriage Inward	1,000	Provision for Doubtful Debts	1,600
Carriage Outward	1,000	Deepali's Capital A/C	1,00,000
Bills Receivable	16,000	Sales	4,00,000
wages	12,000		
Salaries	10,000		
Repairs of Plant	1,200		
Repairs of office furniture	600		
Purchase	3,00,000		
Cash at Bank	2,300		
Plant and Machinery	90,000		
Office Furniture	9,000		
Rent	5,000		
Lighting Expenses	1,800		
Factory Insurance	2,000		
General Expenses	1,600		
	5,69,000		5,69,000

Following additional information is provided to you:

1. Closing stock as on 31st December, 2015 was: Raw Material Rs. 30,800, Finished Goods Rs. 18,200, Semi Finished Goods Rs. 7,000.
2. Outstanding Salaries Rs. 2000, Wages Rs. 2,000 and Prepaid Insurance Rs. 500.
3. 25% of the lighting expenses and rent is to be charged to office premises and the remaining amount is to be charged to factory.
4. Depreciation is to be written off on Machinery at 10% p.a. and Furniture at 5% p.a.
5. Provision for doubtful debts is to be maintained at 10%.

You are required to prepare manufacturing A/C, Trading A/C, profit and loss A/C for the year ended 31/12/2015 and Balance Sheet as on that date. (15)

Q5. Write short notes. (Any 3)

(15)

- 1) Capital & Revenue Expenditure.
- 2) Inventory Valuation System.
- 3) Hire Purchase System.
- 4) Depreciation Accounting.
- 5) Manufacturing Accounting.

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