

Roll No.

Total No. of Printed Pages: 3

Total No. of Questions: 5

Maximum Marks: 30

Duration (hrs.): 1.5 hrs.

Section: A Financial Accounting

Note: Question no. 1 is compulsory

Solve any 2 from question no. 2 to 5

Section A + Section B to be solved on SEPARATELY.

Q. 1) The following is the Trial Balance of Kamal Enterprises for the year ended 31st December, 2007. You are required to prepare a Profit and Loss Account and Balance Sheet after taking into account the adjustments given below: (10M)

Debit Balance	Dr. (Rs.)	Credit Balance	Cr. (Rs.)
Cash in Hand	500	Sales	1,50,300
Cash at Bank	1,200	Purchase Returns	5,000
Office Furniture	6,000	Accounts Payable	12,000
Accounts Receivable	15,000	Bills Payable	8,000
Commissions	1,200	Discount Received	1,000
Bills Receivable	3,500	Dividend Received	2,000
Power and Fuel	6,000	Rent Received	3,500
Plant and Machinery	24,000	Capital	27,000
Office Expenses	2,000		
Carriage Inwards	1,200		
Carriage Outwards	3,500		
Rent, Rates & Taxes	1,700		
Leasehold Premises	25,000		
Wages	30,000		
Salaries	7,000		
Opening Inventory	12,000		
Sales Returns	2,000		
Purchases	60,000		
Drawings	7,000		
Total	2,08,800	Total	2,08,800

Adjustments

- Closing inventory as on 31.12.2008 Rs. 18000
- Depreciate Plan and machinery at 10%
- Salaries outstanding Rs. 1000, Power and Fuel outstanding Rs. 2000
- Rs. 5,000 was spent on Plant and machinery but wrongly included in wages.
- Provide for bad and doubtful debts for Rs. 1500
- Discount earned but not received Rs. 100

g) Commission due but not recorded Rs. 200

h) Rent received includes Rs. 500 received in advance

Q. 2) a) Passed Journal Entries of below mentioned transactions (5M)

1 st January 2005	Bought goods from P for cash	7,000
2 nd January 2005	Received from B cash in full settlement	9,880
3 rd January 2005	Returned to P goods worth	200
4 th January 2005	Paid Salaries	1700
5 th January 2005	Commission received on sale of other goods	1500

b) State the nature and type of Account in each of the following (Real, Nominal, and Personal) (5 M)

- i) Capital A/C
- ii) Drawings A/C
- iii) Discount A/C
- iv) Livestock A/C
- v) Goodwill A/C
- vi) Shares A/C
- vii) Brokerage A/C
- viii) Audit A/C
- ix) Gold A/C
- x) Printing and Stationery A/C

c) Prepare Trail Balance (5M)

Opening Stock	50,000
Purchases	2,90,550
Sales	5,40,525
Sundry Debtors	92,000
Sundry Creditors	76,500
Return Inwards	2,800
Return Outwards	2,400
Bills Receivable	12,500
Bills Payable	9,800
Bank Loan	30,000
Commission Received	8,500
Drawings	8,800
Manufacturing Wages	35,850
Office Salaries	21,500
Advertising	12,400
Advertising	4,200

Travelling Expenses	2,200
Discount Allowed	500
Bad Debts	1,100
Provision for bad and doubtful debts	1,600
Interest on Loans	3,375
Plant and Machinery	35,000
Building	1,90,000
Fixtures and Fittings	9,500
Cash at bank	20,200
Cash in hand	3,400
Capital	1,32,000
Discount Received	750
Rent and Taxes	6,200

Any two from (a) or (b) or (c) _____ (5x2)= 10 Marks

- Q. 3) a) disadvantages of Fixed Instalment Method and Written Down Value Method (5M)
- b) Mention classification of enterprises as per Accounting standards (5M)
- c) Classification of profit with the help of suitable examples (5M)

Any two from (a) or (b) or (c) _____ (5x2)= 10 Marks

Q. 4) Explain the below mentioned terms (any two)

- a) Provision for Bad debts (5M)
- b) Fund flow statement (5M)
- c) First In First Out (5M)

Any two from (a) or (b) or (c) _____ (5x2)= 10 Marks

Q.5) a) Explain classification of Receipts with the help of suitable examples (5M)

b) Merits and demerits of Inflation Accounting (5M)

c) Brahma ltd. purchased machinery worth Rs. 75,000 and spent Rs. 25,000 for installation on 1st January 2005. On 1st July 2007 they purchased another machine worth Rs. 50000. Depreciation is to be charged at 10% p.a. on every 31st December under Reducing Balance Method (RBM). Prepare Machinery A/C and Depreciation A/C from the year 2005 to 2007 (5M)

Any two from (a) or (b) or (c) _____ (5x2)= 10 Marks

Roll No.

No. of Printed Pages 05

Total No. of Questions : 5 Five

Maximum Marks :30

Duration (hrs.) 1-5 Hours

Section , if any : B

Note : Question No 1 is compulsory . Attempt any two questions from four

Q 1)

10 MARKS

A) Prepare final Accounts from the following balances of a firm at the end of the December 2012.

Name of Accounts	Debit (Rs)	Credit(Rs)
Capital	-----	10,000
Cash in hand	1500	-----
Bank overdraft	-----	2,000
Purchases and sales	12000	15000
Returns	1000	2000
Office expenses	2500	-----
Taxes and insurance	500	-----
Discount	500	1,000
Debtors and creditors	5000	2,000
Commission	-----	500
Investments	4,000	-----
Opening stock	3,000	-----
Drawings	1,400	-----
Furniture	600	-----
Bills Receivables	3000	-----
Bills Payables	-----	2500

Closing stock was valued at Rs.19000/-

A) What is difference between cash flow and fund flow statement?

B) Following is the Balance Sheet of XYZ Limited as on 31st December 2011:

Liabilities	Amount Rs 2011	Assets	Amount Rs 2011
Equity share capital 2,400 shares of Rs. 10 each (fully paid)	2,40,000	Machinery & equipment	45,000
• Profit & Loss A/c	6,000	Debtors	9,000
10% Debentures	15000	Cash at Bank	2,280
Sundry Creditors	23400	Stock	12,000
Provision for taxation	600	Prepaid expenses	720

- Calculate the following ratios: Current ratio and Acid test ratio ?

What conclusions do you draw about the company on the basis of these ratios?

C) A company reported current profit of Rs 70000 after incorporating the following

Loss on sale of equipment	10000
Premium on redemption of debentures	1500
Discount on issue of debentures	2000
Depreciation on machinery & building	20000
Goodwill written off	30000
Interim dividend	25000
Gain from sale of non current assets	4000
Provision of taxation	22000

Dividend Income	4000
General Reserve	5000
Preliminary expenses	1000
Profit on revaluation of investment	2500

Calculate fund from operations

Q 3) Attempt Any Two

10 MARKS

A) What are various sources of funds and what are application of funds?

B) What are objectives of Ratio analysis?

C) From the following data, calculate the following ratios: Gross Profit Ratio, Net Profit Ratio, Current Ratio, and Debt – Equity Ratio. Write Interpretation of the ratios calculated by comparing it with the standards

Net sales Rs. 40,000, Cost of Sales Rs. 20,000, Net Profit Rs. 4,000, Current Assets Rs. 6,000,

Stock Rs. 1,000, Current Liabilities Rs.3,000, Paidup Share Capital Rs. 5,000, Debentures Rs. 2,500.

Q 4) Attempt Any two

10 MARKS

A) From the following Trial Balance of XYZ Ltd prepare trading account, of ABC Ltd from the following balances for the year ending 31st March 2011.

Opening Stock	60255
Purchases	1,99,080
Sales	2,81,505
Return Inwards	1875
Return outward	1455
Manufacturing Wages	46875
Carriage Inward	15`175
Carriage outward	1100

Coal,gas,water	1100
Factory,fuel,power	1305
Closing stock	63705

B) Prepare schedule of changes in working capital.

- Balance sheet as on 31st March 2011.

Liabilities	Amount 2010	Amount Rs 2011	Assets	Amount 2010	Amount Rs 2011
Equity share capital	6,00,000	6,00,000	Fixed assets	9,00,000	10,00,000
Reserves	2,00,000	2,50,000	Investment	1,00,000	1,50,000
Debentures	5,00,000	4,00,000	Debtors	1,50,000	1,00,000
Current liabilities	1,50,000	2,00,000	Cash at Bank	1,00,000	50,000
Bank overdraft	50000	25000	Preliminary Expenses	50,000	—
Fixed deposit payable within 1 year	50000	75000	Stock	3,00,000	2,00,000

C) Explain going concern postulate and business entity postulate

Q 5) Attempt Any Two

10 MARKS

A) XYZ Company financial statement contains the following information:

	2011 Rs.
Cash	2,00,000
Sundry debtors	3,20,000
Temporary investments	2,00,000
Stock	18,40,000
Prepaid expenses	28,000
Total current assets	25,88,000
Total assets	56,00,000

Current Liabilities	6,40,000
Loans	16,00,000
Capital	20,00,000
Retained earnings	4,68,000

Statement of profit for the current year

	Rs.
Sales	40,00,000
Less of goods sold	28,00,000
Less interest	<u>1,60,000</u>
Net profit	10,40,000
Less taxes@50%	<u>5,20,000</u>
Profit after taxes	<u>5,20,000</u>
Profit distributed	2,20,000

From the above, appraise the financial position of the company from the point of view of

(i) Liquidity, (ii) Profitability

B) What is importance of Financial statements ? What do you understand by GAAP Principles ?

c) Explain the dual aspect, accrual concept of accounting

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