

# FA 01

Date: 08/12/07

ROLL NO.  
TOTAL NUMBER OF QUESTIONS: 7  
DURATION( Hrs.) - 3

TOTAL No. OF PRINTED PAGES: 3  
MAXIMUM MARKS: 60

NOTE:

1. Question 1 is compulsory
2. Answer any **FOUR** from Question 2 to Question 7.
3. All Questions carry equal marks.

Q.1) Following is the trial balance of Mr. Amar Nath as on 31st March 2007. (12)

	Rs.	Rs.
Capital Account		80,000
Drawings Account	6,000	
Stock( 1/4/2006)	45,000	
Purchases	2,60,000	
Sales		3,10,000
Furniture	10,000	
Sundry Debtors	40,000	
Carriage Inwards	4,600	
Salaries	6,000	
Rent	2,400	
Advertising Expenses	5,000	
Insurance Premium	400	
Commision Received		1,300
Discount Allowed	200	
Bad Debts	1,600	
Provision for Bad Debts		900
Sundry Creditors		20,000
Cash in hand	5,200	
Bank	5,800	
Land and Buildings	20,000	
	4,12,200	4,12,200

Adjustments:

1. Stock on 31st March 2007: Rs. 53,000
2. Outstanding salaries: Rs. 800
3. Provision for Bad and Doubtful Debts to be made at 3% of Sundry Debtors
4. Fixed assets to be depreciated at 10% per annum

Prepare trading and profit and loss account for the year ended 31st March 2007 and balance sheet as on that date.

Q.2) Prepare a Fund flow statement from the following information: (12)

## Balance Sheet as on 31st December

Liabilities	2005 Rs.	2006 Rs.	Assets	2005 Rs.	2006 Rs.
Share Capital	2,00,000	2,50,000	Land and Buildings	2,00,000	1,90,000
Reserves	50,000	60,000	Machinery	1,50,000	1,69,000
P&L Account	30,500	30,600	Sundry Debtors	12,500	9,600
Sundry Creditors	20,000	18,000	Closing Stock	8,000	5,000
Bank Overdraft	60,000	7,000	Cash	10,000	2,000
Outstanding Expenses	20,000	10,000			
	3,80,500	3,75,600		3,80,500	3,75,600

## Other Details:

1. Company paid a dividend of 11.5% on opening capital.
2. New machinery was purchased for Rs. 33,000 during the year.
3. Depreciation written off during the year Building Rs. 10,000 Machinery Rs. 14,000

Q.3)(A) Growth Ltd. uses periodic Inventory system. The purchases of a particular product for the month are as follows:

(8)

			Rs.
January 1st	Opening Inventory	500 Units @ Rs. 5	2,500
January 5th	Purchases	500 Units @ Rs. 10	5,000
January 12th	Purchases	1,000 Units @ Rs. 8	8,000
January 25th	Purchases	500 Units @ Rs. 5	2,500

On 31st January, the closing Inventory consisted of 1,000 Units.

Find out the following:

1. The cost of closing Inventory and the cost of goods sold for the month based on FIFO.
2. The cost of closing Inventory and the cost of goods sold for the month based on LIFO.

(B) Find out the value of Closing Stock from the following:  
Sales Rs. 6,00,000

(4)

Gross Profit Ratio 25%  
 Stock turnover Ratio = 9  
 Closing Stock is Rs. 10,000 more than Opening Stock.

Q.4) Convert the following Balance Sheet into vertical form and calculate two long term solvency ratios and two short term solvency ratios. (12)

Balance Sheet as on 31st March 2007

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	1,00,000	Fixed Assets	1,62,000
6% Pref. Share Capital	50,000	Stock	22,000
Reserves	30,000	Debtors	51,000
7% Debentures	20,000	Bills Receivable	2,000
Creditors	34,000	Cash	9,000
Provision for Tax	15,000	Prepaid Expenses	3,000
	<u>2,49,000</u>		<u>2,49,000</u>

Q.5) Explain with examples Capital Expenditure, Revenue Expenditure, Deferred Revenue Expenditure. (12)

Q.6) (A) Distinguish between : (6)  
 Cash Flow and Fund Flow Analysis.

(B) What is an Accounting Equation? Explain with Examples. (6)

Q.7) Give the meanings of the following terms: (12)

1. Depreciation
2. Cash Equivalents
3. Material Items
4. Prior Period Items
5. Financing Activities
6. Investments
7. Accounting Policy
8. Investment Property

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