

25 (1) FNAC 1.6 (O)

2011

FINANCIAL ACCOUNTING

Paper : 1.6

(Old Syllabus)

Full Marks : 70

Pass Marks : 28

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

Answer any **five** questions

1. (a) On 1st April, 2010 Mr. A started a new business under the name of 'Computer Point' with a capital of Rs 18,00,000 brought in cash.
- (b) Bought on credit 20 computers from HCL Ltd. @ Rs 30,000 each on 03.04.2010.
- (c) Received invoice from ABC Ltd. for Rs 10,000 in respect of carriage of above computers from Delhi on 10.04.2010.
- (d) On 15.04.2010, opened a new bank account with Axis Bank by depositing Rs 10,00,000.

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(Turn Over)

- (e) Sold 12 computers on credit to XYZ Ltd. on 21.04.2010 @ Rs 35,000 each less 5% trade discount.
- (f) On 28.04.2010, the transport bill of ABC Ltd. was paid by cheque.
- (g) On 29.04.2010, a cheque of Rs 5,40,000 was issued to HCL Ltd. towards their bill.
- (h) On 30.04.2010, cash Rs 3,50,000 was received from XYZ Ltd. towards part payment of their bill.
- (i) On 30.04.2010, rejected 10% of the goods received from HCL Ltd., being defective.

Pass Journal entries in the books of Computer Point. 14

2. The following are the balances of Ravi & Co. as on 31.03.2011 :

Particulars	Debit (Rs)	Credit (Rs)
Capital		62,000
Creditors		6,300
Rent		9,000
Return Inward	680	
Return Outward		500
Wages	8,480	
Fuel and Power	4,730	
Carriage Inward	2,040	
Opening Stock	8,960	
Building	32,000	

Particulars	Debit (Rs)	Credit (Rs)
Freehold Land	10,000	
Cash in hand	540	
Cash at Bank	2,630	
Purchases and Sales	40,675	98,780
Machinery	27,500	
Salaries	18,600	
Drawings	5,245	
Debtors	14,500	
Total	<u>1,76,580</u>	<u>1,76,580</u>

Taking into account the following adjustments, prepare Trading and Profit & Loss Account for the year ended on 31.03.2011 and a Balance Sheet as on 31.03.2011 : 14

- (i) Closing Stock—Rs 16,800
- (ii) Depreciate Plant and Machinery @ 15%
- (iii) Bad debts—Rs 500
- (iv) Rent Receivables—Rs 1,000
- (v) Outstanding Salary—Rs 3,000

3. Explain briefly the following : 14

- (a) Dual aspect and periodic matching of costs with revenue concept of financial accounting
- (b) Maintenance of books of accounts by a limited company.
- (c) Capital and revenue expenditures
- (d) Fixed assets and current assets

4. PM Ltd. was registered with a nominal capital of Rs 5,00,000 in equity shares of Rs 10 each. The following is the list of balances extracted from its books as on 31.03.2011 :

Particulars	Debit (Rs)	Credit (Rs)
Calls-in-arrear	7,500	
Premises	3,00,000	
Plant and Machinery	3,30,000	
Interim Dividend paid	37,500	
Stock on 01.04.2010	75,000	
Debtors	94,200	
Goodwill	25,000	
Cash and Bank balance	40,650	
Purchases	1,85,000	
Preliminary Expenses	5,000	
Freight	1,14,815	
Salaries	14,500	
Director's Fee	7,835	
Debenture interest paid	9,000	
Called-up capital		4,00,000
6% Debentures		3,00,000
Profit and Loss Account		14,500
Creditors		88,000
Sales		4,15,000
General Reserve		25,000
Bad debts Provision		3,500
Total	<u>12,46,000</u>	<u>12,46,000</u>

Prepare a Profit & Loss Account and Balance Sheet in the form prescribed under the Companies Act, 1956 after making the following adjustments :

- (i) Depreciate Plant and Machinery by 10%

- (ii) Write-off Rs 500 from preliminary expenses
 (iii) Stock on 31.03.2011 was Rs 95,000
 (iv) Provision for income tax should be made @ 30.9%
 (v) The board of directors proposed a final dividend of 10% after transfer to General Reserve @ 5% of the net profit

5. (a) State whether the following are Capital, Revenue or Deferred revenue expenditures with appropriate reasons for your answer :

- (i) Transport charges incurred amounting to Rs 25,000 on purchase of plant and machinery from Delhi for setting up a new factory in Guwahati
 (ii) Heavy advertisement expenses of Rs 5,00,000 are incurred on launching of a new product in the market by an existing company
 (iii) Construction of basement costing Rs 12,00,000 at the factory premises
 (iv) Payment for computer time of Rs 25,000 to operate a new stores control system for better functioning of the business
 (v) Regular hiring of computer time for preparation of company's Annual Accounts

- (vi) Legal Expenses Rs 50,000 incurred for purchasing a land by an existing company engaged in manufacturing
- (vii) Purchase of a Xerox machine for use in own office.
- (b) What is depreciation? What are the various methods of calculating depreciation? Describe one of them fully. 7
6. Enter the following transactions in the Cash Book with cash and bank columns : 14
2010
- March 1 Balance of cash in hand—Rs 15,000
" 1 Balance at bank (overdraft)—Rs 9,000
" 4 Invested further capital of Rs 90,000 out of which Rs 60,000 deposited in the bank
" 5 Sold goods for cash—Rs 3,000
" 8 Purchased goods for cash—Rs 4,500
" 9 Drew a cheque for personal use—Rs 700
" 10 Deposited cash into bank—Rs 1,000
" 16 Received a cheque for Rs 1,500 in respect of sales for realising of which the bank charged Rs 20 and credited the balance
" 29 A demand draft was purchased for Rs 5,000 from a bank after paying Rs 200 towards bank draft charges. The bank draft was made for giving security deposit with the sales-tax department

7. (a) What do you mean by a 'Trial Balance'? Explain briefly the objectives and limitations of a Trial Balance. 10
- (b) How would you deal with share transfer fee and filing fee with the registrar of companies while preparing the final accounts of a company? 4
8. The accounting year of ABC Ltd. ends on 31.03.2011. A Trial Balance was extracted as on 28.02.2011 as given below :

Particulars	Debit (Rs)	Credit (Rs)
Capital Account		3,50,000
Creditors		28,000
Plant and Machinery	1,80,000	
Debtors	1,66,000	
Sales		2,34,000
Purchases	1,80,000	
Salaries	64,000	
Cash in hand	22,000	
	<u>6,12,000</u>	<u>6,12,000</u>

The following transactions took place during March 2011 :

- (i) Credit purchases of goods worth Rs 62,000
- (ii) Credit sales of goods for Rs 1,10,000
- (iii) Sales return from customer worth Rs 8,000

(8)

- (iv) Purchased Plant and Machinery worth Rs 15,000 by payment in cash
- (v) Fresh capital introduced by the proprietor of Rs 50,000

Prepare :

14

- (a) Cash Book with respect to the transactions of March 2011
- (b) All Ledger accounts after incorporating the opening balances as on 28.02.2011
- (c) The Trial Balance as on 31.03.2011 from the Cash Book and other Ledger account balances
