

## Financial Accounting (Elements of financial Accounting ) Q.P. Code: 00000364

[Time:2.30 Hrs]		[ Marks:75 ]
Please check whether you have got the right question paper.		
N.B:	1. All question are compulsory. 2. Figures to the right indicate full marks. 3. Students answering in the regional language should refer in case of doubt to the main text of the paper in English.	

Q.1	(A) Fill in the blanks (attempt any 8 out of 10)	(8)
1.	Interest = Hire Purchase Price - _____ (Resale price/ Cash price/ Residuary price/ down payment)	
2.	In case of default in payment, the _____ gets the right to take back position of the goods (Hirer/ Cashier/ Buyer/ Hire Vendor)	
3.	Each departmental profit is transferred to _____ Account (Trading / General Profit and Loss/ Share holders/ Loan)	
4.	Expenses traceable with the departments are called _____ expenses (direct/ indirect/ outstanding/ prepaid)	
5.	Under _____ inventory system, stock is valued by physical stocktaking (perpetual/ periodic/ regular/ irregular)	
6.	_____ method is not recognised by a AS-2 (FIFO/Weighted average / LIFO/none of these)	
7.	Carriage on purchase of machinery is _____ expenditure (mandatory/ capital/ revenue/ deferred)	
8.	Factory expenses are shown in _____ account (Manufacturing/ Profit & Loss/ Capital/ Debtors)	
9.	Bank Overdraft is a _____ (expense/ liability/ Asset/ Income)	
10.	Prepaid Insurance is shown in the Balance Sheet _____ (under fixed assets - asset side/ under current assets - asset side/ under share capital - liability side/ under current assets – liability side)	

	<p><b>(B) State whether True or False (attempt any 7 out of 10)</b></p> <ol style="list-style-type: none"> <li>Accounting standard 2 deals with valuation of fixed Inventories</li> <li>As per AS-9, revenue from sale of goods is recognised only when the seller transfers the goods to the buyer for a Consideration that is uncertain</li> <li>Interest on drawings is income for the entity.</li> <li>Accrued income is shown on the asset side as a current asset</li> <li>Office salaries is apportioned based on the office staff appointed in each department</li> <li>Carriage outward is apportioned based on purchases in each department</li> <li>Stock reserves is created when the transfer between department is at selling price</li> <li>Under hire purchase sale, the title of the good passes instantly.</li> <li>Down payment is the last payment in case of hire purchase transaction</li> <li>Depreciation in case of Hire Purchase transaction is allowable to Hire Purchaser</li> </ol>	<b>(7)</b>																														
Q.2	<p><b>(A)</b> From the following Trial Balance of Mrs.Jamna prepare the final accounts after considering the adjustments for the year ending 31.3.2022.Trial Balance is as under:</p> <table border="1" data-bbox="329 1438 1039 1896"> <thead> <tr> <th>Particulars</th><th>Debit (Rs.)</th><th>Credit (Rs.)</th></tr> </thead> <tbody> <tr> <td>Capital Account</td><td></td><td>30,000</td></tr> <tr> <td>Drawings Account</td><td>2,600</td><td></td></tr> <tr> <td>Plant and machinery</td><td>12,000</td><td></td></tr> <tr> <td>Stock on 1.4.21</td><td>5,000</td><td></td></tr> <tr> <td>Purchases</td><td>35,000</td><td></td></tr> <tr> <td>Sales</td><td></td><td>50,000</td></tr> <tr> <td>Sales Returns</td><td>2,000</td><td></td></tr> <tr> <td>Purchase Returns</td><td>-</td><td>1,000</td></tr> <tr> <td>Sundry debtors</td><td>8,000</td><td></td></tr> </tbody> </table>	Particulars	Debit (Rs.)	Credit (Rs.)	Capital Account		30,000	Drawings Account	2,600		Plant and machinery	12,000		Stock on 1.4.21	5,000		Purchases	35,000		Sales		50,000	Sales Returns	2,000		Purchase Returns	-	1,000	Sundry debtors	8,000		<b>(15)</b>
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Sundry creditors		6,000
Carriage inwards	500	
Carriage outwards	500	
Wages	3,000	
Salaries	2,000	-
Factory expenses	200	
Office rent	500	
Insurance	500	
Discount received		600
Discount allowed	300	
Furniture	2,000	
Bad debts	400	
Commission	300	
Building	8,000	
Bills payable		2,000
Cash in hand	200	
Cash at bank	600	
Bills receivable	6,000	
<b>Total</b>	<b>89,600</b>	<b>89,600</b>

Adjustments:

1. Stock on 31.3.22 Rs. 20,000
2. Prepaid Insurance Rs. 200
3. Office rent outstanding Rs. 400.
4. Depreciation is to be provided at 10% on building, furniture and plant and machinery

**OR**

**(B)** From the following particulars of Lakme, prepare Trading and Profit and Loss Account of the two departments: Hair care and Skin Care for the year ended 31.3.22 **(15)**

Particulars	Hair care	Skin care	Total
Opening Stock	86,400	101,300	187,700
Purchases	426,800	564,300	991,100
Carriage Inwards	-	-	9,000
Salaries	14,000	11,000	25,000
Sales	715,700	812,900	1528,600
Return Outwards	6,800	4,300	11,100
Return Inwards	15,700	12,900	28,600
Discount Received	-	-	7,700
Travelling expenses for sale	-	-	33,000

	Rent & Rates	-	-	38,000
	General Expenses	-	-	18,000
	Advertising	-	-	45,000
	Insurance	-	-	6,800
	Discount allowed	-	-	3,900
	Carriage Outward	-	-	49,500
	Selling and distribution expenses	-	-	9,900
	<p>The further information is relevant:</p> <ol style="list-style-type: none"> <li>1. General expenses and Insurance are to be allocated in the ratio of 2 : 3</li> <li>2. Goods transferred from Department Skin care to Department Hair care were costing Rs.15,000</li> <li>3. The area occupied is Hair care 4/5 and Skin Care 1/5</li> <li>4. Other expenses and income to allocated between two departments on a suitable basis</li> <li>5. The closing stock of two departments were: Hair care Rs.124,800 and Skin care Rs.168,700</li> </ol>			
Q.3	<p><b>(A)</b> On 1.1.19 Metro Motors purchased from Maersk Company five trucks costing Rs.100,000 each on the hire purchase system. It was agreed that Rs.50,000 should be paid immediately and the balance in three installments at the end of each year plus interest charges @ 5% p.a. The interest is chargeable on the outstanding balances. The buyer depreciates trucks at 20% p.a. on the diminishing balance method. The buyer paid down payment and all installments (plus interest) on time. (15)</p> <p>Show metro motors account, interest account, depreciation account and Truck Account in the books of Hire vendor under the credit sale method.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>(B)</b> State with reasons whether the following are capital or revenue expenditures: (15)</p> <ol style="list-style-type: none"> <li>1. A new machine is purchased for Rs.60,000, Rs.800 were spent on its carriage and Rs.1,500 were paid as wages for its installation.</li> <li>2. A sum of Rs.10,000 was spent on painting the new factory.</li> <li>3. Rs.5,000 paid for the erection of a new machine.</li> <li>4. Rs.2,000 were spent on repairs before using a second-hand generator purchased recently.</li> <li>5. Rs.1,500 were spent on the repair of machinery.</li> <li>6. Rs.10,000 was paid as brokerage on the issue of shares and other expenses of the issue were Rs.25,000.</li> </ol>			

		<p>7. A person was injured by the motor car of the company. Rs.10,000 was paid to him by way of compensation.</p> <p>8. Total expenditure on a cinema building during the year was Rs.2,00,000 out of which 20% related to repairs and 80% represented improvements and additions.</p> <p>9. A sum of Rs.32,000 has been spent on a machine as follows: (i) Rs.20,000 for addition to double the output, (ii) Rs.5,000 for repairs necessitated by negligence and (iii) Rs.7,000 for replacement of worn-out parts.</p>																																													
Q.4	(A)	<p>Following is the information related to purchases &amp; sales of goods made by Adani Limited in the month of November 2022. Find out from the given information:</p> <ol style="list-style-type: none"> <li>The value of Closing stock as on 30.11.2022 using weighted average Price Method</li> <li>Cost of goods sold for the month of November 2022</li> <li>Sales and gross profit for the month of November 2022</li> </ol> <table border="1"> <thead> <tr> <th>Date</th><th>Particulars</th><th>Units</th><th>Rate</th></tr> </thead> <tbody> <tr> <td>2.11.2022</td><td>Sales</td><td>1,500</td><td>600</td></tr> <tr> <td>6.11.2022</td><td>Purchases</td><td>3,500</td><td>500</td></tr> <tr> <td>14.11.2022</td><td>Sales</td><td>4,000</td><td>700</td></tr> <tr> <td>19.11.2022</td><td>Purchase Return from Purchase of 6.11.2022</td><td>500</td><td></td></tr> <tr> <td>21.11.2022</td><td>Purchases</td><td>5,000</td><td>470</td></tr> <tr> <td>22.11.2022</td><td>Sales Return out of sales of 2.11.2022</td><td>1,500</td><td></td></tr> <tr> <td>26.11.2022</td><td>Sales</td><td>6,000</td><td>750</td></tr> <tr> <td>28.11.2022</td><td>Purchases</td><td>5,000</td><td>530</td></tr> <tr> <td>29.11.2022</td><td>Sales</td><td>4,000</td><td>700</td></tr> <tr> <td>30.11.2022</td><td>Purchases</td><td>3,000</td><td>550</td></tr> </tbody> </table> <p>Stock on 1 November, 2022 was 3,000 units @ Rs.400 per unit</p> <p style="text-align: center;"><b>OR</b></p> <p>(I) Khanna Limited's Financial year ends on March 31, but actual stock is not taken until the following 5th April when it is ascertained at Rs.108,000. You found that:</p> <ol style="list-style-type: none"> <li>Sales between 31st March and 5th April are Rs.6,000</li> <li>Purchases between 31st March and 5th April are Rs.2,800</li> <li>Sales return between 31st March and 5th April are Rs.400</li> <li>Purchase return between 31st March and 5th April are Rs.120</li> <li>Khanna Limited received goods costing Rs.6,000 in March for sale on consignment basis. 20% of the goods have been sold by 31st March and</li> </ol>	Date	Particulars	Units	Rate	2.11.2022	Sales	1,500	600	6.11.2022	Purchases	3,500	500	14.11.2022	Sales	4,000	700	19.11.2022	Purchase Return from Purchase of 6.11.2022	500		21.11.2022	Purchases	5,000	470	22.11.2022	Sales Return out of sales of 2.11.2022	1,500		26.11.2022	Sales	6,000	750	28.11.2022	Purchases	5,000	530	29.11.2022	Sales	4,000	700	30.11.2022	Purchases	3,000	550	(15)
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	(B)		(8)																																												

	<p>another 10% by 15th April. These sales have not been accounted in the above sales.</p> <p>6. On 15th March goods having sales value ₹6800 were sent on sale or return basis to Mr.Jason. The period of approval being 4 weeks. He returned 40% of the goods on 10th April approving the rest.</p> <p>All Sales are made at 25% of gross profit on Cost.</p> <p>You are required to calculate the value of stock as on 31st March</p> <p><b>(II)</b> Pass the adjustment entry from the following:</p> <ol style="list-style-type: none"> <li>1. Cost of Closing Stock Rs.5,000. Market value of stock Rs.3,900</li> <li>2. Interest on drawings accounted to the proprietor Rs.8,000</li> <li>3. Interest on Capital accounted to the proprietor Rs.6,000</li> <li>4. Electricity bills of Rs.7,500 for the financial year is unpaid.</li> <li>5. Insurance of Rs.12,000 already paid and accounted. However, it relates for the 15 months period.</li> <li>6. Sale of scrap at Rs.900 on credit basis</li> <li>7. Purchased of Fixed asset for Rs.20,000</li> </ol>	(7)
Q.5	<p><b>(A)</b> (i) Distinguish between Hire purchase and Installment Sale</p> <p>(ii) Distinguish between periodic inventory system &amp; perpetual inventory system</p> <p style="text-align: center;"><b>OR</b></p> <p><b>(B)</b> Write a short note on (any three out of five)</p> <ol style="list-style-type: none"> <li>1. Capital expenditure</li> <li>2. Purpose of departmental accounting</li> <li>3. Hire purchase system</li> <li>4. Inter-departmental transfer at: Cost Price and Selling Price</li> <li>5. What do you mean by Trail Balance</li> </ol>	<p>(8)</p> <p>(7)</p> <p>(15)</p>