

Financial Accounting

Q.P. Code:00001096

[Time:2.30 Hrs.]		[Marks:75]
Please check whether you have got the right question paper.		
N.B:	1. Q.1 would be compulsory and would carry 20 Marks. 2. Q.8 would be compulsory and would carry 15 Marks. 3. Students have to attempt any four out of the remaining six Questions (Q.2 to Q.7) and within each question; students have to attempt any two out of three sub – questions. 4. Figures to the right indicate full marks.	

Q.1	Fill in the blanks choosing the correct alternatives. 1) Errors of _____ are done due to not knowing the accounting principles. a) Principle b) Compensating c) Omission d) Clerical 2) Share issue expenses may be treated as _____. a) Revenue Expenses b) Capital Expenses c) Deferred Revenue Expenses d) Capital Receipt 3) Debtors Account shows _____ balance. a) Real b) Negative c) Credit d) Debit 4) Addition of a computer lab to the building Rs.60,000 is _____. a) Revenue Expenses b) Capital Expenses c) Deferred Revenue Expenses d) Capital Receipt 5) Cost which is unaffected by the changes in output is called as _____. a) Fixed cost b) Variable cost c) Direct Cost d) Manufacturing cost 6) GAAP's means _____. a) Generally Approved Accounting Principles b) Generally Accepted Accounting Principles c) Generally Accepted Accounting Point d) Generally Accepted Accrued Principles 7) Cash account is _____ account. a) Personal b) Real c) Expenses d) Nominal 8) Purchase of furniture for cash would _____. a) Increase fixed assets & reduce current assets b) Increase total assets c) Reduce fixed assets & increase current assets d) no change in assets 9) The system in which fluctuations in prices are averaged out _____. a) FIFO Method b) LIFO Method c) Weighted Average Method d) HIFO Method 10) Prepaid rent is a _____. a) Nominal A/c b) representative personal A/c c) tangible assets account d) Real Account 11) Omission of paise and showing the round figures in financial statements is based on _____. a) Conservatism Concept b) Consistency concept c) Materiality Concept d) Realization Concept 12) Drawings will result in _____ in the owner's capital. a) Reduction b) Increase c) no effect d) contra effect 13) Repayment of loan given is Cash flow from _____. a) Operating activity b) investing activity c) financing activity d) mutual activity 14) A machine costing Rs.2,30,000 is estimated to have a life of 7 years and the scrap value is estimated Rs.20,000 at the end of its useful life. Find out amount of depreciation. a) Rs.30000 p.a. b) Rs.20000 p.a. c) Rs.23000 p.a. d) Rs.33000 p.a. 15) What kind of accuracy is tested by trial balance?	20
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	<p>a) Theoretical b) Practical c) Arithmetical d) international</p> <p>16) AS 3 deals with _____.</p> <p>a) Inventory Valuation b) Cash flow statement c) Revenue recognition d) Fixed asset</p> <p>17) The debts written off as bad, if recovered subsequently are _____.</p> <p>a) Credited to Bad Debts recovered A/c b) Credited to trade receivables Account</p> <p>c) Debited to profit and Loss Account d) ignored</p> <p>18) A cost center is a _____..</p> <p>a) location for which cost is incurred b) an organization</p> <p>c) a unit of cost d) profit center</p> <p>19) The amount of depreciation remains constant every year under _____.</p> <p>a) Straight Line Method b) Diminishing Balance Method</p> <p>c) Revaluation Method d) Insurance Policy Method</p> <p>20) Under this method it is assumed that goods sold are the first units that were purchased ____.</p> <p>a) FIFO Method b) LIFO Method c) Weighted Average Method d) HIFO Method</p>															
Q.2	<p>Any two from (a) or (b) or (c) ----- (5x2) = 10 Marks</p> <p>(a) Define the term corporate governance. What are the essential functions of corporate governance?</p> <p>(b) Write a short note on the cost unit.</p> <p>(c) The following information in respect of a component ABC is extracted from the books of Anil and co. for the year ended 31st March, 2023.</p> <table><tr><td>minimum consumption</td><td>400 Units</td></tr><tr><td>maximum consumption</td><td>600 units</td></tr><tr><td>Reorder quantity</td><td>1500 units.</td></tr><tr><td>Minimum Reorder Period</td><td>2 months</td></tr><tr><td>Maximum Reorder Period</td><td>6 months</td></tr></table> <p>Calculate: Reorder Level, Maximum Level, Minimum Level and Average Stock Level</p>	minimum consumption	400 Units	maximum consumption	600 units	Reorder quantity	1500 units.	Minimum Reorder Period	2 months	Maximum Reorder Period	6 months	10				
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Q.3	<p>Any two from (a) or (b) or (c) ----- (5x2) = 10 Marks</p> <p>(a) What are the benefits of cash flow analysis?</p> <p>(b) What are the methods of stocktaking?</p> <p>(c) The following data are available in respect of material X for the year ended 31st March, 2023.</p> <table><tr><td>Opening stock</td><td>Rs.90,000</td></tr><tr><td>Purchases during the year</td><td>Rs.2,70,000</td></tr><tr><td>Closing stock</td><td>Rs.1,10,000</td></tr></table> <p>Calculate Inventory Turnover Ratio and the number of days for which the average inventory held.</p>	Opening stock	Rs.90,000	Purchases during the year	Rs.2,70,000	Closing stock	Rs.1,10,000	10								
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Q.4	<p>Any two from (a) or (b) or (c) ----- (5x2) = 10 Marks</p> <p>(a) Write a note on fixed assets.</p> <p>(b) What is the effect of error in classification?</p> <p>(c) From the following information of Dhirubhai Ltd prepare Cash Flow statement for the year ended 31st March, 2023.</p> <table><tr><td>Net profit for the year</td><td>Rs.45000</td></tr><tr><td>Opening Cash Balance</td><td>Rs.14000</td></tr><tr><td>Closing Cash Balance</td><td>Rs.412000</td></tr><tr><td>Decrease in inventories</td><td>Rs.27000</td></tr><tr><td>Decrease in Creditors</td><td>Rs.24000</td></tr><tr><td>Purchase of Plant</td><td>Rs.150000</td></tr><tr><td>Issue of Equity Shares</td><td>Rs.500000</td></tr></table>	Net profit for the year	Rs.45000	Opening Cash Balance	Rs.14000	Closing Cash Balance	Rs.412000	Decrease in inventories	Rs.27000	Decrease in Creditors	Rs.24000	Purchase of Plant	Rs.150000	Issue of Equity Shares	Rs.500000	10
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Q.5	<p>Any two from (a) or (b) or (c) ----- (5x2) = 10 Marks</p> <p>(a) What is the procedure of the preparation of a fund flow statement?</p> <p>(b) What are the different advantages of FIFO method?</p> <p>(c) journalize the following transactions in the books of Rajwade Trading Company.</p> <table><tr><th>Date</th><th>Particular</th></tr><tr><td>01-05-2023</td><td>Started business with Cash Rs.1,00,000, Bank Balance Rs.2,00,000 and Building Rs.2,00,000</td></tr><tr><td>05-05-2023</td><td>Purchased goods from Ram of Rs.50,000 on credit basis.</td></tr><tr><td>10-05-2023</td><td>Paid for Repairs Rs.5,000</td></tr><tr><td>15-05-2023</td><td>Sold goods to Rakesh of Rs.70,000 for Cash.</td></tr><tr><td>20-05-2023</td><td>Withdrew from Bank Rs.10,000 for personal use.</td></tr></table>	Date	Particular	01-05-2023	Started business with Cash Rs.1,00,000, Bank Balance Rs.2,00,000 and Building Rs.2,00,000	05-05-2023	Purchased goods from Ram of Rs.50,000 on credit basis.	10-05-2023	Paid for Repairs Rs.5,000	15-05-2023	Sold goods to Rakesh of Rs.70,000 for Cash.	20-05-2023	Withdrew from Bank Rs.10,000 for personal use.	10																					
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Q.6	<p>Any two from (a) or (b) or (c) ----- (5x2) = 10 Marks</p> <p>(a) Distinguish between the Fixed Installment Method and the Reducing Balance Method.</p> <p>(b) Write a short note on Money Measurement Concept.</p> <p>(c) State whether the following expenditure or receipts are capital or revenue or deferred revenue. Give reasons for your answers.</p> <p>i. Legal expenses in issuing shares and debentures Rs 12,500.</p> <p>ii. Sold investments 4% government securities for Rs 1,40,000.</p> <p>iii. Carriage outward paid Rs 40,000.</p> <p>iv. Import duty paid on purchase of Computer Equipment Rs.85000.</p> <p>v. Purchase of Furniture for Rs.50000.</p>	10																																	
Q.7	<p>Any two from (a) or (b) or (c) ----- (5x2) = 10 Marks</p> <p>(a) Distinguish between capital and revenue expenditure.</p> <p>(b) Discuss the golden rule of accounting.</p> <p>(c) From the following particulars of Ambani Ltd prepare Store ledger Account by FIFO method.</p> <table><tr><th>Date</th><th>Particular</th><th>Units</th><th>Rate Rs.</th></tr><tr><td>01-02-2023</td><td>Opening Stock</td><td>5000</td><td>14</td></tr><tr><td>08-02-2023</td><td>Sales</td><td>1200</td><td></td></tr><tr><td>13-02-2023</td><td>Sales</td><td>2600</td><td></td></tr><tr><td>18-02-2023</td><td>Purchases</td><td>4200</td><td>13</td></tr><tr><td>28-02-2023</td><td>Sales</td><td>1800</td><td></td></tr></table>	Date	Particular	Units	Rate Rs.	01-02-2023	Opening Stock	5000	14	08-02-2023	Sales	1200		13-02-2023	Sales	2600		18-02-2023	Purchases	4200	13	28-02-2023	Sales	1800		10									
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Q.8	<p>Any three from (a) or (b) or (c) or (d) ----- (5x3) = 15 Marks</p> <p>(a) Explain in detail the different concepts of company share capital.</p> <p>(b) What are the various functions of accounting?</p> <p>(c) Prepare the trial balance from the following account balances as on 31-03-2023 of Ayush Ltd.</p> <table><tr><th>Sr. no.</th><th>Particular</th><th>Amount Rs.</th></tr><tr><td>1</td><td>Purchases Returns</td><td>6,520</td></tr><tr><td>2</td><td>Sales</td><td>1,52,900</td></tr><tr><td>3</td><td>Commission received</td><td>18,000</td></tr><tr><td>4</td><td>Rent Received</td><td>9,000</td></tr><tr><td>5</td><td>Discount Received</td><td>4,600</td></tr><tr><td>6</td><td>Wages</td><td>9,200</td></tr><tr><td>7</td><td>Purchases</td><td>66,800</td></tr><tr><td>8</td><td>Carriage Inward</td><td>3,350</td></tr><tr><td>9</td><td>Capital</td><td>80,370</td></tr><tr><td>10</td><td>Stock</td><td>31,300</td></tr></table> <p>(d) GOL Ltd purchase a Furniture costing Rs.4,00,000 on 1st April 2020. GOL Ltd writes off depreciation @10% p.a. on Fixed instalment Method every year. The books are closed on 31st March every year. On 1st October, 2022 GOL Ltd sold the plant for Rs.1,50,000. Prepare Furniture Account and Depreciation Account till 31st March,2023</p>	Sr. no.	Particular	Amount Rs.	1	Purchases Returns	6,520	2	Sales	1,52,900	3	Commission received	18,000	4	Rent Received	9,000	5	Discount Received	4,600	6	Wages	9,200	7	Purchases	66,800	8	Carriage Inward	3,350	9	Capital	80,370	10	Stock	31,300	15
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