

SEMESTER- I

COURSE - B.COM(P)

SUBJECT-FINANCIAL ACCOUNTING

QUESTION BANK

Q.1. “Due to changing economic and business environment the GAAP are losing their significance” Explain.

Q.2 Discuss the nature of branch account maintained under debtors system of branch accounting.

Q.3.From the following Receipts and Payment account of cricket club and the additional information prepare the income and expenditure account and the balance sheet as on 31st December 2011:

RECEIPTS	AMOUNT	PAYMENTS	AMOUNT
To balance b/d		By maintainance	6820
Cash	3520	By crockery purchased	2650
Bank	27380	By match expenses	13240
FD @ 6%	30000	By salaries	11000
To subscriptions (including Rs.6000 for 2010)	40000	By conveyance	820
To entrance Fees	2750	By upkeep of lawns	4240
To Donation	5010	By postage stamps	1050
To intrest on FD	900	By purchase of cricket goods	9720
To tournament fund	20000	By sundry expenses	2000
To sale of crockery (book value-Rs.1200)	2000	By investments	5700
		By tournament expenses	18800
		By balance c/d	
		cash	2200
		bank	23320
		FD	30000
	131560		131560

Receipts and Payment Account for the year ending 31-12-2011

Additional information:

- Salary outstanding id Rs.10000
- Opening balance of stock of postage & stationary & cricket goods is rs.750 and rs. 3210 respectively. Closing stock is rs.900 & rs.2800 respectively.

- Outstanding subscription for 2010 and 2011 is rs.6600 & rs.8000 respectively

Q.4 What is meant by IFRS? Explain the need and benefits of IFRS.

Q.5. A & B are partners in a JV sharing profits and losses in the proportion 4:1. A supplies goods of value rs.5000 and incurs expenses rs.400 on joint venture account. B supplies goods worth rs.4000 and his expenses are rs.300. B sells goods on behalf of joint venture and realises rs.12000. B is entitled to a commission of 5% on sales. B settles his account by bank draft. Give necessary ledger accounts in the book of A.

Q.6. The Swastik oil mills, Mumbai consigned 10,000 kgs of castor oil to Das of Kolkata on 1st January 2012. The cost of oil was rs.23 per kg. The swastika paid rs.20,000 for packing, freight and insurance. During transit 250 kgs of oil were accidentally destroyed for which the insurers paid directly to the consignors rs.4,500 in full settlement of claim. Das took delivery of the consignment on the 10th January. On 31st march 2012 Das reported that 7,500 kgs of oil were sold at rs.30 per kg. The expenses being on godown rent rs.3,000, on advertising rs.4,000 and on salesman's salaries rs.6,400. Das is entitled to commission of 3% plus 1.5% delcredre. A party had brought 1,000 kgs of oil was able to pay 80% of the amount due from it. Das reported normal loss of 100 kgs of oil due to leakage. Assuming that das paid the amount by bank draft. Show the necessary ledger accounts in the books of the consignor which closes its books on 31st march 2012.

Q.7. Ahaan ltd. Purchased on 1st Jan 2006 second hand plant for rs.30, 000 and immediately spent rs.20, 000 in overhauling it. On 1st July 2006 additional machinery of a cost of rs.25, 000 was purchased. On 1st July 2008 the plant purchased in 2006 became obsolete and was sold for rs.10, 000. On that date new machinery was purchased at a cost of 60,000. Depreciation was provided at 10% p.a. on the original cost of the asset. In 2009 the co. Changed the method of depreciation to 15% p.a W.D.V with retrospective effect. Show plant and machinery account and provision for depreciation account from 2006-2009.

Q.8. Dharma sold 3 machines costing rs.1, 00,000 each to Sharma on hire purchase basis on 1-1-2005. Sharma paid rs.60, 000 on above date and agreed to pay the balance in 5 half yearly instalments of rs.60000 each starting from 2005. Sharma charges depreciation @ 10% p.a. on diminishing balance method and the books are closed on 31st december each year. Sharma could not pay the 3rd instalment in time whereupon Dharma repossessed machine for rs.45, 000 after incurring rs.2,000 on its repairs. Show relevant accounts in the books of both parties showing all the workings.

Q.9. Mayur stores ltd. With their head office in Delhi invoiced goods to its branch at Noida at 20% less than the list price which is cost plus 100% with instructions that cash sales were to be made at invoice price and credit sales at list price. From the following particulars prepare branch stock account, branch debtor account, branch expenses account, branch adjustment account and branch p & l account for the year ending on 31st dec 2008:

Branch stock on 1-1-2008 at cost to branch	40,000
Branch debtors on 1-1-2008	30,000
Goods received from H.O. at invoice price	3,60,000
Cash sales	90,000
Credit sales	3,00,000
Cash received from debtors	2,40,000
Goods in transit	40,000
Branch expense	40,000
Bad debts	2,000
Loss of goods by fire at invoice price	2,400
Transfer of goods to Faridabad branch at I.P.	6,000
Pilferage at I.P	1,000
Remittance to head office	3,30,000
Insurance claim admitted against loss by fire	1,200
Debtors on 31-12-2008	88,000
Stock on 31-12-2008 at invoice price	60,000

Q.10. A co. Started on 1st april 2009, purchased raw material during 2009-10 as stated below:

02-04-2010	800kg	@ rs62 per kg
26-5-2010	1,200 kg	@rs.57 per kg
13-7-2010	2,500 kg	@rs. 59 per kg
10-10-2010	3,000kg	@rs.56 per kg
18-1-2011	1,500kg	@rs.60 per kg
28-02-2011	1,000 kg	@ rs.65 per kg

While preparing final accounts on 31st march 2011 the co. Has 1,300 kg of raw material in the godown. Calculate the value of closing stock of raw materials according to :

- i. First in first out basis
- ii. Last in first out basis
- iii. Weighted average basis

Q.11. Write short notes on the following-

- a) Capital Expenditure
- b) Revenue Expenditure
- c) Deferred revenue expenditure

Q.12 Distinguish between Receipts and Payment Account and Income Expenditure Account.

Q.13. Difference between cash basis and accrual basis of accounting.

Q.14. Explain Accounting concepts and principles.

Q.15. Define the term revenue and state the conditions that should be satisfied for revenue recognition and sale of goods transactions.

Q.16. Depreciation cannot be provided in case of loss in a financial year.

Q.17. Compare and contrast between LIFO and FIFO method of stock valuation.

Q.18. What is the contingent liability? Give examples

Q.19. How will you treat Donations and Legacy in financial statement of non profit organisation.

Q.20. Differentiate between Hire purchase and Instalment Purchase System.

Q.21. Explain operating Lease and Financial Lease.

