

SEMESTER- I

COURSE - B.COM(P)

SUBJECT-FINANCIAL ACCOUNTING

ASSIGNMENT

All questions are compulsory

Ques1: Following Trial Balance of a trader as on 31 March 2018:

Particulars	Dr	Cr
cash in hand	5000	
land and building	80000	
Plant and Machinery	50000	
Debtors and Creditors	25000	40000
stock on 1-4-17	10000	
15% investment on 1-4-17	20000	
Purchase and sales	95000	190000
bank overdraft		20000
Wages	28000	
Salaries	16000	
rent rates and taxes	15000	
Bad debts	6000	
Drawings	5000	
B/R and B/P	15000	21000
Carriage Inward	6000	
Custom duty on purchases	16000	
Fire insurance premium	4000	
Advertisement	30000	
provision on doubtful debts		2000
Interest on Investment		2000
Trade expenses	11000	
Furniture	20000	
value added tax		25000
Capital		157000

ASSUMPTIONS:

- i. Stock on 31 March 2018 was valued at Rs 40000
- ii. Included in debtors are Rs 8000 due from Ram and included in Creditors are Rs 6000 due to Ram
- iii. Bills Receivable includes a bill of Rs 5000 from Mohan, which has been dishonored.
- iv. Sales include Rs 5000 for the goods sold on approval basis. Approval has not been received till 31 March. Goods are sold at profit of 25% on Cost.
- v. Wages include Rs 5000 spent on the erection of machinery on 1-4-2017
- vi. Prepaid rates and taxes amounted to Rs 2000.
- vii. Create Provision on doubtful debts at 5% on debtors
- viii. Depreciate Machinery at 10%.

Prepare Trading and P&L account for the year ending 31 March 2018 and also Balance sheet as on that date.

Ques2:

Receipt	Amount	Payment	Amount
Balance b/d	70000	Payment for medicines	300000
Subscription	500000	Honorarium	100000
Donations	145000	Salaries	275000
Interest on investment @7% p.a.	70000	Sundry expenses	5000
charity show collection	100000	Equipments purchases	150000
		Charity show expenses	10000
		balance c/d	45000

Additional Information:

	on 1-4-2016	on 31-3-2017
subscription due	5000	10000
subscription in advance	10000	5000
stock of medicine	100000	150000
creditors of medicine	80000	120000
Equipments	210000	300000
Building	400000	380000

You are required to prepare income and expenditure account for the year ended 31 March,2017 and balance sheet on that date.

Ques3: State the difference between depreciation, depletion and amortization in detail.

Ques4: Explain the difference between accrual and Cash basis of accounting.

CLASS TEST

Note: Attempt all Questions.

Q.1. 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. (10 marks)

Q.2. 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: (10 marks)

Branch stock on 1-1-2008 at cost to branch	40,000
Branch debtors on 1-1-2008	30,000
Goods recieved 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.1.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: (15 MARKS)

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

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.2 Distinguish between Receipts and Payment Account and Income Expenditure Account. (5 MARKS)

Q.3What is meant by IFRS? Explain the need and benefits of IFRS. (5 MARKS)

MULTIPLE CHOICE QUESTIONS

1. Depreciation is a process of

- Valuation
- Reduction
- Allocation
- Appreciation

Ans- Reduction

2. Equity + liability = assets is as per which accounting concept

- Dual concept
- Cost Concept
- Accrual Concept
- Money Measurement Concept

Ans- Dual Concept

3. _____ is the principal book where accounts are opened to which transactions recorded in the books of original books are posted

- Subsidiary Book
- Journal Book
- Ledger Book
- Trial Balance

Ans- Ledger Book

4. Revenue should be recognized only when cash is received as per which accounting standard.

- AS-9
- AS-10
- AS-11
- AS-12

Ans- AS 9

5. “Provision is a charge against profit.”

- true
- false

Ans- True

6. Which of the following is non historical cost method?

- FIFO method
- LIFO method
- Weighted average cost method
- Retail inventory method

Ans – Retail Inventory Method

7. Loss of stock by fire given as adjustment should be recorded :

- debit side of Trading account
- credit side of trading account
- debit side of P&L account
- asset side of balance sheet

Ans- Credit side of trading account

8. Income and expenditure account in NPO records all transactions of :

- Revenue In Nature
- Capital In Nature
- Both Revenue And Capital In Nature
- All Cash Transactions

Ans- Revenue in Nature

9. In which case person cannot transfer a good title even to a bona fide purchaser

- Hire purchase
- Installment purchase system

Ans- Hire purchase

10. which form of lease allow transfer of all risks and rewards incidents to ownership of the asset

- Operating Lease
- Financial Lease

Ans-Financial lease

11. Profit and Loss Appropriation account is prepared in case of :

- Sole proprietor
- Partnership Firm
- At the time of liquidation
- NPO

Ans- Partnership Firm

12. In order to close the accounts of assets and liabilities and to calculate loss or profit during dissolution, which account is prepared?

- P&L appropriation account
- Trading Account
- Realization Account
- Income and Expenditure Account

Ans- Realization Account