Printed Pages: **MAM-204**

(Following Paper ID and Roll No. to be filled in your Answer Books)	
Paper ID : 293211	**Roll No.** ☐☐☐☐☐☐☐☐☐☐

M.A.M.

Theory Examination (Semester-II) 2015-16

FINANCIAL ACCOUNTING

Time : 3 Hours ***Max. Marks : 100***

Section-A

1. Attempt all parts. All parts carry equal marks. Write answer of each part in short. (2×10=20)

(a) Write the rules of debit and credit.

(b) What are the various classification of expenditure?

(c) Differentiate between provisions and reserves.

(d) What do you understand by depreciation accounting?

(e) What is a ledger?

(f) What do you understand by accrual concept?

WWW.UPTUNOTES.COM

(g) What are debentures?

(h) What is under and over subscription of shares?

(i) What is a joint stock company?

(j) Explain various types of assets.

Section-B

2. Attempt any five questions from this section. (10×5=50)

(a) What do you mean by accounting standards? Explain various accounting conventions.

(b) What is a Journal? Explain various subdivisions of journal.

(c) What is a Trial Balance? Briefly explain various methods of preparing a trial balance.

(d) Write down various objectives of inventory valuation. Also discuss the methods of valuation of inventories.

(e) What do you understand by shares? Explain various types of shares.

WWW.UPTUNOTES.COM

(f) What is a Balance Sheet? Explain its importance. Also show the format of company's balance sheet as per revised Schedule VI of Company Act.

(g) Calculate the value of the inventory of January 31st from the following data using LIFO Method.

Receipts

January 1	Inventory in hand	200 units	@Rs.8
January 8	Purchases	1,200 units	@Rs.9
January 25	Purchases	500 units	@Rs.10
January 31	Purchases	400 units	@Rs.10

Issued for sale

January 6	200units
January 9	200units
January 15	500 units
January 27	600 units

(h) State which of the following expenses, would be charged to capital and which to the revenue:

(i) One thousand rupees were spent on a machine out of which Rs. 100 for repairs; Rs. 200 for replacement of defective parts and Rs. 700 for the improvements of the machinery. As a result of improvements the production capacity of the machine doubled.

WWW.UPTUNOTES.COM

(ii) A company removed their factory to more suitable premises and incurred the following expenditure; (i) Cost of dismantling, removing and re-installing plant Rs. 5,160; (ii) Old plant book value Rs. 2,250 was sold for Rs. 800 and replaced by new plant cost Rs. 4,800.

(iii) Fire insurance premium was paid on 1st October for full one year Rs. 600. Books are closed on 31st December every year.

(iv) While the construction of the factory building was in progress, few cottages were built for the labour costing Rs. 600 which were demolished after the completion of the factory.

(v) Extensive alterations were done to a cinema building. Apart from alterations the entire property was put in thorough repairs and the interior of the theatre including the sitting accommodation was refurnished and made more comfortable and attractive. This resulted in increased 'gate proceeds'.

Total expenditure was Rs. 1,00,000 out of which 16% related to repairs and re-painting and 84% represented improvements and re-furnishing.

WWW.UPTUNOTES.COM

Section-C

Note: Attempt any two questions from this section.

(15×2=30)

3. Star Ltd. Invited applications from public for 5,00,000 equity shares of Rs. 10 each issued at Rs. 11 per share. The payment was to be made as follows:

Rs. 3 on Application

Rs. 4on Allotment including premium, and

Rs. 4 on call.

Applications for 6, 50,000 shares were received. Allotment was made as follows:

(a) 100% shares to applicants of 4,00,000 shares.

(b) 50% shares to applicants of 2,00,000 shares.

(c) No allotment to applicants of 50,000 shares.

A shareholder to whom 500 shares were allotted under category (i) paid full amount due on shares along with allotment money. Another shareholder holding 1,000 shares failed to pay the amount due on calls. His shares were

WWW.UPTUNOTES.COM

forfeited and 800 of these shares were subsequently re-issued as fully paid-up @ Rs. 8 per share.

Pass the journal entries.

4. The following are the balances extracted from the books of Narain Lal on 31st December 2014,

Narain Lal's capital	Rs. 30,000	Sales returns	Rs. 2,000
Narain Lal's drawing	5,000	Discounts (Dr.)	1,600
Furniture and fitting	2,600	Discounts (Cr.)	2,000
Bank overdraft	4,200	Taxes and Insurance	2,000
Creditors	13,800	General expenses	4,000
Business premises	20,000	Salaries	9,000
Stock on January 2014	1,19 22,000	Commission (Dr.)	2,200
Debtors	18,000	Carriage on purchases	1,800
Rent from tenants	1,000	Bad Debts written off	800
Purchases	1,10,000	Sales	1,50,000

Stock on hand on 31st December, 2014 was Rs. 20,060.

Write off depreciation: Business premises Rs. 300; Furniture and Fittings Rs. 250.

Make a provision of 5% on debtors for doubtful debts. Allow interest on capital at 5%.

Prepare trading and profit and loss account for the year and a balance sheet as on that date.

WWW.UPTUNOTES.COM

5. Giri Raj Enterprises purchased some second hand machinery on 1st April 2012 for Rs. 3,70,000 and installed it at a cost of Rs. 30,000. On 1st October, 2013 it purchased another machine for Rs. 1,00,000 and on 1st October 2014, it sold off the first machine purchased in 2012, for Rs. 2,80,000.

On the same date it purchased a machinery for Rs. 2,50,000. On 1st October 2015, the second machinery purchased for Rs. 1,00,000 was also sold off for Rs. 20,000.

In the beginning depreciation was provided on machinery at the rate of 10% p.a. on the original cost each year on 31st March. From the year 2013-14, however, the trader changed the method or providing depreciation and adopted the written down value method, the rate of depreciation being 15% p.a.

Give the Machinery account for the period 2012 to 2016.

WWW.UPTUNOTES.COM