

Seat No. : _____

FF-126

February-2025

Integrated M.B.A., Sem.-1 (NEP) Fundamentals of Financial Accounting

Time : 2:00 Hours]

[Max. Marks : 50

1. (A) Journalise the following and prepare cash ledger : 5
- (1) Started business with cash ₹ 20,00,000
 - (2) Purchase goods of ₹ 100,000 on cash
 - (3) Purchase Machinery of ₹ 2,00,000
 - (4) Purchase furniture of ₹ 100,000
 - (5) Provide depreciation @ 15% on Machinery
 - (6) Sales goods for ₹ 1,20,000 to Mr. Ramesh
 - (7) Paid advertisement expenses of ₹ 15,000
 - (8) Withdraw cash of ₹ 20,000 for personal use
 - (9) Interest paid ₹ 24,000
 - (10) Mr. Ram return goods of ₹ 2,000 as it was found defective
 - (11) Interest of capital ₹ 10,000

1. (B) What is Accounting ? Explain different branches of Accounting. 5

OR

1. Prepare final account from the following information : 10

Particulars	Debit (₹)	Credit (₹)
Building	2,90,000	
Machinery	1,00,000	
Closing Stock	90,000	
Purchase	2,10,000	
Salaries	60,000	
Director Fees	10,000	
Rent	26,000	
Depreciation	20,000	
Sales		5,20,000
Salaries Outstanding		2,000
Provision for Bad Debt		3,000
Equity share capital		2,00,000
Bad Debt	6,000	
Interest Accrued on investment	2,000	
Cash Balance	1,20,000	

Interest	28,000	
Loose Tools	23,000	
Bank Balance	60,000	
Sundry Expenses	18,000	
Sundry Debtors	1,25,000	
Bank	30,000	
General Reserve		40,000
Profit and Loss Account		25,000
Sundry Creditors		92,000
Depreciation		1,05,000
Building 50,000		
Machinery 55,000		
14% Debentures		2,00,000
Outstanding interest on debentures		19,000
Interest on Investment		12,000

Additional Information :

- (i) Closing Stock is more than opening stock by ₹ 30,000.
- (ii) Bad Debt amounted to ₹ 2,000 and Provide for doubtful debts @ 4% on Debtors.
- (iii) Depreciation expenses include depreciation on Building ₹ 8,000 and ₹ 12,000 on Machinery.

2. Crosswords Trading Co. invoiced goods to its Delhi branch at cost. Head Office paid all the branch expenses from its bank account, except petty cash expenses which were met by the branch. All the cash collected by the branch was banked on the same day to the credit of the Head office. The following is a summary of the transactions entered into at the branch during the year ended December 31, 2024 :

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	₹		₹
Balances as on 1-1-2024 :		Bad debts	600
Stock	7,000	Goods returned by customers	500
Debtors	12,600	Salaries & Wages	6,200
Petty Cash	200	Rent & Rates	1,200
Goods sent from H.O.	26,000	Sundry Expenses	800
Goods returned to H.O.	1,000	Cash received from Sundry Debtors	28,500
Cash sales	17,500	Balances as on 31-12-2024 :	
Credit sales	28,400	Stock	6,500
Allowances to customers	200	Debtors	9,800
Discount to customers	1,400	Petty cash	100

Prepare :

- (a) Branch Account (Debtors method)
- (b) Branch Stock Account, Branch profit & loss account, Branch debtors and Branch Expenses Account by adopting stock and Debtors method.

OR

2. What are the primary benefits and potential drawbacks of adopting lease accounting standards for both lessees and lessors, and how do these impact financial reporting and decision-making ? **10**

3. Mr. Raj Consigned 2,000 radio sets costing ₹ 1,800 each to Mr Ramesh, her agent on 1st July, 2024. Mr. Raj incurred the following expenses :

Freight ₹ 15,300

Insurance ₹ 6,500

Mr. Ram received the delivery of 1900 radio sets. An account sale dated on 30th November 2024, 1,500 showed that set were sold for ₹ 18,00,000 and Mr. Ramesh incurred ₹ 21,000 for carriage. Mr. Ramesh was entitled for commission of 6% on sales effected by him. He incurred expenses amounting to ₹ 5,000 for Godown rent.

Insurance claim was accepted ₹ 70,000. Prepare Consignment Account. **10**

OR

3. A and B were participants in a joint venture, sharing profits and losses in the proportion of 10 : 9 respectively. Each party maintains a complete record in his own books. A supplies goods to the value of ₹ 50,000 and incurs an expenditure of ₹ 1,000 on them; and B supplies goods to the extent of ₹ 42,000 and his expenses thereon amounted to ₹ 2,000. A sell all the goods for ₹ 1,40,000. Prepare necessary accounts in the books of both parties. **10**

4. On 1-1-2024, 2000 6% Debentures of ₹ 100 each of Y Ltd. were held as investment by X Ltd. at cost of ₹ 3,64,000. Interest payable on 30th June and 31st December. **10**

On 1-4-2024, 8,000 of such debentures were purchased by X Ltd. @ 98 (Ex-interest)

On 1-9-2024, 12,000 of such debentures were sold at 110 (Cum-interest)

On 1-12-2024, 16,000 of such debentures were purchase at 98 (Ex-interest)

On 31-12-2024, 8,000 of such debenture were sold at 120 on (Cum-interest)

5. Multiple Choice questions : (Any 10) **10**

(1) Prepaid expenses are considered as

- | | |
|------------|-----------------|
| (a) Assets | (b) Liabilities |
| (c) Income | (d) Expenses |

(2) Patents, Copyright and Goodwill are considered as:

- | | |
|-----------------------|------------------------|
| (a) Intangible assets | (b) Current assets |
| (c) Fictitious assets | (d) Non-Current assets |

- (3) Consignment is which type of account ?
- (a) Real Account (b) Nominal Account
(c) Personal Account (d) Assets Account
- (4) In Joint venture account, members are known as:
- (a) Partners (b) Joint-ventures
(c) Co-ventures (d) Co-Partners
- (5) Generally, cash is hold for which motive ?
- (a) Transaction Motive (b) Precautionary Motive
(c) Speculative Motive (d) All of the Above
- (6) A branch that keeps a complete record of all accounting transactions is called _____.
- (a) A foreign branch (b) A local branch
(c) An independent branch (d) A dependent branch
- (7) Under the debtor system of branch accounting, the branch account in the head office books is of which nature ?
- (a) Real Account (b) Nominal Account
(c) Personal Account (d) Contra Account
- (8) When goods are sent by the head office to the branch at an invoice price higher than cost, the difference is known as :
- (a) Loading (b) Markup
(c) Profit Margin (d) Overhead
- (9) A joint venture is typically formed for
- (a) A continuous series of business activities.
(b) A single specific project or purpose.
(c) Managing daily operations of a company.
(d) Long-term partnership without a specific end.
- (10) Which of the following is NOT a characteristic of a current investment ?
- (a) Held for less than or upto one year
(b) Readily marketable
(c) Intended to be held for earning regular income
(d) Liquidated when cash is needed
- (11) Which of the following is NOT a feature of a joint venture ?
- (a) Temporary partnership (b) Specific venture or project
(c) Separate legal entity (d) Shared profits and losses
- (12) Consignment stock is valued at
- (a) Cost price
(b) Market price
(c) Cost or net realizable value, whichever is lower
(d) Selling price