

NB-137**December-2015****F.Y. MBA Integrated****Fundamentals of Financial Accounting****Time : 3 Hours]****[Max. Marks : 100**

1. (a) What is meant by Accounting Concepts ? Explain significance of Business Entity concept and Going Concern concept. **8**

OR

Discuss the importance of Balance-sheet and Statement of Profit and Loss.

- (b) The Balance Sheet of a firm had the following balances on November 30, 2015 : **12**

	₹
Cash	39,000
Debtors	90,000
Stock	70,000
Prepaid rent	2,000
Creditors	25,000
Share capital	1,60,000
Retained earnings	16,000

Following transactions took place during the month of December :

- (1) Collection from debtors ₹ 82,000.
- (2) Purchase of stock on credit ₹ 80,000.
- (3) Goods of ₹ 70,000 sold for ₹ 92,000 on credit.
- (4) Payments to creditors ₹ 19,000
- (5) Recognition of rent expense for December ₹ 1,000.
- (6) Wages paid for December ₹ 8,000
- (7) Cash dividend declared and disbursed to share holders on 31st December ₹ 10,000.

From the above information, pass necessary journal entries in the books of the firm; post them into ledger considering the opening balances.

2. (a) Samir of Surat consigned 100 cases of medicine costing ₹ 1000 per case to Ravi of Raipur on 1st January, 2014. The goods were to be sold at 25% above the cost by the consignee. Any deficiency in selling price was to be borne by Ravi. Ravi was however entitled to a special commission @ 15% on any surplus price realized by him. Ravi was further entitled to an ordinary commission of 5% and Del Credere commission of 2.5%. 16

Samir incurred the following expenses while sending the goods :

Packing charges	6,000
Loading charges	1,000
Truck hire	12,000
Railway freight	21,000

The Account sales received from Ravi on 30th June revealed the following :

40 cases were sold @ ₹ 1500 per case on credit

30 cases were sold @ ₹ 1200 per case on cash

10 cases were sold @ ₹ 1300 per case on credit on recommendation of Samir, 5 cases were stolen by a worker. A compensation of ₹ 2,000 was realized from him. Ravi incurred unloading charges of ₹ 2,000 and warehouse rent of ₹ 3,000. Ravi enclosed a bank draft for the balance due.

Prepare necessary accounts in the books of Samir.

- (b) Distinguish between Partnership and Joint Venture. 4

OR

Distinguish between Consignment and Joint Venture.

3. Answer any **two** from a, b and c. 20

- (a) A Ltd. purchased a machine from P Ltd. on 1st April 2012, the cash price was ₹ 12,30,000. The purchase was on hire purchase basis, ₹ 3,75,000 was paid at the time of contract and agreed to pay three further instalments of ₹ 3,75,000 each on 31st March every year.

- P Ltd. charged interest at 15% p.a.
- Rate of Depreciation : 10%
- Method of Depreciation : Reducing Balance Method
- A Ltd. closes its books of account every year on 31st March.

Pass necessary journal entries in the books of Hire purchaser as per Method 2 (Capitalizing the full cash price).

- (b) Explain meaning and types of leasing in detail.
- (c) Amir Ltd. leased a land from Akash Ltd. for raising coal at a royalty of ₹ 10 per ton with a minimum rent of ₹ 50,000 per annum. Each year's short working is recoverable in the next two years. In the event of strike and the minimum rent not being reached, actual royalties earned for the year will discharge all rental obligations. The production of coal was as follows :

Year	Production (tons)
2007	4,000
2008	5,400
2009	5,000
2010	3,200 (strike)

Give journal entries in the books of the lessee for all the four years.

4. (a) XYZ Merchant of Delhi has a branch at Mumbai. Head office dispatches goods to Mumbai Branch at cost on the condition that sales are to be made for cash only. The head office sends cash to Mumbai Branch for all expenses. All the cash received by Mumbai Branch is remitted to head office daily.

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Transactions of Mumbai Branch during the year 2014-15 are as follows:

	As on 01-04-2014 (₹)	As on 31-03-2015 (₹)
Petty cash	200	300
Stock	16,000	18,000

	(₹)
Goods received from Head office	2,70,000
Goods returned to Head office	50,000
Petty cash received from Head office	5,000
Cash sales by Mumbai Branch	6,00,000
Furniture received from Head office on 01-10-2014 (Rate of depreciation: 10%)	50,000

Expenses :	Received from Head office (₹)	Paid by Mumbai Branch (₹)
Rent	5,000	4,500
Wages	20,000	15,000
Salaries	30,000	20,000

You are required to prepare Mumbai Branch account, Mumbai Branch trading account, Mumbai Branch Profit and Loss account and other necessary accounts in the books of Head office.

- (b) What do you mean by Cum Interest transactions and Ex Interest transactions ? Explain giving examples. **5**

5. (a) The premises of E Ltd. caught fire on 1st December, 2015 and the stock was damaged. The company had made up accounts to 31st March each year. **10**

	₹
Value of stock on 31 st March, 2015 :	34,82,700
Purchases from 1 st April, 2015 to the date of fire	44,82,700
Sales from 1 st April, 2015 to the date of fire	49,17,000
Manufacturing Expenses from 1 st April, 2015 to the date of fire	4,00,000

You are given the following further information:

1. On the investigation, it was found that during the past five years, the average gross profit on sales was 20%.
 2. In June 2015, goods costing ₹ 1,00,000 was given as a sample for advertising purpose, no entries being made in the books.
 3. During 2015-16, a clerk had misappropriated cash sales. It is estimated that defalcation averaged ₹ 40,000 per month from 1st April, 2015 until the clerk was dismissed on 1st December, 2015.
 4. The stock salvaged was ₹ 3,00,000.
 5. Expenses to mitigate fire was ₹ 1,00,000.
 6. The amount of insurance policy was ₹ 30,00,000 and it had an average clause. Calculate the amount of net claim. Show all your workings as part of your answer.
- (b) What do you mean by “Self-balancing ledgers system” and “Sectional balancing ledgers system” ? Distinguish between Self-balancing ledgers and Sectional balancing ledgers. Explain merits and demerits of Self-balancing ledgers. **10**