

Seat No. : \_\_\_\_\_

**N24-128**

**December-2014**

**First Year M.B.A. (KS) (Integrated)**

**Fundamentals of Financial Accounting**

**Time : 3 Hours]**

**[Max. Marks : 100**

- Instructions :** (1) All questions are compulsory.  
(2) All questions carry equal marks.

1. (A) Explain the concept/convention behind following transactions : **10**
- (i) Withdrawal of ₹ 2,000 by proprietor is charged to his account.
  - (ii) A company records that it has ₹ 2,00,000 of trucks and not 2 trucks.
  - (iii) A places an order to B on 1.01.10. the entry was made on 1.07.10 when goods were received by A.
  - (iv) Accounting of paise is being ignored while preparing financial statements.
  - (v) A building is purchased at ₹ 50,000 and recorded at the same instead of its market value to be ₹ 60,000.
- (B) Journalise the entries and post them into ledgers : **10**
- (i) X started his business with capital of ₹ 20,00,000.
  - (ii) He purchased land for ₹ 5,00,000.
  - (iii) He purchased goods on credit from Y for ₹ 1,00,000.
  - (iv) He paid cash to Mohan ₹ 10,000.
  - (v) He sold goods to Ram ₹ 90,000.

**OR**

Explain the process of accounting in detail with suitable examples. **20**

2. On 1<sup>st</sup> July, 2010 Ramlal & Co. of Mumbai consigned 800 Mobiles to his agent Shyam of Ahmedabad at cost price of ₹ 1,200 each. The invoice price was fixed after adding 25% profit on invoice price. Ramlal paid ₹ 12,000 for Insurance, ₹ 2,400 for Carriage and 9,600 for Freight, while sending the goods.

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On 1<sup>st</sup> July, 2010, Ramlal drew a bill of ₹ 2,40,000 for 3 months on Shyam, which was immediately returned by latter duly accepted. Ramlal discounted the bill in a bank on 4<sup>th</sup> August, 2010 @ 18% discount p.a.

Shyam is entitled to get general commission @4% and del-credere commission @ 2% on sales. In addition to that he is also entitled to get 20% of the profit, after deducting this share in profit, as his share of profit. On 31<sup>st</sup> December, 2010, Shyam sent an account of sale and a bank draft for the amount due from him.

According to the Account sale, he reported that;

- (i) He paid ₹ 6,000 for octroi, ₹ 18,000 for Insurance and ₹ 22,360 for an Advertisement.
- (ii) He sold 160 mobiles at ₹ 1,800 each for cash.
- (iii) He sold 480 mobiles at ₹ 2,000 each to Mohan on credit
- (iv) He sold 80 mobiles at ₹ 1,900 to Keshav on recommendation on Ramlal & Co.
- (v) During the year, fire took place in his godown and 16 mobiles were destroyed and insurance company accepted the claim of ₹ 15,160.
- (vi) Out of the unsold mobiles, 2 were damaged and ₹ 1,800 was estimated as a total repairing expenses to make them saleable.
- (vii) Mohan was unable to pay ₹ 60,000 out of his dues, and the amount was written off as a bad debt. Keshav was declared insolvent and 60 paise in a rupee could be recovered from him as a final dividend.

From the above particulars, prepare necessary accounts in the books of consigner Ramlal & Co.

A & B both contractors, undertook a joint venture involving the construction of a building.

**OR**

A joint bank account was opened in which A deposited ₹ 1,50,000 and B deposited ₹ 75,000. The contract price was ₹ 7,50,000. the result of joint venture was to be shared as to A-2/3 and B-1/3. The details of the transaction were as follows;

Particulars	₹
Wages paid	1,78,000
Material supplied by A	27,000
Material supplied by B	24,000
Materials purchased	3,30,000
Salaries	24,000
Cartage	37,000
Architect's fees paid by A	20,000
Concrete mixer plant purchased	77,000

The stock of the materials on the completion of the contract, valued at ₹ 33,000, was taken over by A. Concrete mixer plant was taken over by B for ₹ 60,000. A was to be paid ₹ 36,000 p.a against establishment expenses, to be charged to the Joint venture's account. The contract lasted for 8 months.

Prepare joint venture Account, joint bank account and accounts of A and B.

3. Attempt ANY **TWO** from the following :

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(A) X Ltd. has purchased a bus on Hire Purchase from Y Ltd. According to the agreement.

- ₹ 40000 has to be paid when signing the contract.
- Balance is to be paid in 4 annual installments of ₹ 22,000 from next year.
- Depreciation is charged at 10% under diminishing balance system.
- Interest is charged at 10%.

Pass journal entries in the books of Hire purchaser and prepare machinery account and y ltd account for 5 years.

- (B) X Mining Ltd. leased land from Sarthak Kunj at a royalty of 25 paise per tonne of mineral produced. Short workings was to be recouped during the first 4 years was as following

Year	Tonnes
2010	1,60,000
2011	1,80,000
2012	(strike for 3 months) 1,20,000
2013	24,00,000

There was a provision for proportionate reduction in minimum rent in case of stoppage of work by strike. Show relevant accounts in the book of X Mining Ltd.

- (C) Differentiate between :

- (i) Operating and Financing lease
- (ii) Hire purchase and Lease.

4. Delhi Traders has a branch at Gurgaon. All the purchases are made by the head office at Delhi, goods being charged out to branch at cost price. The branch is advised to deposit cash every day in the bank in the head office account and all branch expenses are directly paid by the head office except branch petty expenses for which petty cash is sent to branch .from the following particulars, show branch account as maintained in the head office books. Also prepare branch trading and P & L account for the year ended December 31, 2010.

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Particulars	₹
Stock at branch on 1.1.10	20,000
Branch debtors in 1.1.10	8,000
Petty cash at branch on 1.1.10	1,000
Furniture at branch on 1.1.10	6,000
Prepared insurance on 1.1.10	300
Outstanding salaries at branch on 1.1.10	200
Goods sent to branch during the year	2,20,000
Cash sales during the year	2,40,000
Credit sales during the year	80,000
Cash received from debtors	70,000
Cash sent by branch debtors direct to H.O.	4,000
Discount allowed to debtors	200
Cash sent to branch for expenses	
• Rent 3,600	
• Salary upto 31. 12. 10 5,000	
• Insurance yearly premium to 31.03. 11 1,600	
• Petty cash 2,000	12,200
Goods returned by branch	12,000
Goods returned by debtors to branch	2,000
Petty expenses by branch	1,600
Goods destroyed by fire on 25.12.10 at cost	1,000
(Insurance Co. admitted a claim for the total amount on 31.12.10)	
Stock at branch on 31.12.10	16,000
Sale of branch furniture on 1.7.10	1,800
(Book value of furniture on the date of sale was ₹ 1,900)	

Provide depreciation on Furniture at 10%.

**OR**

- (A) Akash had 8% Government security of the face value of ₹ 3,00,000 on 1-4-10. The capital value was 2,40,000. Interest is payable on 30<sup>th</sup> June and 31<sup>st</sup> December. Transactions for the year ended on 31-03-11 were as under :

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Date	Face value ₹	Price	Remark
31.05.10	90,000	196	Purchase cum Interest
15.07.10	1,44,000	203	Sale cum Interest
1.11.10	1,05,000	206	Purchase ex Interest
1.2.11	1,26,000	208	Sale ex Interest

On face value, calculate 20% brokerage in all transactions of purchase and sale. Prepare Investment account for the year ended on 31.3.11.

- (B) Differentiate between Independent and Dependant Branch.

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5. (A) A firm has 3 ledgers in use-debtor's ledger, creditors ledger and a general ledger which are kept on self balancing system. From the following information prepare adjustment account.

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Date	Particulars	₹
01.01.10	Balance of Sundry debtors	9,600
	Balance of sundry creditors	11,100
31.12.10	Credit purchases	2,700
	Credit sales	5,880
	Paid to creditors	5,915
	Discount allowed by them	695
	Received cash from debtors	4,680
	Allowed them discount	120
	Accepted bills payable	900
	Received bills receivable	1,800
	Return inwards	525
	Return outwards	360
	Allowances to debtors	165
	Allowances to creditors	90
	Bad debts	270
	Bills receivable dishonoured	225

(B) Fire broke out in the building of Desai Bros. on 17.06.10 and most of the stock was destroyed. The value of stock salvaged is ₹ 11,200. Some of the salvaged stock was in damaged condition and its value is determined at ₹ 10,400. Following information is available from books of account :

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- (i) Closing stock as on 31.12.10 was ₹ 83,500.
- (ii) Purchases during 1.1.10 and 17.6.10 was ₹ 1,12,000 and sales was ₹ 1,54,000
- (iii) Average rate of gross profit earned in last three years was 25%
- (iv) Stock was insured for ₹ 75,000.

Calculate the account of claim.

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