



**SB-1363**

**First Year B. B. A. (Sem. II) Examination**  
**March / April – 2011**  
**Financial Accounting & Elements of Costing**

Time : 3 Hours]

[Total Marks : 70

**Instructions :**

(1)

નીચે દર્શાવેલ નિશાનીવાળી વિગતો ઉત્તરવહી પર અવશ્ય લખવી. Fillup strictly the details of signs on your answer book. Name of the Examination : <b>F. Y. B. B. A. (Sem. 2)</b> Name of the Subject : <b>Financial Accounting &amp; Elements of Costing</b> Subject Code No. : <b>1 3 6 3</b> Section No. (1, 2,.....) : <b>Nil</b>	Seat No. : <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> Student's Signature
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- (2) Right side indicate the full marks of the question.
- (3) Show the necessary calculation.

1 Answer as per instruction :

- (a) The books of Mihir Limited show a balance of **3**  
Rs. 48,000 in the machinery account on 1.4.2009. This machine has purchased on 1.4.2007. The company provides depreciation at 10% per annum by straight line method. This machine was sold on 31.3.2010 at Rs. 45,000.
- (b) From the following information prepare cost sheet : **2**
  - (i) Factory overhead Rs. 100,000 (wages is 150% of factory overheads)
  - (ii) Office overhead is 10% of works cost
  - (iii) Ratio of materials cost and wages are 3:2
  - (iv) Selling overhead Rs. 27,500
- (c) One company has an opening stock 500 kgs of **2**  
Rs. 85 each on 1<sup>st</sup> January 2011 :

The following receipts and issues were recorded during January 2010 :

**Receipts :**

10<sup>th</sup> Jan : 1200 kgs at Rs. 88 each  
 23<sup>rd</sup> Jan : 800 kgs at Rs. 92 each  
 Issues : 30<sup>th</sup> Jan : 2,200 kgs

From the above information what would be the value of the issue using the LIFO method.

- (d) From the following balance sheet form of Balance 3  
prepare in vertical sheet as on 31<sup>st</sup> March 2010 :

**Balance Sheet**

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Share Capital	8,00,000	Fixed Assets	
Reserves		(W.D.V.)	12,00,000
and surplus	6,00,000	Investment	6,00,000
Long term Liabilities	5,00,000	Current Assets	4,00,000
Current Liabilities	3,50,000	Fictitious Assets	50,000
	<b>22,50,000</b>		<b>22,50,000</b>

- 2 The following is the trial balance of Mr. Krishan as on 13  
31<sup>st</sup> March 2010 :

<i>Particulars</i>	<i>Debit (Rs.)</i>	<i>Credit (Rs.)</i>
Krishan's Capital Account	-----	1,00,000
Stock on 1 <sup>st</sup> April, 2009	45,000	----
Purchases and Sales	1,70,000	3,00,000
Goods Returns	8,000	15,000
Freight and Carriage	18,000	----
Rent and Taxes	5,000	----
Salaries and Wages	10,000	----
Unpaid Salaries and Wages	----	1,000
Debtors and Creditors	45,000	25,000
Bank loan at 12% p.a.	-----	30,000
Bank Loan Interest	2,000	----
Printing and Advertising	15,000	----
Miscellaneous Income	----	2,200
Discount	1,800	800
General expenses	16,700	----
Insurance (upto 30.6.2010)	1,300	
Postage and Telegram	2,330	
Cash in hand	20,000	
Travelling expenses	870	
Drawings	40,000	
Cash at Bank	18,000	
Furniture and fittings	55,000	
	<b>4,74,000</b>	<b>4,74,000</b>

The following adjustment should be made :

- (i) Included amongst the debtors is Rs. 3,000 due from Sudhir and included among the creditors Rs. 1000 due to him.
- (ii) The provision for bad and doubtful be created at 5% and reserve for discount at 2% on debtors.
- (iii) Depreciation on furniture and fittings at 10% shall be written off.
- (iv) Interest on bank loan shall be provided for the whole year.
- (v) A quarter of the amount of printing and advertising is to be carried forward to the next year.
- (vi) The stock on 31.3.2010 was Rs. 1,78,000

Prepare :

Trading and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010 and the Balance Sheet as on 31<sup>st</sup> March, 2010.

**3** B Ltd. furnished the following store transactions for **10**  
September 2010 :

1.9.2010 :	Opening Balance 25 units value.....	Rs. 162.50
4.9.2010 :	Issues Req. No. 85 .....	8 units
6.9.2010	Receipts from Y & Co.	
	G.R.N. 26 .....	50 units at Rs. 5.75 per unit
7.9.2010	Issues Req. No. 97 .....	12 units
10.9.2010	Returns to Y & Co.....	10 units
12.9.2010	Issues Req. No. 108 .....	15 units
13.9.2010	Issues Req. No. 110 .....	20 units
15.9.2010	Receipts from M & Co	
	G.R.N.No.33.....	25 units at Rs. 6.10 per unit
17.9.2010	Issues Req. No. 121 .....	10 units
19.9.2010	Recorded replacement from Y & Co. ...	10 units

20.9.2010	Returned from department material of Y & Co. ....	5 units
22.9.2010	Transfer from job 182 to job 187 in the dept. MTR 6 .....	5 units
26.9.2010	Issues Req. No. 146 .....	10 units
29.9.2010	Transfer from Dept 'A' to Dept 'B' MTR 10 .....	5 units
30.9.2010	Shortage in stock taking .....	2 units

Prepare Stock Register as per FIFO (First in First Out) method.

**OR**

- 3** P Ltd. which depreciates its machinery at 10% on diminishing balance method; had on 1<sup>st</sup> January 2010 Rs. 19,72,000 to the debit of machinery account. During the year 2010 part of the machinery purchased on 1<sup>st</sup> January 2008 for Rs. 10,80,000 was sold for Rs. 10,45,000 on 1<sup>st</sup> July 2010 and a new machinery at a cost of Rs. 11,50,000 was purchased and installed on the same date. Installation charges being Rs. 80,000. The company wanted to change its method of depreciation from diminishing balance method to straight line method with effect from 1<sup>st</sup> January 2008 and adjust the difference before 31<sup>st</sup> December, 2010. The rate of depreciation remain the same as before.

Show Machinery account and ascertain the amount chargeable to Profit and Loss Account and depreciation in the year 2010.

- 4** Write short notes : (any **three**) **15**
- (i) Business Entity Concept
  - (ii) Cost Centers
  - (iii) Framework of Computer Accounting
  - (iv) Function of Financial Accounting
  - (v) Debit Note and Credit Note
  - (vi) Causes for Depreciation.

- 5 From the following information, prepare a cost sheet for the year ending 31<sup>st</sup> March, 2010 : 12

<i>Raw Materials</i>	<i>Rs.</i>	<i>Raw Materials</i>	<i>Rs.</i>
Opening Stock	7,50,000	Purchase of factory stores	80,000
Purchases	84,00,000	Direct wages	60,30,000
Closing Stock	7,60,000	Rent and Rent	
Indirect Wages	4,00,000	(Factory 4/5, office 1/5)	2,00,000
Telephone and Postage	2,50,000	Transfer to general	
Depreciation :		reserve	2,00,000
Plant & Machinery	1,40,000	Exp. of Purchase	
Office equipment	1,60,000	of goods	3,00,000
Delivery van	1,00,000	Manager salaries	8,00,000
Salesman's Commission	1,20,000	Goods distributed	
<u>Work in Progress :</u>		at samples	40,000
Opening Stock	1,50,000	Income tax paid	30,000
Closing Stock	2,00,000		

During the year 1,00,000 units have produced out of which 90% of units have sold at 20% profit on cost. There was no stock of finished goods in the beginning of the year. The manager's salary is to be allotted to the factory, the office and the sales in the ratio of 2:2:1. Work in progress valued at works cost level.

**OR**

- 5 From the following transactions prepare three column cash book of Shri Mahavir : 12

**2010**

- June 1 : Cash balance Rs. 4,200, Bank overdraft Rs. 3050.  
 June 2 : Issued a cheque of Rs. 2,200 to Big-boss in full payments of his due of Rs. 2,250  
 June 3 : Sold goods of Rs. 4,000 to Malaviya at 10% trade discount paid half the amount by cheque.  
 June 4 Deposited Malaviya's cheque into bank.  
 June 5 Sold goods of Rs. 4,000 to Karina at 5% cash discount. He issued a cheque of 2/3 amount which is immediately deposited in the bank.  
 June 6 Purchased goods of Rs. 6,000 from Shila at 10% trade discount and 5% cash discount if the payment is made within 10 days.

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**5**

**[Contd...**

- June 8 : The cheque received from Malaviya is dishonoured.
- June 12: Issued a cheque in full settlement to Shila.
- June 14: Purchased stationery of Rs. 300 by cheque.
- June 18: Purchased goods of Rs. 3,000 from Maya at 10% trade discount and 5% cash discount. Paid Rs. 510 in cash and remaining by cheque.
- June 25: Withdrew from bank for office exp. Rs. 2200 and for personal use Rs. 800.
- June 28: Paid salary 2,000
- June 30: Keeping Rs. 400 on hand, excess cash has been deposited in the bank.

6 From the following information, prepare a bank reconciliation statement of Shri Morari for January 2011 : 10

- (i) Bank Balance as per cash book  
(Date: 31.1.2011) ..... Rs. 7,000
- Bank Balance as epr cash book  
(Date: 1-1-2001)..... Rs. 5,020
- (i) Details of cheques deposited in bank and credited in passbook are as under :

<i>Amount (Rs.)</i>	<i>Date of deposit in bank</i>	<i>Date of Credit given in pass book</i>
3000	24.1.2011	25.1.2011
6000	25.1.2011	27.1.2011
8000	30.1.2011	3.2.2011
3000	31.1.2011	4.2.2011

- (iii) Details of cheques issued and debited in passbook are as under :

<i>Amount (Rs.)</i>	<i>Date of the cheque drawn</i>	<i>Date of record in passbook</i>
1400	28.1.2011	2.2.2011
1100	29.1.2011	3.2.2011
1500	30.1.2011	31.1.2011

- (iv) Cheques of Rs. 5000 were deposited in the month of January, out of which cheques of Rs. 3,000 were left unrecorded in cash book.
- (v) Bank interest of Rs. 750 credit by Bank, is recorded in cash book through oversight on its payment side.

- (vi) On behalf of Morari, bank has paid Rs. 2,500 towards life insurance premium and a dividend of Rs. 2,000 is collected. These are still to be recorded in cash book.
- (vii) A cheque of Rs. 6,000 received from January, is already recorded in cash book-bank column but is forgotten to be deposited in bank.

**OR**

- 6** Record the following transactions in the purchases book of Sweet Bros. and post them into the ledger : **10**

**2011**

- Jan. 1 : Purchased from Sudhir & Co. on Credit  
40 cassette tapes at Rs. 25  
20 Radio recorders at Rs. 50  
Less : Trade Discount at 10%
  - Jan. 4 : Purchased from Kantilal & Co. on Credit  
40 cassette tapes at Rs. 10  
20 Radio recorders at Rs. 25
  - Jan. 18 : Purchased from Tips Music & Co. on credit  
20 cassette tapes at Rs. 40  
23 Radio recorder at Rs. 50  
Less : Trade discount at 10%
  - Jan. 30 : Purchased from Music Passion & Co. on Credit  
30 cassette tapes at Rs. 20  
40 Radio recorder at Rs. 50.
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