

PARUL UNIVERSITY
FACULTY OF COMMERCE
B.Com.(Hons) Regular Exam, Summer 2017 – 18

Semester: 2

Subject Code: 16100151

Subject Name: Financial Accounting

Date: 07/05/2018

Time: 10.30 am to 1.00 pm

Total Marks: 60

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as directed.**A) Multiple choice type questions. (Each of one mark)****(06)**

1. In accounting consignment means.
 - (a) Goods forwarded from one place to another.
 - (b) Goods forwarded by a person to another.
 - (c) Goods sent by its owner to his agent.
 - (d) Goods sent by its owner to his agent for the purpose by sale.
2. The consignee is:

| | |
|--------------|-----------|
| a) Principal | b) Agent |
| c) Buyer | d) Seller |
3. Normal losses are _____

| | |
|---------------------|----------------|
| a) Avoidable factor | b) Unavoidable |
| c) Contingent | d) None |
4. The Basic accounting equation is

| | |
|--------------------------------|-----------------------------|
| a) Asset=Expense +Income | b) Assets=Cash +Capital |
| c) Assets=Capital +Liabilities | d) Assets=Expenses +Capital |
5. Under Hire Purchase System the title or ownership is transferred immediately on signing the Agreement.

| | |
|---------|----------|
| a) True | b) False |
|---------|----------|
6. Hire Purchase Price= Cost Price + Profit Margin – Interest

| | |
|---------|----------|
| a) True | b) False |
|---------|----------|

B) Definitions / One-liners / Terms. (Each of one mark)**(06)**

1. Branch Accounting
2. Hire purchase Accounting
3. Stock Reserve
4. Hirer
5. Down Payment
6. Consignment

Q.2 Numerical / Short Note Questions. (Each of 04 mark)**(12)**

1. What is Consignment? Enlist features of Consignment Accounts.
2. What is Branch? Discuss the types of Branches.
3. Explain two types of dividends in brief.

Q.3 Answer the following. (Any Three)**(18)**

1. Hire Purchase V/S Instalment
2. Acquired on 1st January, 2001 a machine under a Hire Purchase agreement which provides for 5 half-yearly installments of Rs.6,000 each, the first installment being due on 1st July, 2001. Assuming that the applicable rate of interest is 10 per cent per annum, calculate the cash value of the machine. All working should form part of the answer.
3. Elaborate special features of hire purchase agreement.
4. Explain treatment of Normal and abnormal loss in consignment accounts.

Q.4 Answer the following. (Any two)**(18)**

1. A Ltd. was registered with an authorized capital of Rs. 6, 00,000 in equity shares of Rs. 10 each. The following is its Trial Balance on 31 March 2008.

| Particulars | Dr. (Rs.) | Cr. (Rs.) | Particulars | Dr. (Rs.) | Cr. (Rs.) |
|----------------------|-----------|-----------|-------------------------|-----------|-----------|
| Goodwill | 25000 | - | Wages | 84865 | - |
| Cash | 750 | - | General expenses | 6835 | - |
| Bank | 39900 | - | Freight and carriage | 13115 | - |
| Purchases | 185000 | - | Salaries | 14500 | - |
| Preliminary expenses | 5000 | - | Directors' fees | 5725 | - |
| Share capital | - | 400000 | Bad debts | 2110 | - |
| 12% debentures | - | 300000 | Debenture interest paid | 18000 | - |
| P & I a/c. (cr.) | - | 26250 | Bills payable | - | 37000 |
| Calls in arrears | 7500 | - | Sundry creditors | - | 40000 |
| Premises | 300000 | - | General reserve | - | 25000 |
| Plant and machinery | 330000 | - | Provision for bad debts | - | 3500 |
| Interim dividend | 39250 | - | Furniture and fixtures | 7200 | - |
| Sales | - | 415000 | Sundry debtors | 87000 | - |
| Stock (1.4.2007) | 75000 | - | | | |

Prepare Profit & Loss Account, Profit & Loss Appropriation A/c and Balance Sheet in proper form after making the following adjustments:

- Depreciate plant and machinery by 15%
 - Write off Rs.500 from preliminary expenses
 - Provide for 6 months interest on debentures
 - Leave bad and doubtful debts provision at 5% on sundry debtors
 - Provide for income tax at 50%
 - Stock on 31.3.2008 was Rs. 95,000
- Distinguish Consignment and Sale in detail.
 - Explain Methods of Branch Accounting in detail.