

PARUL UNIVERSITY
FACULTY OF COMMERCE
B.Com. (Hons.) Winter 2018 - 19 Examination

Semester: 2**Subject Code: 16100151****Subject Name: Financial Accounting****Date: 03/12/2018****Time: 10:30am to 01:00pm****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. We can say that the business is in profit, when:
 - a) Income exceeds Expenditure
 - b) exceed Expenditure
 - c) Assets exceeds Liabilities
 - d) Income exceeds Liabilities
2. When Capital is increased by an amount, it is recorded on the:
 - a) Right or debit side of the account
 - b) Right or credit side of the account
 - c) Left or credit side of the account
 - d) Left or debit side of the account
3. Which of the following is NOT an example of intangible assets?
 - a) Goodwill
 - b) Copyright
 - c) Land
 - d) Patents
4. What type of expenses are paid out of Gross Profit?
 - a) General
 - b) Financial
 - c) Selling
 - d) All of the above
5. The act of buying an asset without having to make full payment in the immediate future is known as:
 - a) Hire Purchase
 - b) Finance Lease
 - c) Sale and Leaseback
 - d) Operating Lease
6. Which of the following is an example of business liability?
 - a) Land
 - b) Creditors
 - c) Building
 - d) Cash

B) Write answers in single line. (Each of one mark)**(06)**

1. Hire Vendor:
2. Down Payment:
3. Hire purchase Price:
4. Hirer:
5. Financial Accounting:
6. Installment:

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

1. Important differences between Interim dividend and Final dividend.
2. Goods are supplied to a branch at a cost plus 25% the selling price is Rs. 75000/-. Compute the cost price.
3. M/s Chand & Company of Calcutta consign goods costing Rs 25,000 to their agent Ramlal, on which they pay freight, insurance and other charges of Rs 1,500 drawing on him at 90 days Bill for Rs 20,000. They discount the Bill with a bank at a discount of Rs 150. After 3 months they receive from their agent an Account Sales informing that the entire consignment had been sold for Rs 35,000 that expenses amounting to Rs 700 have been incurred and showing as a deduction they agreed commission of 2% on the amount realized. A draft on the Bank was enclosed for the balance due. Show the journal entries in the books of both the parties.

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

1. Meaning and features of consignment.
2. What is Depreciation? Explain Written Down Value Method and Straight Line Method.

3. Explain the following terms:
 - a. Dividend
 - b. Dividend Equalization Fund
 - c. General Reserve
4. Explain the difference between consignor and consignee.

Q.4 Answer the following. (Any two)

(18)

1. The following trial balance has been taken out from the books of XYZ as on 31st December, 2005.

	Dr.	Cr.
Plant and Machinery	100,000	
Opening stock	60,000	
Purchases	160,000	
Building	170,000	
Carriage inward	3,400	
Carriage outward	5,000	
Wages	32,000	
Sundry debtors	100,000	
Salaries	24,000	
Furniture	36,000	
Trade expense	12,000	
Discount on sales	1,900	
Advertisement	5,000	
Bad debts	1,800	
Drawings	10,000	
Bills receivable	50,000	
Insurance	4,400	
Bank balances	20,000	
Sales		480,000
Interest received		2,000
Sundry creditors		40,000
Bank loan		100,000
Discount on purchases		2,000
Capital		171,500
	795,500	795,500

Closing stock is valued at 90,000

Prepare the trading and profit and loss account of the business for the year ended 31.12.2005 and a balance sheet as at that date.

2. Delhi Tourist Service Ltd. purchased from Maruti Udyog Ltd. a motor van on 1st April, 2009 the cash price being Rs 1,64,000. The purchase was on hire purchase basis, Rs 50,000 being paid on the signing of the contract and, thereafter, Rs 50,000 being paid annually on 31st March, for three years, Interest was charged at 15% per annum. Depreciation was written off at the rate of 25 per cent per annum on the reducing installment system. Delhi Tourist Service Ltd. closes its books every year on 31st March. Prepare JOURNAL ENTRIES in the books of Delhi Tourist Service Ltd.
3. Difference between Hire Purchase and Installment Purchase Agreement.