

What do you understand by depreciation, amortization and depletion? Explain the various reasons for charging depreciation by a firm.

**Q6.** What is a company? State the various types of a company. Also explain the characteristics of a company.

OR

What do you understand by shares and debentures? Explain in brief the various types of shares and debentures.

**Q7.** What are final accounts? Give a specimen of balance sheet and profit and loss accounts of a company in the vertical format. (As per current schedule)

OR

What do you understand by reserves and surplus? Explain the various uses of reserves and surplus.

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MAM204

(Following Paper ID and Roll No. to be filled in your Answer Book)

**PAPER ID : 293211**

Roll No.

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**MAM  
(SEM. II) THEORY EXAM. 2014-15  
FINANCIAL ACCOUNTING**

Time : 3 Hours]

[Total Marks : 100

**Note :** Attempt the questions from each section as indicated.

**SECTION - A**

**Q1.** Attempt any *four* questions from the following : 5x4=20

- (a) What are the steps in accounting?
- (b) What is balancing of account?
- (c) Give the classifications of expenditure.
- (d) Explain the types of liabilities.

- (e) Give the differences between written down value and straight line method of charging depreciation.
- (f) Explain the right shares and bonus shares.

### SECTION - B

**Q2.** Attempt any *three* questions from the following: 10x3=30

- (a) Journalise the following transactions in the books of Ram and sons :

2013	
Jan 1	Started business with cash Rs. 40,000, furniture Rs. 5,000 and machinery 10,000.
Jan. 2	Deposited into the Bank Rs. 2,000
Jan. 5	Purchased goods from Amir Rs. 10,000
Jan. 10	Sold goods to Sohan for Rs. 4,000
Jan. 12	Paid to Amir Rs. 9,000 in full settlement
Jan. 15	Withdraw of goods for personal use Rs. 1,000 and cash Rs. 500.
Jan. 16	Sohan became insolvent and could only pay 25 paise in a rupee.
Jan. 18	Purchased furniture and paid by cheque Rs. 5,000
Jan. 20	Goods distributed by way of free sample Rs. 1,000.
Jan. 26	Received interest Rs. 500
Jan. 31	Paid for stationery Rs. 200, rent Rs. 500 and salaries of staff Rs. 2,000

4. On 2<sup>nd</sup> December, 2014 a fire broke out and destroyed the stock of the value of Rs. 22,000 and the insurance company has admitted the claim to the extent of Rs. 10,000.

### SECTION - C

Attempt *all* the questions from the following : 5x10=50

- Q3.** Write down the objectives and functions of accounting standards board of India. Also state some accounting standards issued by ICAI.

OR

Discuss the various accounting concepts and the conventions with suitable examples.

- Q4.** What are the advantages of sub-division of journal? Explain the various sub-division of journal.

OR

What is a trial balance? What are the objectives of preparing trial balance. Show its format.

- Q5.** What are the various methods of inventory taking? Discuss in brief the various methods of valuation of inventory.

OR

Provisions for doubtful debts	3,000	
Manufacturing expenses	3,500	
General Expenses	4,400	
Capital		40,000
Drawings	7,200	
Opening Stock	20,500	
Purchases	66,000	
Carriage Inward	1,500	
Sales		1,60,500
Sundry Debtors	25,500	
Sundry Creditors		14,300
Cash in hand	500	
Cash at Bank	2,200	
Carriage Outwards	1,700	
Salaries	16,000	
Total	2,20,000	2,20,000

Additional information:

1. Write-off bad debts Rs. 700 and maintain the provision for doubtful debts at 5% on sundry debtors.
2. Stock on 31<sup>st</sup> December, 2014 is Rs. 30,000.
3. Depreciate machinery by 10% and furniture by 5%.

(b) State with reasons, which of the following is of a capital or of a revenue nature :

- (i) A second-hand car was purchased for a sum of Rs. 20,000 and a sum of Rs. 5,000 was spent on its overhauling
- (ii) Freight and cartage of Rs. 1,000 was paid on a purchase of a new plan and a sum of Rs. 200 was spent on its erection
- (iii) Rs. 1,000 was spent on painting a factory
- (iv) Furniture at book value of Rs. 1,500 was sold for a sum of Rs. 1,000. New furniture of Rs. 2,000 was purchased and Rs. 200 was spent towards cartage
- (v) Rs. 2,000 was spent on dismantling, removing and reinstalling plant and machinery to a more convenient site

- (c) A manufacturing concern whose books are closed on 31<sup>st</sup> March, purchased machinery for Rs. 1,50,000 on 1<sup>st</sup> April 2011. Additional machinery was acquired for Rs. 40,000 on 30<sup>th</sup> September, 2012 and for Rs. 25,000 on 1<sup>st</sup> April, 2014. Certain machinery, which was purchased for Rs. 40,000 on 30<sup>th</sup> September, 2011, was sold for Rs. 34,000 on 30<sup>th</sup> September, 2014.

Give the machinery account for the year ending 31<sup>st</sup> March, 2015 taking into account the depreciation at 10% per annum on the written down value.

- (d) On February 1, 2014, the Directors of BMY LTD. issued 50,000 equity shares of Rs. 10 each at Rs. 12 per share payable as follows :—

Rs. 5 on application (including Rs.2 per share towards premium)

Rs. 4 on allotment

Rs. 3 on final call made on 1<sup>st</sup> May 2014

The subscription lists closed on 10<sup>th</sup> February 2014. Applications for 70,000 shares were received. Out of this Rs. 40,000 were refunded, Rs. 60,000 were adjusted towards amount due on allotment. The balance amount of allotment money was paid on 16<sup>th</sup> February 2014.

One allottee of 500 shares did not pay call money of Rs. 3 per share on 1<sup>st</sup> May 2014. These shares were forfeited on 1<sup>st</sup> June 2014 and reissued as fully paid at Rs. 10 per share on 1<sup>st</sup> July 2014. Journalize the above transaction.

- (e) From the following trial balance of Raja, prepare the trading, profit and loss accounts for the year ending 31<sup>st</sup> December 2014 and the Balance Sheet as on that date.

Particulars	Debit Rs.	Credit Rs.
Factory Rent	2,000	
Bills Receivable	7,300	
Bills Payable		2,200
Insurance	1,200	
Furniture	10,000	
Machinery	28,000	
Office Rent	2,000	
Manufacturing Wages	20,500	