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S. No. of Question Paper : 6687

Unique Paper Code : 241498

D

Name of the Paper : Financial Accounting

Name of the Course : B.Sc. (Hons.) Mathematics

Semester : IV

Duration : 3 Hours

Maximum Marks : 75

(Write your Roll No. on the top immediately on receipt of this question paper.)

All questions are compulsory.

All questions in each Section (A, B and C)

should be attempted together.

Section A

1. (a) Explain different users of Accounting Information. 7
- (b) Explain Materiality Concept and Consistency Concept. 8

Or

- (a) Explain the guidelines contained in AS-I Disclosure of Accounting Policies issued by ICAI. 7
- (b) "It is not important to know when cash is received and when payment is made." Explain. 8

P.T.O.

2. Explain the following terms and their treatment in final accounts :

(a) Outstanding Expenses

(b) Accrued Income

(c) Depreciation

(d) Loss of Stock-in-trade

(e) Manager's commission on net profits.

15

Or

Discuss fully changes brought in Profit and Loss Account and Balance Sheet by Schedule VI

of Companies Act.

15

Section B

3. Discuss fully the relative advantages and disadvantages of FIFO and Weighted Average

methods of inventory valuation.

15

Or

From the following Trial Balance of Mr. Tony for the year ending 31.3.2010 and additional

information given, prepare Trading and Profit and Loss Account and Balance Sheet as at that date :

Trial Balance

Particulars	Dr. (Amount)	Cr. (Amount)
	Rs.	Rs.
Opening Stock	1,00,000	—
Capital	—	9,00,000
Debtors and Creditors	1,20,000	70,000
Purchase and Sales	8,00,000	14,00,000
Returns	30,000	20,000
Carriage	16,000	—
Wages & Salaries	50,000	—
Commission	—	26,000
Machinery	1,60,000	—
Furniture	40,000	—

Bad Debts	16,000	—
Provision for Doubtful Debts	—	20,000
B/R and B/P	60,000	14,000
Land and Buildings	8,00,000	—
Taxes and Insurance	34,000	—
Discount Allowed	24,000	—
Bank	1,00,000	—
Drawings	1,00,000	—
Total	24,50,000	24,50,000

Additional Information :

- (a) Value of Closing Stock as on 31-3-2010 is Rs. 80,000.
- (b) Insurance prepaid is Rs. 4,000. Wages and Salaries outstanding is Rs. 2,000.
- (c) Provide for Doubtful Debts on the Debtors at 10%.
- (d) Depreciate Machinery and Furniture at 10% and 15% respectively.

4. Discuss Direct and Indirect methods of preparing Cashflow Statements. 15

Or

A company had bought machinery for Rs. 2,00,000 including a boiler worth Rs. 20,000. The Machinery account had been credited for depreciation on the reducing instalment system for the past four years at the rate of 10%. During the fifth year, the boiler became useless. The boiler is sold in the very beginning of the fifth year for Rs. 4,000. Write up the Machinery account for all these five years. 15

Section C

5. The following is annual accounts of Aakash Ltd.

Balance Sheet at 31st March 2012

Liabilities	Amount	Assets	Amount
	Rs.		Rs.
Share Capital	4,50,000	Fixed Assets	8,75,000
Retained Profits	2,40,000	Stocks	3,10,000

P.T.O.

12% Debentures	7,00,000	Debtors	7,70,000
Trade Creditors	6,20,000	Bank Balance	1,00,000
Proposed Dividend	45,000		
	<u>20,55,000</u>		<u>20,55,000</u>

Extract from year's Profit and Loss Account :

Sales for the year Rs. 31,00,000

Gross Profit Rs. 17,25,000

Expenses Rs. 8,05,000

Depreciation Rs. 2,50,000

Calculate the following ratio :

- (i) Net profit percentage
- (ii) Quick Assets ratio
- (iii) Stock Turnover
- (iv) Return on shareholder's fund
- (v) Debt ratio

Or

From the following details relating to the accounts of Grow More Ltd. prepare Cashflow

Statement :

Liabilities :	31-3-2011	31-3-2010
	(Rs.)	(Rs.)
Share Capital	10,00,000	8,00,000
Reserve	2,00,000	1,50,000
Profit and Loss Account	1,00,000	60,000
Debentures	2,00,000	—
Provision for Taxation	1,00,000	70,000
Proposed Dividend	2,00,000	1,00,000
Sundry Creditors	7,00,000	8,20,000
Total	25,00,000	20,00,000

P.T.O.

Assets :	31-3-2011 (Rs.)	31-3-2010 (Rs.)
Plant and Machinery	7,00,000	5,00,000
Land and Building	6,00,000	4,00,000
Investments	1,00,000	—
Sundry Debtors	5,00,000	7,00,000
Stock	4,00,000	2,00,000
Cash on Hand/Bank	2,00,000	2,00,000
Total	25,00,000	20,00,000

- (i) Depreciation at 25% was charged on the opening value of plant and machinery.
- (ii) During the year one old machine costing 50,000 (WDV 20,000) was sold for Rs. 35,000.
- (iii) Rs. 50,000 was paid towards income tax during the year.
- (iv) Building under construction was not subject to any depreciation.

Prepare Cashflow Statement.

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