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Your Roll No.

270

B.Sc. Prog./II

C

EL 210 (V)—FINANCIAL ACCOUNTING

(NC —Admissions of 2005 and onwards)

Time : 2 Hours

Maximum Marks : 38

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

Attempt *four* questions in all, including

Q. No. 6 which is compulsory.

1. The following is the Trial Balance extracted on 31st March, 2012 :

Trial Balance

as at 31-3-2012

(Figures in Rs.)

Particulars	Dr. Amount	Cr. Amount
Opening Stock	1,86,240	—
Purchases and Sales	7,18,210	11,69,900

P.T.O.

Returns	12,680	9,850
Manufacturing expenses	1,28,980	—
Carriage Inward	4,910	—
18% Secured Bank loan (1-1-2012)	—	50,000
Interest on Bank loan	4,500	—
Office expenses	17,870	—
Salaries	40,850	—
Land and Building	1,64,210	—
Plant and Machinery	1,28,400	—
Furniture	5,000	—
Loose Tools	12,500	—
Debtors and Creditors	1,05,400	62,220
Cash	19,530	—
Bank	96,860	—
Capital	—	3,54,170
	16,46,140	16,46,140

You are required to prepare Trading and Profit & Loss Account for the year ended 31st March, 2012 and a Balance Sheet as at that date taking into consideration the following adjustments :

- (a) On 31st March, 2012, outstanding manufacturing expenses and outstanding office salaries stood at Rs. 1,890 and Rs. 1,200 respectively. On the same date, stock was valued at Rs. 1,24,840 and Loose Tools at Rs. 10,000.
- (b) Depreciation on Plant and Machinery is to be provided @ 15% while on office furniture it is to be @ 10%.
- (c) Interest on bank loan is payable annually on 1st October every year.
- (d) Create 5% provision for doubtful debts. 11
2. (a) Define depreciation, depletion and amortization. 3
- (b) What are the factors affecting the amount of depreciation ? 4
- (c) Discuss *two* methods of accounting for depreciation. 4

3. Prepare Stock Ledger Sheet for the month of March. 2012 according to :

- (a) First-in-first-out (FIFO) and
(b) Weighted Average methods.

from the following information :

Date	Particulars	
1-3-2012	Opening stock of 500 units @ Rs. 5	
7-3-2012	Purchased 500 units @ Rs. 6	
9-3-2012	Sold 600 units @ Rs. 10	
14-3-2012	Purchased 700 units @ Rs. 7	
17-3-2012	Purchased 200 units @ Rs. 5	
21-3-2012	Sold 900 units @ Rs. 12	
25-3-2012	Purchased 400 units @ Rs. 7	
28-3-2012	Purchased 300 units @ Rs. 6	
31-3-2012	Sold 600 units @ Rs. 11	5+6=11

4. (a) State the rules relating to transfer to profit to reserves based on the rate of dividend. 5

(b) Define and show the significance of the following ratios :

- (i) Gross Profit Ratio 2
- (ii) Operating Ratio 2
- (iii) Current Ratio. 2

5. Prepare Cash Flow Statement as per AS-3 from the following details :

Balance Sheets

(Rs. in '000)

Liabilities	2010	2011	Assets	2010	2011
Share capital	400	500	Fixed Assets	500	600
General Reserve	100	150	Investments	200	100
Profit & Loss A/c	50	50	Stock	50	70
Debentures	200	80	Debtors	40	35
Current Liabilities	65	50	Bank	20	18
			Cash	5	7
	<u>815</u>	<u>830</u>		<u>815</u>	<u>830</u>

During the year 2011, fixed assets costing Rs. 1,50,000 were purchased and dividend of 10% was paid. Assume that fresh issue of shares was made in the beginning of the year. 11

6. "Accounting period concept is necessary to provide relevant information to the users of accounting information." In the light of the above statement, discuss the meaning and significance of the accounting period concept. 2+3=5

Or

Explain the principle of conservatism with suitable examples.
What is its relevance ?