

Seat No. _____

MAY- 2017
MCOMC204 (Semester-II)
Financial Accounting and auditing

Time: 3 Hrs

Max. Marks: 70

- Instructions: (1) All questions are compulsory
 (2) All questions contain equal marks

- Q.1** Attempt any two: **14**
 (1) Concept of accounting standard and its utility.
 (2) Accounting standard for "Inventory (Stock) valuation"
 (3) As - 16 Borrowing costs.
 (4) As - 12 Accounty for Government grants.

- Q.2** From the following particulars furnished by Chintan Ltd. prepare the balance sheet as at 21st March 2016 as required by scheduled VI of the companies Act. Give foot notes to the balance sheet if necessary.(in Rs.) **14**

| Debit balance | Rs. | Credit balance | Rs. |
|-----------------------------|------------------|--|------------------|
| Land | 2,62,500 | Equity capital (face value of Rs. 100) | 11,25,000 |
| Building | 7,12,500 | Loan from Gujarat Financial Corporation | 2,25,000 |
| Plant and machinary | 6,75,000 | Term loans from Banks | 3,75,000 |
| Furniture | 37,500 | General Reserve | 1,87,500 |
| Sundry Debtors | 4,12,500 | Provision for taxation | 60,000 |
| Advance | 33,750 | Proposed dividend | 1,57,500 |
| Stock of furnished goods | 6,00,000 | Loan (unsecured) | 1,50,000 |
| Raw material | 1,50,000 | Sunday Creditors | 4,57,500 |
| Cash balance | 26,250 | Profit and Loss A/C | 3,00,000 |
| Cash at Bank | 1,12,500 | | |
| Preliminary expenses | 11,250 | | |
| Calls in arrears | 3750 | | |
| | 30,37,500 | | 30,37,500 |

The following further information is available;

- (1) 3750 equity shares were issued for consideration other than cash.
 (2) cost of Assets are as follows;
 (A) Building Rs. 9,75,000
 (B) Plant and machinary Rs.15,00,000 and
 (C) Furniture Rs. 48,750

- (3) The balance of Rs. 3,75,000 in the loan account with bank is inclusive of Rs. 75,00 towards interests accrued and due. The loan is secured by hypothecation of plant and machinery.
- (4) Debtors of Rs. 76,500 are due for more than six months.
- (5) The balance of Rs. 2,25,000 in the loan account with Gujarat Financial Corporation is inclusive of Rs. 15,000 for interest accrued about not due. The loan is secured by Hypothecation of building.
- (6) The company had a contract of the evection of machinery at Rs. 1,25,000 which is in complete on 31st March -2017.
- (7) Bill receivable for Rs.75,000 maturing on 15th May have been discounted.

OR

- (A) Smital Ltd. earned a profit of Rs.22,50,000 after taking into consideration the following details:

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| | Rs. |
|--|----------|
| Discount on debentures written off | 6,000 |
| Interest on debentures | 49,500 |
| Provison for taxation | 3,50,000 |
| Provision for doubtful debts | 1,25,00 |
| Provision for depreciation | 2,50,000 |
| Director's remuneration | 1,25,000 |
| Director's fees | 20,000 |
| Profit on sales of plant (Cost Rs.600000 and total depreciation of Rs. 250000) | 3,50,000 |

There are two whole time directors and manager in the company. The manager is to be paid 5% commission and each of the Directors is to be paid 2% commission. The Commission payable to manager is calculated on the profit left after charging his commission and the commission of whole time Directors. The commission payable to the whole time Directors is calculated on the profit left after charging their commission and commission to the manager. Calculate the commission payable to the manager and the Directors.

- (B) Explain ; Restrictions on Remuneration to Individual managerial Persons

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Q.3

Amar Traders sell the goods in special containers. Containers are charged out at Rs. 300 each to the customer, and credited at Rs. 180 each, if return within good condition within one month. The stock taking purpose, all containers are valued at Rs.144 each. From the following information, prepare containers trading account and containers provision account in the books of the firm:

| | Nos. |
|---|------|
| 1. Opening stock: | 850 |
| Containers on hand | 425 |
| Containers with customers | |
| 2. Containers purchased at Rs.168 during the year 2016-17 | 1600 |
| 3. Containers sent to customers during the year | 2500 |
| 4. Containers returned by customers during the year | 1400 |
| 5. Containers retained by customers during the year | 1200 |

| | | |
|----|--|----|
| 6. | Containers scrapped and sold at Rs.54 each | 60 |
| 7. | Containers lost in an accident | 15 |

OR

Narayan Ltd Sells its products in returnable packages. Customers are charged at Rs.5 per package at the time of sale, and credited with Rs.4 if the packages are returned in two months. In case the packages are returned in damaged condition, credit is given for Rs.2

The following figures are available for the year ended on March-31, 2017.

| | Nos. | Rs. |
|---|----------|--------|
| Returnable packages with the customers on 1-4-2016 | 40,000 | 80,000 |
| Stock on hand as on 1-4-2016 | 10,000 | 20,000 |
| Packages purchased during the year | 30,000 | 90,000 |
| Returnable packages with customers as on 31-3-2017 | 20,000 | |
| Packages sent during the year | 1,00,000 | |
| packages returned during the year in damaged condition | 10,000 | |
| Packages not returned within the scheduled time during the year | 40,000 | |

All the stock is to be valued at cost. Damaged packages valued at 50% of cost.
Prepare;

- (1) Packages stock A/C
- (2) Packages trading A/C

Q.4

Shree Patel sells goods on hire purchase at cost plus 50% from the following particulars relating to hire purchase find out the profit for the year ended December 31, 2016.

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| January-1 | Rs |
|---|--------|
| Stock with hire purchase customers (at selling price) | 9000 |
| Stock at shop (at cost) | 18000 |
| Instalments Due | 5000 |
| December-31 | |
| Cash received from customers. | 60,000 |
| Goods repossessed (Instalment due Rs.2000) | 500 |
| Instalment due, customers are paying | 9,000 |
| stock at shop (at cost) (Excluding repossessed goods) | 20,000 |
| Goods purchased during the year | 60,000 |

Prepare:

- (1) Shop stock A/C
- (2) Hire purchase Debtors A/C
- (3) Stock with customers A/C
- (4) Hire purchase adjustments A/C

OR

- (A) Explain the advantage and disadvantages of Lease
- (B) Discuss difficulties faced by leasing companies in India

- (1) In which year Indian Accounting standard-9 was issued by the ICAI?
(A) 1981 (B) 1982
(C) 1985 (D) 1987
- (2) What is the title of Accounting standard No 9?
(A) Income recognition (B) Revenue recognition
(C) Valuation of inventories (D) Government grants
- (3) Which of the following item is a non current assets?
(A) Fixed assets (B) Stock
(C) Short term loans and advance (D) Trade receivables
- (4) Which of the following item is noncurrent liability?
(A) Long term debt (B) Short term provision
(C) Creditors (D) Interest accrued but not due
- (5) Which of the following is the containers retained by customers, if opening balance of containers with customers 20,000 numbers, containers sent to customer 1,20,000 No, containers returned by customer 1,26,000 No. and closing balance of containers with customer 12,000 number ?
(A) 2,000 Nos. (B) 4,000 Nos.
(C) 6,000 Nos. (D) 8,000 Nos.
- (6) Which of the following is good sold on hire purchase at hire price, goods are sold at 20% percent profit on hire purchase price and opening shop stock Rs. 40,000, purchase Rs.2,20,000 and closing shop stock is Rs. 60,000.
(A) Rs.2,50,000 (B) 2,40,000
(C) Rs. 1,60,000 (D) 1, 50,000
- (7) Which of the following expenses is deductible while calculating managerial remuneration?
(A) Salary (B) Bad debt
(C) Loss on sale of machine (D) All the above
- (8) Which of the following items is a short term provision?
(A) Provision for taxation (B) Proposed equity dividend.
(C) Proposed preference dividend (D) All the above