

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. 14

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)	20,000
(Excluding repossessed goods)	
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