

INTERMEDIATE EXAMINATION

December 2014

I-P5(FAC)

Syllabus 2008

Financial Accounting

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

Answer Question No.1, which is compulsory and any five questions from the rest.

1. (a) From the four alternative answers given against each of the following cases, indicate the correct answer (just state A, B, C or D): 1×6=6
- (i) Excess of hire purchase price over cash price is known as
- (A) Instalment
 - (B) Cash down payment
 - (C) Interest
 - (D) Capital value of asset
- (ii) For the year ended 31.03.2014, accounting income of DNP Ltd. is ₹ 30 lakhs. However its Taxable income was ₹ 20 lakhs only due to timing difference. Tax rate is 30%. The Deferred tax liability will be
- (A) ₹ 10 Lakhs
 - (B) ₹ 3 Lakhs
 - (C) ₹ 9 Lakhs
 - (D) ₹ 6 Lakhs
- (iii) Accounting Standards in India are issued by
- (A) Comptroller and Auditor General of India
 - (B) Reserve Bank of India
 - (C) The Institute of Accounting Standards of India
 - (D) The Institute of Chartered Accountants of India
- (iv) An amount spent for replacement of worn out part of machine is
- (A) Capital Expenditure
 - (B) Revenue Expenditure
 - (C) Deferred Revenue
 - (D) Capital Loss
- (v) Receipts and Payments Account records
- (A) Only revenue nature receipts
 - (B) Only capital nature receipts and payment
 - (C) Only revenue nature receipts and payments
 - (D) Both the revenue and capital nature receipts and payments

(vi) A distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of products or services which is subject to risk and return as distinctly different from those of other business components are reportable under

- (A) Related Party Disclosure
- (B) Contingency Approach
- (C) Segment Reporting
- (D) Intangible Asset Classification

(b) State whether the following statements are True(T) or False(F):

1×5=5

- (i) Inventory valuation affects only the income statement.
- (ii) Preference shares are redeemed out of the proceeds of a fresh issue of debentures made for the purpose of redemption.
- (iii) At the time of preparation of departmental profit and loss account discount received is allocated among various departments on the basis of departmental sales.
- (iv) In the case of marine insurance the provision for unexpired risk should be 100% of the net premium.
- (v) Securities Premium Account is shown in the liability side of Balance Sheet under head Reserves and Surplus.

(c) Fill in the blanks in the following sentences using appropriate word from the alternatives indicated:

1×5=5

- (i) At the preliminary project stage the internally generated software should _____ recognized as an asset. (be/not be)
- (ii) Life membership fee is a _____ nature receipt. (Revenue/Capital)
- (iii) Goods in transit is recorded in the books of _____. (H.O/Both H.O & Branch)
- (iv) The profit prior to incorporation can be transferred to _____. (General reserve/Capital reserve)
- (v) If the proposed dividend on paid up equity share capital is more than 12.5% but not more than 15% then _____ of current year's profit should be transferred to general reserve. (5%/7.5%)

(d) Match the following in Column I with the appropriate item in Column II:

1×5=5

Column I

Column II

- | | |
|------------------------------------|---------------------------------|
| (i) Excess workings | (A) Branch Accounts |
| (ii) Report of Board of Directors | (B) Intangible Assets |
| (iii) Debtors Method of Accounting | (C) Balance Sheet of Company |
| (iv) Suspense Account | (D) Royalty Accounts |
| (v) AS 26 | (E) Trial Balance |
| | (F) No matching statement found |

(e) In the following cases, one out of four answers given is correct. Indicate the correct answer (= 1 mark) and give brief workings in support of your answer (= 1 mark): $2 \times 2 = 4$

(i) Sukku Limited purchased a machine on 1st July, 2013 for ₹ 8,90,000 and freight and transit insurance premium paid ₹ 25,000 and ₹ 15,000 respectively. Installation expenses were ₹ 40,000 and salvage value after 5 year will be ₹ 50,000. Under straight line method for the year ended 31st March, 2014 the amount of depreciation will be

- (A) ₹ 1,35,750
- (B) ₹ 1,81,000
- (C) ₹ 1,84,000
- (D) ₹ 1,38,000

(ii) The Income and Expenditure Account and the Receipts and Payments Account of a Local Club at the end of a particular year show the following amounts:

As per Income Expenditure A/C	As per Receipts and Payments A/C
Printing Charges (₹) 7,500	(₹) 6,900
Rent Paid (₹) 12,000	(₹) 11,000

When there were no outstanding of Rent and Printing charges at the beginning of that year, the difference of ₹ 1,600 will be shown in the Balance sheet at the end of the year as:

- (A) Asset
- (B) Liabilities
- (C) Ignored
- (D) Capital Fund

2. (a) The following details are given by Babu Limited for the year ended 31st March, 2014:

Gross Profit Ratio	30%
Debtors Collection Period	43.8 days
Creditors Turnover Ratio	7 times
Inventory Turnover Ratio	9 times
Total Purchases	₹ 63 Lakhs
Cash Purchases	₹ 7 Lakhs
Cash Sales	₹ 15 Lakhs
Cash and Bank Balance	₹ 5 Lakhs
Current Liabilities other than Creditors	₹ 2 Lakhs

The company is in the business of retail sales and only purchase articles and resell them. You are required to calculate:

- (i) Creditors
- (ii) Debtors
- (iii) Inventory
- (iv) Current Ratio
- (v) Quick Ratio

