1

INTERMEDIATE EXAMINATION

December 2013

P–5(FAC)
Syllabus 2012

Financial Accounting

Time Allowed: 3 Hours | Full Marks: 100

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

Section A *is compulsory and answer* any five *questions from* Section B

SECTION A

1. Answer the following questions (give workings wherever required): 2×10=20

   (i) A trader acquired furniture & fittings for ₹ 10,000 but included the same in purchase account. He paid ₹ 5,000 to a supplier which was omitted to be recorded in the books. State the types of errors and pass journal entries to rectify the errors.

   (ii) State briefly the three fundamental accounting assumptions.

   (iii) The company maintains 10% of debtors as provision towards bad debts. It has routed all bad debts through the provision account. The opening balance of provision as on 01.04.2012 was ₹ 68,000. The closing provision i.e. on 31st March, 2013 was ₹ 92,000. Bad debts written off debited to provision account was ₹ 28,000. How much should be debited to Profit & Loss Account towards provision for doubtful debts for the year ended 31st March, 2013?

   (iv) A fire damaged the premises of a trader resulting in loss of stock of ₹ 1,10,000. The goods salvaged from fire was ₹ 40,000. The policy was for ₹ 50,000 eligible for average clause. Decide the quantum of claim to be lodged with the insurance company.

   (v) Fact General Insurance Company informs you that the claims outstanding on 01.04.2012 was ₹ 5,20,000 and claims paid during the financial year 2012-13 was ₹ 64,50,000. The claims outstanding as on 31.03.2013 was ₹ 5,60,000 and claims recoverable from re-insures being ₹ 1,90,000. Calculate the amount of claims incurred which is to be charged to its revenue account.

   (vi) New Bank Ltd. informs you the following:

(a)	Bill discount commission (unadjusted)	₹ 21,00,000
(b)	Rebate on bills discounted as on 01.04.2012	₹ 2,43,000
(c)	Rebate on bills discounted as on 31.03.2013	₹ 2,18,000

   Compute the discount to be credited to the profit and loss account of the Bank for the year ended 31.03.2013.

   (vii) On 01.01.2010, M/s. Johnson and Co. Ltd. purchased machinery for ₹ 1,00,000. Subsequently, ₹ 50,000 was paid for installation. Assuming that the rate of depreciation was 10% on Reducing Balance Method, determine the Closing Book Value of the Machine as at 31.12.2012.

   (viii) P, Q and R are three partners sharing profit and loss equally. Their respective capitals as on 01.04.2012 were P—₹ 80,000, Q—₹ 60,000 and R—₹ 50,000.

   They mutually agreed on the following points as per the partnership deed:

   - Interest on capital to be allowed @ 5%.
   - P to receive a salary of ₹ 500 per month.
   - Q to receive a commission @ 4% on net profit after charging such commission.
   - After charging all other items, 10% of the net profit to be transferred to General Reserve.

   The firm made profit of ₹ 66,720 during the financial year 2012-13. What will be the Net Divisible Profit available to each partner?

Please Turn Over