

Q.7. Luminous started its own business on June 1, 2019. The Trial Balance on June 30 was as follows-

	Debit (₹)	Credit (₹)
Cash	6,850	
Accounts Receivable	7000	
Supplies	2000	
Prepaid Insurance	2880	
Equipment	15000	
Accounts Payable		4230
Unearned Service Revenue		5200
Common Stock		22000
Service revenue		8300
Salaries and wages Expense	4000	
Rent Expense	2000	
	<u>39730</u>	<u>39730</u>

Other data-

- Supplies on hand on June 30 valued ₹ 720.
- A utility bill for ₹ 180 has not been recorded and will not be paid until next month.
- The insurance policy is for one year.
- Services were performed for ₹4100 of unearned service revenue by the end of the month.
- Salaries of ₹ 1250 were accrued on June 30.
- The equipment has a 5 year life with no salvage value and is being depreciated at ₹250 per month for 60 months.
- Invoices representing ₹ 3,900 of services performed during the month have not been recorded till June 30.

Required-

Pass the necessary adjusting entries and prepare the adjusted Trial Balance and Income Statement and Balance sheet as on June 30, 2019.

SEMESTER

MBA (FB)

END SEMESTER EXAMINATION NOV/DEC 2019

FB-104

FINANCIAL ACCOUNTING & COST ANALYSIS

Time: 3:00 Hours

Max. Marks : 60

Note : Question 1 is compulsory. Attempt any 5 out of the remaining questions.
All questions carry equal marks.
Assume suitable missing data, if any.

Q.1. Write short notes on (any four)-

- Cash Basis of Accounting
- Depreciation, Amortisation and Depletion
- Business Entity Concept.
- Methods of Inventory valuation
- Usefulness of ratios.

Q.2. During 2019, its first year of operation as a delivery service, Peshwa Corp. entered into the following transactions-

- Issued shares of Common Stock to investors in exchange for ₹1,00,000 in cash.
- Borrowed ₹ 45,000 by issuing bonds.
- Purchased delivery trucks for ₹ 60,000 cash.
- Received ₹ 16,000 from customers for services performed.
- Purchased supplies for ₹ 4,700 on account.
- Paid rent of ₹5,200.
- Performed services on account for ₹ 10,000.
- Paid salaries of ₹ 28,000.
- Paid a dividend of ₹ 11,000 to shareholders.

Show the effect of the above transaction on accounting equation.

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Q.3. Journalise the entries of Cleland corporation for the entries on the given dates of 2014 assuming that the company follows straight line depreciation.

Jan 1 Retired a piece of machinery that was purchased on January 1, 2004. The machine cost ₹ 62,000 and had a useful life of 10 years with no salvage value.

June 30 Sold a computer that was purchased on January 1, 2012. The computer cost ₹ 36,000 and had a useful life of 3 years with no salvage value. The computer was sold for ₹ 5,000 cash.

Dec 31 Sold a Delivery Truck for ₹ 9,000 cash. The truck cost ₹ 25,000 when it was purchased on January 1, 2011 and was depreciated based on a 5 year useful life with a ₹ 4,000 salvage value.

Q.4. The following information is available for Rama Cloth House for the year ended December 31, 2019.

Beginning Cash balance	45,000
Accounts Payable decrease	3,700
Depreciation Expense	1,62,000
Accounts Receivable Increase	8,200
Inventory increase	11,000
Net Income	2,84,100
Cash received for sale of land at book value	35,000
Cash Dividends paid	12,000
Income tax payable increase	4,700
Cash used to purchase building	2,89,000
Cash used to purchase Stock	26,000
Cash received from issuing bonds	2,00,000

Prepare a statement of Cash Flows.

Q.5. A retail shop dealing in knitwear has the following transactions during June 2019-

Date	Purchase/sale	Units/Knitwear	Rate per unit (₹)
June 2	Purchase	1000	50
June 8	Purchase	500	60
June 12	Sale	500	
June 15	Purchase	800	70
June 18	Sale	1000	
June 24	Purchase	500	85
June 28	Sale	800	

Calculate the value of Closing Stock as on June 30, 2019 under perpetual and periodic system of Inventory Keeping using the following methods of valuation-

- FIFO
- LIFO
- Weighted Average Cost.

Q.6. Solve the following-

- The current assets of a company are ₹ 1,26,000 and the current ratio is 3:2 and the value of inventories is ₹ 2,000. Find out the Liquid Ratio.
- A company earns a gross profit of 20% on cost. Its credit sales are thrice its cash sales. Its credit sales are ₹ 4,00,000. Calculate the Gross Profit Ratio of the company.
- Cost of Goods sold is ₹ 2,00,000. Inventory Turnover ratio is 8 times. Stock at the beginning is 1.5 times more than stock at the end. Compute the value of opening and closing stock.