



# Financial Accounting

## B.Com 1<sup>st</sup> year (Mock Test)

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Q1. From the following trial balance prepared from the books of an author on 31 December 2001. Prepare trading and profit and loss Account for the year ending 31 December 2001 and a balance sheet as on that date:

Particular	Amount	Particular	Amount
Arthur Drawing	10,550	Arthur Capital	1,19,400
Bills Receivable	9500	Loan at 6% p.a.	20000
Plants & Machinery	28800	Sales	3,56,430
Sundry Debtors (Including madam for dishonored cheque Rs 1000)	62000	Commission received	5640
Wages(manufacturing)	40970	Sundry Creditors	59630
Returns Inwards	2780		5,61,100
Purchases	2,56,590		
Rent and taxes	5620		
Stock on 1 <sup>st</sup> Jan 2001	89680		
Salaries	11000		
Travelling expenses	1880		
Insurance	400		
Cash	530		
Bank	18970		
Repairs & renewals	3370		
Interest on loan	1000		
Interest & Discount	4870		
Bad debts	3620		
Fixtures and fittings	8970		
	5,61,100		

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The following adjustments are to be made:

- (a) Stock in trade in hand on December 31, 2001 Rs 1, 28,960
- (b) Write off half of madan's cheque.
- (c) Create a provision of 5% on Sunday debtors.
- (d) Manufacturing wages include Rs 1200 for erection of new machinery purchased.
- (e) Depreciate plants and machinery by 5% p.a and fixtures and fittings by 10% per annum.
- (f) Commission not earned but received amount to Rs 600.

OR

From the following particulars relating to a charitable hospital, prepare income and expenditure Account for the year ended 31<sup>st</sup> December 1992 and balance sheet as at that date:

Receipts and payments Account for the year ending 31<sup>st</sup> Dec 1992.

Receipt	Rs	Payment	Rs
To Balance c/d	7130	By Doctor's Honorarium	9000
To subscriptions	47996	By suppliers of medicines	30,590
To donations	4500	By petty expense	461
To legacies	10000	By salaries	27500
To interest on investments @ 10% for full year	7000	By equipments purchased	15000
To proceeds from a charity show	10,450	By expenses on charity show	2750
		By Bal. c/d	1775
<b>Total</b>	<b>87076</b>	<b>Total</b>	<b>87076</b>

Additional information

(i) Subscription Due	650	800
(ii) Subscription received in advance	254	300
(iii) Stock of medicines	8910	9800
(iv) Suppliers of medicines	4000	2500
(v) Outstanding salaries	3600	4800



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(vi) Equipment	21200	31600
(vii) Buildings cost less depreciation	90000	81000

Q2. Explain Accrual basis Concept & define its procedures.

**OR**

Explain Gurner Vs murrey rule.

**OR**

Define the concept of AS-10.

Q3. ABC Ltd. Purchased m/c Rs 8, 00,000 on 1 January 2001. This year 1 July 2001 Additional machinery Purchase for Rs 3, 00, 000.

1 July 2004 purchased on 1 April 2001 is sold Rs 2, 00, 000 and same date Additional machinery purchased for Rs 1,00, 000. Depreciation as per required S.L.M basis @ 10% per annum.

Method is changed 2005 S.L.M to diminishing method @ 20% p.a. Find out depreciation a/c 2001 to 2005.

**OR**

X and Y entered into a joint venture of underwriting the subscription at par for the entire share capital of Rama Ltd. Consisting of 10,000 equity shares of Rs 10 each and to pay all expenses up to allotment. They were to share profits in the ratio of 3:2 respectively. The consideration in return for the guarantee was 1200 other shares of Rs 10 each fully paid to be issued to them.

X provides the funds for registration fees Rs 1200; Advertising Rs 1100 and printing and stationary Rs 950; Y contributed towards payment of office rent Rs 300; legal charges Rs 1550 and staff salaries Rs 900.

The prospectus was issued and applications fell short of the full issue by 1500 shares. X took these over on joint venture account and paid for the same in full. They received the 1200 fully paid shares as under writing commission. They sold their entire holding at Rs 12 per share. The proceeds were received by X for 1500 shares and Y for 1200 shares.

Write up joint venture account and covertures account in the books of both the parties.

Q4. X transport Ltd. Purchased from Delhi motors 3 tempos costing Rs 50,000 each on the hire purchase system on 1.1.1999, payment was to be made Rs 30,000 down and remainder in 3 equal annual installments payable on 31/12/2000 & 31/12/2001 together with interest @9% P.A.

X transport ltd. Writes off depreciation at the rate of 20% on the diminishing balance. It paid the installment due at the end of first year but could not pay the next on 31/12/2000. Delhi motors agreed to leave one tempo with the purchases on 1/1/2001 adjusting the value of the other two tempos against the amount due on 1/1/2001. The tempos were valued on the basis of 30% depreciation annually.

Show necessary accounts in the books of the purchaser for all three years.

**OR**





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OR

Shetty Golvents Co. Bangalore, opened a branch at Hyderabad on 1<sup>st</sup> April 2001. The following information is available in respect of the branch for the year 2001-02.

Goods Sent to the branch	75,000
Cash Sales at the branch	50,000
Credit Sales at the branch	60,000
Salaries of the branch staff paid by head office	15000
Office expenses of the branch paid by head office	12000
Cash remittances to branch towards petty cash	6000
Petty cash at branch on 31/3/2002	500
Debtors of branch as on 31/3/2002	5000
Stock at the branch as on 31/3/2002	27000

Prepare Branch Account to show the profit & loss from the branch for the year.

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