Dr. Babasaheb Ambedkar Open University
Term End Examination July – 2018

Course	:	**PGDF**	**Date**	:	**18-07-2018**
Subject Code	:	**PGDF-101**	**Time**	:	**03:00pm to 06:00pm**
Subject Name	:	**Financial Accounting**	**Duration**	:	**03 Hours**
			Max. Marks	:	**70**

Section A

Answer the following (Attempt any three) **(30)**

1. Explain ABC analysis for inventory valuation.
2. From the following figurers extracted from the books of ShriGovind, you are required to prepare a Trading and Profit and Loss account for the year ended 31st March, 1999 The Balance sheet as on that date after making the necessary adjustments.

Particulars	**Amount (Rs.)**	**Particulars**	**Amount (Rs.)**
ShriGovind‟s Capital	2,28,800	Stock 1.4.1999	38,500
ShriGovind‟s Drawings	13,200	Wages	35,200
Plant and Machinery	99,000	Sundry Creditors	44,000
Freehold Property	66,000	Postage and Telegrams	1,540
Purchases	1,10,000	Insurance	1,760
Returns Outwards	1,100	Gas and Fuel	2,970
Salaries	13,200	Bad Debts	660
Office Expenses	2,750	Office Rent	2,860
Office Furniture	5,500	Freight	9,900
Discounts A/c (Dr.)	1,320	Loose Tools	2,200
Sundry Debtors	29,260	Factory Lighting	1,100
Loan to Shri Krishna @ 10% p.a. – balance as on 1.4.1999	44,000	Provision of D/D	880
Cash at Bank	29,260	Interest on loan to Shri Krishna	1,100
Bills Payable	5,500	Cash in Hand	2,640
		Sales	2,31,440

Adjustments:

- Stock on 31st March, 1999 was valued at Rs. 72,600.
- A new machine was installed during the year costing Rs.15, 400, but it was not recorded in the books as no payment was made for it. Wages Rs.1, 100

paid for its erection have been debited to wages account.

- Depreciate:

  Plant and Machinery by 33.33 %
  Furniture 10%
  Freehold Property by 5%
- Loose tools were valued at Rs.1, 760 on 31.03.1999.
- Of the Sundry Debtors Rs.600 are bad and should be written off.
- Maintain a provision of 5% on Sundry Debtors for doubtful debts.
- The manager is entitled to a commission of 10% of the net profits after charging such commission.

3. Distinguish between Joint venture and Partnership
4. Explain the meaning and definition of depreciation. State the characteristics and causes of depreciation.
5. Define the term 'Financial Accounting'. Discuss its advantages and limitation.

Section B

Answer the following (Attempt any four) **(20)**

1. A company declares dividend at 20% on its shares, each having apaid up value of Rs.8.00 and market value of Rs.25.00. Calculate dividend yield ratio.
2. Write a note on Provision for Bad debts .
3. Distinction between Cash flow and fund flow statement.
4. What do you mean by EPS and PE ratio? Calculate EPS and PE ratio from the following data:
   Net Profit after Tax: Rs. 15, 00,000 Preference Dividend: Rs. 5, 00,000 Numbers of equity shares: 1, 00,000 Market Price per equity shares: Rs. 50
5. X draws a three month bill for Rs. 2,000 on Y on the 1st January, 1991 for the value received. Y accepts it and returns it to X, who discounts it on 4th January, 1991 with his bank at 6 per cent per annum. Y pays acceptance on the due date.
   Record the transactions in the books of X and Y.
6. On 1st January 1997, a company acquired a lease of building for a period of five years. An amount of Rs. 2, 00,000 was paid on signing the lease deed. It is proposed to depreciate lease by the Annuity Method by charging interest @5% p.a. A reference to the annuity table shows that an amount of Re.0.230975 invested for a period of 5 years at 5% interest will accumulate Re.1. Prepare the Lease Account for a period of five years.

Section C

Part – A (Multiple Choice Questions) **(10)**

1 According to ---------- concept it is assumed every aspects as dual aspect or effects.

A	Cost	B	Materiality
C	Dual Aspect	D	None of above

2 Accounting equation is developed with the help of following concept

A	Money Measurement	B	Dual Aspect
C	Revenue Realization	D	Historical Cost

3 Depreciation accounting is

A	IAS 1	B	IAS 2
C	IAS 3	D	IAS 4

4 revenue from sale is realized when

A Sale is made B Order is placed

C Cash is received D Product is completed

5 Accounting principles are based on

A Convenience Accounting B Objectivity

C Sesitivity D Practicability

6 Normally assets are recorded at cost price. This is because

A Going concern concept B Historical Concept

C Both D None

7 Accounting entity concept is known as----------

A Materiality Concept B Prudence Concept

C Business entity concept D None of these

8 ---------- principle requires that all transactions should be recorded at their acquisition cost

A Historical Cost B Dual Aspect

C Accounting period D None of these

9 ---------- principle states that costs or expenses of a business of an accounting period are matched with the revenue of that period in order to find profit or

A Accounting period B Revenue realization

C Veritable objective D Matching

10 ---------- is also known as objective evidence concept

A Revenue realization B Dual aspect

C Verifiable objective D None of these

Part – B **(10)**

Explain Following Terms

1 Bills Receivable
2 Goodwill
3 Reserves
4 Provisions
5 Prepaid Expense
6 Outstanding Income
7 Income and Expenditure Account
8 Debt Equity ratio
9 Anbnormal Loss
10 Accomodation Bill