

**B.V. Patel Institute of Business Management, Computer & Information Technology**  
**UkaTarsadia University**  
**2<sup>nd</sup> Internal Examination, BBA 1<sup>st</sup> Semester**  
**Financial Accounting**

**Marks: 50**  
**Time: 2 hrs.**  
**[16]**

**Date: 11/10/2017**

**Q-1 Answer the following. (Any Eight)**

1. Enlist methods for valuation of inventory.
2. Mention the objectives of inventory system.
3. Prepare trading account from following information
  - Total purchase during the year 2010 Rs.2,00,000.
  - Total sales during the year 2010 Rs.2,50,000.
4. What is flexible budget?
5. List any four objectives of budgeting.
6. From the trial balance of 31.3.2016, there were following balance sheet.
  - Debtors(Dr) Rs.10,000
  - Bad debts(Dr) Rs.500
  - Bad debt reserve(1.4.2015)(Cr) Rs.400

Adjustments:

1. Write off Rs.200 as bad debt.
2. Provide bad debt reserve at 5% on debtors.

From the above details give effect in profit & loss account and balance sheet.

7. Define fund flow statement.
8. Give any two limitations of cash flow statement.
9. Give the full form of LIFO and FIFO.

**Q-2 Answer the following. (Any Two)**

**[20]**

1. A company expects to have Rs. 37,500 cash in hand on 1<sup>st</sup> April, and requires you to prepare an estimate of cash budget during the three months, April, May and June. The following information is given to you.

	Sales	Purchases	Wages	Factory Expenses	Office Expense	Selling Expenses
February	75,000	45,000	9,000	7,500	6,000	4,500
March	84,000	48,000	9,750	8,250	6,000	4,500
April	90,000	52,500	10,500	9,000	6,000	5,250
May	1,20,000	60,000	13,500	11,250	6,000	6,570
June	1,35,000	60,000	14,250	14,000	7,000	7,000

Other information:

1. Period of credit allowed by suppliers 2 months.
2. 20% of sales is for cash and period of credit allowed to customers for credit is one month.
3. Delay in payment of all expenses - 1 month.
4. Income tax of Rs.57,500 is due to be paid in the month of June.
5. The company is to pay dividends to shareholders and bonus to workers of Rs.15,000 and Rs.22,500 respectively in month of April.
6. Purchased a plant and payment made in May. The cost was Rs.1,20,000.

2. From the following information relating to Shree Ltd., prepare fund flow statement

Liabilities	2009 Rs.	2010 Rs.	Assets	2009 Rs.	2010 Rs.
Share capital	3,00,000	4,00,000	Cash	30,000	90,000
Reserve	1,00,000	50,000	Bills receivable	1,05,000	1,50,000
Retained Earnings	30,000	60,000	Inventories	1,50,000	1,95,000
Bills payable	45,000	1,35,000	Fixed Assets	1,90,000	2,10,000
	<u>4,75,000</u>	<u>6,45,000</u>		<u>4,75,000</u>	<u>6,45,000</u>

Additional Information:

- The company issued bonus shares for Rs.50,000 and for cash Rs.50,000.
- Depreciation written off during the year Rs.15,000.

3. From the following trial balance of Mr. Desai prepare final account for the year ending 31<sup>st</sup> March, 2016.

Trial Balance

Particulars	Debit (Rs)	Particulars	Credit (Rs)
Opening stock	17,000	Capital	1,00,000
Purchase	96,100	Creditors	55,600
Wages	7,400	Sales	1,72,000
Carriage inward	5,400	Rent	2,400
Carriage outward	2,000		
Salary	6,000		
Building	80,000		
Furniture	4,600		
Depreciation on furniture	500		
Debtors	81,000		
Insurance premium	1,600		
Printing and stationery	2,500		
Sundry expenses	4,400		
Repairs	1,000		
Cash on hand	12,500		
Drawings	8,000		
	<u>3,30,000</u>		<u>3,30,000</u>

Adjustments:

- Value of closing stock was Rs. 7600.
- Rs. 1200 was outstanding for salary.
- Depreciation on building 5%.
- Insurance paid in advance Rs. 100.
- Rent received in advance Rs.100.
- Credit purchase Rs. 700 was not recorded in the books of account.

**Q-3 Answer the following in detail. (Any Two)**

[14]

- From the following data, calculate the value of inventory on 30<sup>th</sup> April, 2015 using Weighted Average Price Method.

April 1	Opening balance	300 units	Rs.2 each
April 2	Purchased	200 units	Rs.2.2 each
April 4	Issued	150 units	
April 6	Purchased	200 units	Rs.2.30 each
April 11	Issued	150 units	
April 19	Issued	200 units	
April 22	Purchased	200 units	Rs.2.40 each
April 27	Issued	250 units	

2. Define budgeting. Discuss limitation of budgetary control.
3. Distinguish between fund flow statement and cash flow statement.