

FINANCIAL ACCOUNTING – STAGE-3**Marks****Q.2 (i)**

Marks		Joint Bank Account	Amount in 'Rs.'	
0.5	Mr. 'A' Account	60,000	Joint Venture Account (Material)	200,000 1.0
0.5	Mr. 'B' Account	80,000	Joint Venture Account (Expenses)	3,600 1.0
0.5	Mr. 'C' Account	100,000	Mr. 'A' Account (Settlement)	71,600 0.5
1.0	Joint Venture Account (Sale proceed)	280,000	Mr. 'B' Account (Settlement)	108,800 0.5
			Mr. 'C' Account (Settlement)	136,000 0.5
				316,400
		<u>520,000</u>		<u>520,000</u>

(ii)

Marks		Joint Venture Account	Amount in 'Rs.'	
1.0	Joint Bank Account (Material)	200,000	Joint Bank Account (Sale proceed)	280,000 1.0
1.0	Joint Bank Account (Expenses)	3,600		
	Profit transferred to:		Mr. 'A' Account (agreed value for unsold goods)	10,000 1.0
0.5	Mr. 'A' Account (6/24)	21,600		
0.5	Mr. 'B' Account (8/24)	28,800		
0.5	Mr. 'C' Account (10/24)	36,000		
		86,400		
0.5		<u>290,000</u>		<u>290,000</u>

(iii)

Marks		Personal Accounts			Amount in 'Rs.'				
		Mr. A	Mr. B	Mr. C	Mr. A	Mr. B	Mr. C		
1.0	Joint Venture Account (agreed value for unsold goods)	10,000	-	-	Joint Bank Account	60,000	80,000	100,000	0.5 each
0.5 each	Joint Bank Account	71,600	108,800	136,000	Joint Venture Account (Profit)	21,600	28,800	36,000	0.5 each
0.5		<u>81,600</u>	108,800	136,000		<u>81,600</u>	108,800	136,000	

FINANCIAL ACCOUNTING – STAGE-3**Marks****Q.3 (i)**

MHA Private Ltd.
Abnormal Loss on Consignment in warehouse

	<u>Amount in ₹Rs.</u>		
Cost of 1,000 litres @ 10 each	10,000		0.5
Add: Direct expenses incurred by consignor	700		0.5
Add : Unloading charges (900*2)	1,800		0.5
	12,500		
Abnormal loss = $12,500 \times 25 / 900$	347		0.5

(ii)**Value of Closing Stock**

	<u>Amount in ₹Rs.</u>		
Closing units (1000 - 100 - 25 - 750)	125		0.25 each
Value	1,736		1.00

(iii)

	Marks		Consignment Account		Amount in ₹Rs.	
1.0		Goods sent on consignment	10,000	Abnormal loss	347	
0.5		Bank – Transportation	700	Sales	12,000	1.0
0.5		Commission	600	Closing Stock	1,736	
0.5		Unloading charges	1,800			
0.5		Profit and Loss Account	983			
			14,083		14,083	

(iv)

	Marks		Abnormal Loss Account		Amount in ₹Rs.	
1.0		Consignment Account	347	Profit and Loss Account	347	1.0
			347		347	

(v)

	Marks		Mr. Arshad Account		Amount in ₹Rs.	
0.5		Consignment Account	12,000	Consignment Account	600	0.5
				Consignment Account	1,800	0.5
				Bank	9,600	0.5
			12,000		12,000	

FINANCIAL ACCOUNTING – STAGE-3**Marks****Q.4 (i)****Statement of Distribution of Profit
For the year ended December 31, 2011**

	<u>Amount in 'Rs.'</u>	
Net Profit	252,000	1.00
Less : Interest on capital		
Zaman (204,000 x 5%)	10,200	2.00
Shehroze (162,000 x 5%)	8,100	2.00
	<hr/>	
	18,300	
	233,700	0.50
Less : Salary to partners		
Zaman	15,000	1.75
Shehroze	27,000	1.75
	<hr/>	
	42,000	
	<hr/>	
	191,700	
Less : Share of profit of Farhad		
Higher of :		
(i) Salary	21,000	0.25
Add : Profit (191,700 - 21,000) x 1/10	17,070	0.50
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	38,070	
(ii) 1/6 of profit after interest on capital (233,700 x 1/6)	38,950	0.50
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	38,950	0.25
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	152,750	0.25
Add : Excess to be charged to Zaman (38950 - 38070)	880	0.25
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Profit to be shared	153,630	
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Profit Sharing		
Zaman share (153,630 x 2/3)	102,420	0.25
Less : Excess charged to Zaman	(880)	0.25
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	101,540	
	<hr/>	
Shehroze share (153,630 x 1/3)	51,210	0.25
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Farhad share (calculated above)	38,950	0.25
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FINANCIAL ACCOUNTING – STAGE-3**Marks**

(ii)

Amount in 'Rs.'

		Partners' Capital Account							
Marks		Zaman	Shehroze	Farhad		Zaman	Shehroze	Farhad	
					b/d	204,000	162,000	-	1.0 each
1.25 each	Drawing	40,000	30,000	-	Interest on capital	10,200	8,100	-	1.25 each
					Salary	15,000	27,000	-	1.25 each
0.25 each	Balance c/d	290,740	218,310	38,950	Share of profit	101,540	51,210	38,950	0.25 each
		330,740	248,310	38,950		330,740	248,310	38,950	
					Balance b/d	2,90,740	218,310	38,950	

FINANCIAL ACCOUNTING – STAGE-3**Marks****Q.5 (a)**

Sajid Limited
General Entries
For the period ended on December 31, 2010

Amount in 'Rs.

Date	Particulars	P/R	Debit	Credit	
	Building		11,000,000		1.0
	Share capital			10,000,000	0.5
	Share premium / additional paid-in-capital			1,000,000	0.5
	(To record purchase of building against issuance of shares)				
	Furniture		500,000		1.0
	Share capital			100,000	0.5
	Share premium / additional paid-in-capital			400,000	0.5
	(To record purchase furniture against issuance of shares)				
	Cash / Bank		110,000		0.5
	Loss on issuance of debenture / bond		10,000		0.5
	Debenture/ Bond payable			100,000	0.5
	Premium on redemption of debenture / bond			20,000	0.5
	(To record issuance of debenture / bond)				

(b) (i) Carrying amount:

It is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses. 2.0

(ii) Depreciable amount:

It is the cost of an asset, or other amount substituted for cost, less its residual value. 2.0

(iii) Useful life:

It is:

- (a) the period over which an asset is expected to be available for use by an entity; 1.0
or
(b) the number of production or similar units expected to be obtained from the asset by an entity. 1.0

FINANCIAL ACCOUNTING – STAGE-3**Marks****Q.6 (a)**

Vital Industries Limited
Income Statement
For the year ended December 31, 2010

	<u>Rs. in '000'</u>	
Sales	324,860	1.0
Less : Cost of Sales	(W-4) <u>285,400</u>	0.5
Gross Profit	39,460	
Less : Administrative Expenses	(W-7) <u>14,830</u>	0.5
Operating profit	24,630	
Less : Financial charges	(W-8) <u>9,920</u>	0.5
Profit before tax	14,710	
Less : Tax (35% of PBT)	<u>5,148.5</u>	0.5
Net Profit	<u><u>9,561.5</u></u>	

(b)

Technology Limited
Statement of Changes in Equity
For the year ended December 31, 2010

	<u>Rs. in '000'</u>					
	<u>Share Capital</u>	<u>Share Premium</u>	<u>Retained Earnings</u>	<u>General Reserves</u>	<u>Total Equity</u>	
Balance as at January 1, 2010	30,000	6,000	3,870	4,000	43,870	0.5 each
Profit for the year	-	-	9,561.5	-	9,561.5	0.5 each
Transfer to general reserve	-	-	(2,000)	2,000	-	0.5 each
Dividend (30,000 x 30%)	-	-	(9,000)	-	(9,000)	0.25 each
Balance as at December 31, 2010	<u>30,000</u>	<u>6,000</u>	<u>2,431.5</u>	<u>6,000</u>	<u>44,431.5</u>	

FINANCIAL ACCOUNTING – STAGE-3**Marks**

(c)

Vital Industries Limited
Balance Sheet
As at December 31, 2010

		Rs. in '000'	
Authorised share capital			
4,000,000 ordinary shares of Rs.10 each		40,000	0.50
Issued, subscribed and paid up capital		30,000	
Share Premium		6,000	
General Reserves	(b)	6,000	
Retained Earnings	(b)	2,431.5	
Total Equity		44,431.5	
Long term borrowings - secured		40,000	0.50
Current Liabilities			
Short term running finance		18,960	
Account payables		12,640	0.50
Accrued Expenses	(W-9)	5,090	0.50
Dividend payable	(b)	9,000	
Tax payable		5,148.5	
		50,838.5	
Total Equity and liabilities		135,270	
Non Current Assets			
Fixed assets	(W-1)	82,720	
Deferred cost	(W-2)	1,200	
		83,920	
Current Assets			
Stores		1,284	
Stock in trade	(W-3)	21,666	
Account receivables		26,680	0.50
Cash and bank balances		1,720	0.50
		51,350	
		135,270	

FINANCIAL ACCOUNTING – STAGE-3

Marks

Working Notes (W):**W – 1 – Fixed Assets:**

Particulars	Cost	Rate	Depreciation	Rs. in '000'		
				Apportionment		
				Manufacturing	Admin	
Building	40,000	5%	2,000	1,500	500	0.25
Plant and machinery	60,000	10%	6,000	6,000	-	0.25
Vehicle	12,400	20%	2,480	1,240	1,240	0.25 each
	112,400		10,480	8,740	1,740	

Particulars	Cost	Rs. in '000'		WDV		
		Accumulated Depreciation Opening	Accumulated Depreciation Closing			
Building	40,000	4,000	2,000	6,900	33,100	0.25 each
Plant and machinery	60,000	12,500	6,000	18,500	41,500	0.25 each
Vehicle	12,400	1,800	2,480	4,280	8,120	0.25 each
	112,400	19,200	10,480	29,680	82,720	

W – 2:

	Rs. in '000'	
Deferred cost	1,800	0.5
Less : Amortisation for the year	(600)	0.5
	<u>1,200</u>	

W – 3:

	Rs. in '000'	
Raw material	7,526	0.25
work in process	4,262	0.25
Finished goods	9,878	0.25
	<u>21,666</u>	

W – 4 – Cost of Sales:

		Rs. in '000'	
Raw material consumed	(W-5)	215,849	
Wages / Direct labour		247	0.5
Stores consumed	(W-6)	11,234	
Manufacturing overheads		46,880	0.5
Depreciation	(W-1)	8,740	
Total manufacturing/ factory cost		282,950	
Add : Work in process - opening		5,630	0.5
Less : Work in process - closing		(4,262)	0.5
Cost of goods manufactured		284,318	
Add : Finished goods - opening		10,960	0.5
Less : Finished goods - closing		(9,878)	0.5
		<u>285,400</u>	

FINANCIAL ACCOUNTING – STAGE-3**Marks****W – 5 – Raw material consumed:**

	<u>Rs. in '000'</u>	
Opening	8,475	0.25
Purchases	214,900	0.25
	223,375	
Closing	(7,526)	0.25
	<u>215,849</u>	

W – 6 – Stores and spares consumed:

	<u>Rs. in '000'</u>	
Opening	1,425	0.50
Purchases	11,093	0.25
	12,518	
Closing	(1,284)	0.50
	<u>11,234</u>	

W – 7 – Admin and Selling expenses:

	<u>Rs. in '000'</u>	
As per trial balance	12,490	0.50
Depreciation (W-1)	1,740	0.25
Amortisation of deferred cost	600	0.25
	<u>14,830</u>	

W – 8 – Financial charges:

	<u>Rs. in '000'</u>	
As per trial balance	9,420	0.5
Interest on long term loan (40,000*15%/12)	500	0.5
	<u>9,920</u>	

W – 9 – Accrued expenses:

	<u>Rs. in '000'</u>	
As per trial balance	4,590	0.25
Interest expense accrued (W-8)	500	0.25
	<u>5,090</u>	

THE END