

Accountancy and Financial Management - I **Q.P. Code:00000148****[Time:3 Hrs]****[Marks:100]**

Please check whether you have got the right question paper.

- N.B:
1. All question are compulsory.
 2. Figures to the right indicate full marks.
 3. Use of simple calculator is allowed.
 4. All workings should form part of main answer.

Q.1 A State whether the following statements are True or False: (any 10) 10

1. Capital expenditure is non-recurring in nature.
2. The hire purchaser becomes the owner of the asset only after paying the final installment.
3. Selling price is not considered while preparing stores ledger.
4. Balance sheet shows the financial position of business.
5. Power is allowed on the basis of horse power of equipment's installed by each department.
6. The disclosure of significant accounting policies is mandatory as per AS-1.
7. Interest received on shares is a Capital Receipt.
8. Under the hire purchase system, depreciation is charged on the hire purchase price of the assets.
9. When Department X transfers goods to Department B, Department X account is debited and Department B account is credited.
10. Sale of scrap is debited to Manufacturing Account.
11. Carriage Inward are debited to profit and loss A/c.
12. Fixed assets acquired on Hire Purchase basis are recorded at Hire Purchase price.

Q.1 B Match the following : (any 10) 10

Column A		Column B	
i.	Departmental Accounting	a	Financing Activity
ii.	Accounting Standard 9	b	FIFO Method
iii.	Additional capital brought in business	c	Initial payment at the time of hire purchase agreement
iv.	Capital Expenditure	d	Divided in sales ratio
v.	Basic rule for Valuation of Stock	e	Debited to Manufacturing Account
vi.	Weighted Average Method	f	Fundamental Accounting Assumption
vii.	Accounting Standard 1	g	Total Cost of Inventory/Total Units of Inventory
viii.	Purchase of Raw Material	h	Lower of Cost and Net Realizable Value
ix.	Selling Expenses	i	Purchase of Machinery

x.	Down Payment	j	Added in Capital Account
xi.	Method of Stock Valuation	k	Revenue Recognition
xii.	Capital Receipt	l	Evaluation of performance of each department

- Q.2 A From the following Trial Balance as on 31st March 2022 of Mr. Rohit prepare Manufacturing account, Trading and Profit and Loss Account for the year ended 31st March 2022 and a Balance Sheet as on that date. 20

Trial Balance as on 31st March 2022

Particulars	Debit Amt	Credit Amt
Opening Stock – Raw Material	24,000	
Opening Stock – Work in Progress	14,000	
Opening Stock – Finished Goods	40,000	
Purchases of Raw Material	2,10,000	
Carriage Inward on Raw Material	8,000	
Direct Wages	1,12,000	
Factory Rent	16,000	
Factory Power and Fuel	22,000	
Machinery	1,60,000	
Sales		6,50,000
Office Expenses	1,00,000	
Cash at bank	22,000	
Creditors		42,000
Bad Debts	2,000	
Provisions for Bad Debts		4,000
Debtors	1,06,000	
Capital Account		1,64,000
Drawings	24,000	
Total	8,60,000	8,60,000

Adjustments:

- Closing stock on 31st March 2022 was Raw Material Rs. 30,000, Work in Progress Rs. 16,000, and Finished Goods Rs. 50,000.
- Depreciation was to be provided on Machinery at 10%.
- Reserve for bad doubtful debts is 10% on debtors.
- During the year, finished goods worth Rs. 10,000 were distributed as free sample but were not recorded.

OR

- Q.2 (B) From the following Trial Balance as on 31st March 2022 of Mr. Pranit prepare Manufacturing account, Trading and Profit and Loss Account for the year ended 31st March 2022 and a Balance Sheet as on that date. 20

Trial Balance as on 31st March 2022

Particulars	Debit Amt	Credit Amt
Machinery	1,40,000	
Furniture	66,000	
Capital Account		1,80,000
Drawings	40,000	
Opening Stock – Raw Material	28,000	
Opening Stock – Work in Progress	8,000	
Opening Stock – Finished Goods	42,000	
Purchases of Raw Material	5,00,000	
Carriage Inward on Raw Material	8,000	
Direct Wages	52,000	
Factory Rent	16,000	
Factory Power and Fuel	22,000	
Factory Electricity	16,000	
Sales		8,10,000
Postage and Telephone	16,000	
Cash at bank	2,000	
Travelling and Conveyance	14,000	
Salaries	68,000	
Discount Allowed	12,000	
Creditors		1,10,000
Bad Debts	2,000	
Provisions for Bad Debts		4,000
Debtors	128,000	
Bills Payable		60,000
Commission received		16,000
Total	11,80,000	11,80,000

Adjustments:

1. Closing stock on 31st March 2022 was Raw Material Rs. 40,000, Work in Progress Rs. 20,000, and Finished Goods Rs. 60,000.
2. Outstanding Postage and Telephone were Rs. 2,000.
3. Depreciation was to be provided on Furniture at 5% and Machinery at 10%.
4. Reserve for bad doubtful debts is 10% on debtors.
5. Debtors include Rs. 10,000 due from Mr. Raj. An amount of Rs. 6,000 is also due to him which is included in creditors, which needs to be adjusted.

Q.3 A Following figures are extracted from the books of Nandini Ltd. Prepare 20
 Departmental Trading and Profit & Loss Account in columnar form and General
 Profit & Loss Account for the year ended 31st March 2022:

Balance Sheet as on 31 st March 2022			
Particulars	Dept. A	Dept. B	Dept. C

	Rs.	Rs.	Rs.
Purchases	4,00,000	6,00,000	16,00,000
Return Outwards	40,000	20,000	60,000
Sales	12,20,000	24,40,000	36,60,000
Return Inwards	20,000	40,000	60,000
Wages	80,000	1,20,000	1,60,000
Stock on 01/04/2021	1,00,000	1,40,000	20,000
Stock on 31/03/2022	1,60,000	1,00,000	80,000

Particulars	Amount
Goods transferred from Department A to:	
Department B	20,000
Department C	40,000
Goods transferred from Department B to:	
Department A	10,000
Department C	20,000
Goods transferred from Department C to:	
Department A	14,000
Department B	18,000

1. Telephone Charges Rs. 6,000; Insurance Charges Rs. 12,000 and Office Expenses Rs. 18,000 are to be allocated equally to all departments.
2. Rent Rs. 48,000 to be divided in ratio of area which is 1:1:2.
3. Discount allowed Rs. 36,000 and Bad Debts Rs. 30,000 to be divided in the ratio of Net Sales.
4. Legal Expenses were Rs. 48,000.

OR

- Q.3 B M/s Rupesh purchased a Laptop on hire purchase basis from Kohinoor Ltd. On 20 1st January, 2020. They paid Rs. 5,000 on signing the contract and agreed to pay three yearly installments excluding interest as follows.

On 31.12.2020 Rs. 15,000

On 31.12.2021 Rs. 15,000

On 31.12.2022 Rs. 15,000

The cash price of Laptop was Rs. 50,000. Kohinoor Ltd. charged interest at 10% p.a. Depreciation @20% p.a. on Reducing Balance Method is charged on Laptop.

Prepare Laptop Account, Kohinoor Ltd. Account and Interest Account in the books of M/s Rupesh for the years 2020, 2021 and 2022 using Full Cash Price Method.

- Q.4 A Following is the information related to purchases and sales of goods made by 20 Vijayraj Enterprise in the month of March, 2022. Find out from the given information:

1. Value of closing stock using FIFO and Weighted Average Cost Method
2. Cost of Goods Sold

Date	Particulars	Unit	Rupees
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09-03-2022	Sales	1,000	750
21-03-2022	Sales	2,000	800
31-03-2022	Sales	3,000	850
13-03-2022	Purchases	2,400	550
16-03-2022	Purchases	2,000	600
24-03-2022	Purchases	3,000	700

Opening Stock on 1st March, 2022 was 1,600 units @ 500 per unit.

OR

Q.4 B State whether the following expenditure and receipts are capital or revenue. 20

Give reasons for your answers.

1. A furniture costing Rs. 3, 00,000 was sold for Rs. 3, 15,000.
2. Premium of Rs. 1, 35,000 was received on issue of 8% Preference Shares.
3. Spent Rs. 60,000 for white washing of Factory building.
4. Legal expenses of Rs. 4,000 paid to defend a suit for breach of contract to supply goods.
5. Office salaries paid in advance for 2 years Rs. 10,000.
6. Sold old car for Rs. 2, 50,000.
7. Cost of improving seating capacity of cinema hall Rs. 7, 00,000.
8. Carriage paid for bringing new machinery Rs. 25,000.
9. Sold old Machinery for Rs. 3, 50,000.
10. Wages Paid Rs.5,000 for erection of Machinery.

Q.5 A Explain Basis of allocation of common expense in departmental accounting. 10

Q.5 B Explain the main features of AS-1. 10

OR

Q.5 C **Short Notes (Any Four) (each 5 marks)** 20

1. Accounting for Hire Purchase Agreement.
2. Revenue Expenditure
3. Revenue Recognition AS-9
4. Advantages of Weighted Average Cost method of Stock Valuation
5. Cost of Production
6. Trading Account