

MMS (Semester-I)
Financial Accounting

Time: 2 ½ Hours

Maximum Marks: 75

Please check whether you have got the right question paper

Note: **Q.1** is compulsory and contains 20 marks

Q.8 is compulsory and contains 15 marks

Attempt any four questions from **Q.2 to Q.7** and within each questions attempt any two sub questions.

Figures to the right indicates full marks

Q.1 Fill in the blanks choosing the correct alternatives (20 marks)

- i. Recording of transactions and events as and when they occur and classifying them into suitable Account heading relates to
a) book keeping b) Cost Accounting c) Financial Accounting
d) Management Accounting
- ii. External user of Accounting information may involve
a) Board of Directors b) Sales managers c) Customers
d) Purchase Manager
- iii. The global recognised set of standard for the preparation of financial statement by business entity used in multiple countries is termed as
a) IFRS b) ICAI c) ASB d) IAS
- iv. Depreciation arises due to
a) Fall in demand for that asset b) fall in money value
c) Physical wear and tear d) fall in market price
- v. Goodwill is
a) intangible asset b) tangible asset
c) current asset d) current liability
- vi. Heavy advertising expenses to launch a product is
a) Deferred revenue expenditure b) capital expenditure
c) revenue expenditure d) capital receipt
- vii. The set of rules and conduct as per which the companies are managed and controlled
a) Auditing b) Financial Accounting
c) Corporate Governance d) corporate restructuring
- viii. Ethics means
a) character b) Error
c) internal control d) liabilities
- ix. Cost Accounting is an important system developed for
a) Creditors b) Debtors
c) Management d) Shareholders

- x. Audit fees is
 - a) office overheads
 - b) factory overheads
 - c) selling and distribution overheads
 - d) Direct expense
- xi. The cost which is over and above the normal cost and is not treated as part of the cost of production
 - a) Normal cost
 - b) Avoidable cost
 - c) Abnormal cost
 - d) Unavoidable cost
- xii. Direct labour is
 - a) variable cost
 - b) Semi-variable cost
 - c) Fixed cost
 - d) Total cost
- xiii. Accounting standard 3(AS3) deals with
 - a) Disclosure of Accounting Policies
 - b) valuation of inventory
 - c) Cash flow statements
 - d) Accounting for investments.
- xiv. Re-order point is the technique of
 - a) inventory control
 - b) fund flow
 - c) Balance sheet audit
 - d) labour variances
- xv. A loss or reduction on account of new invention is
 - a) depletion
 - b) efflux of time
 - c) obsolescence
 - d) natural wear and tear
- xvi. Preliminary expenses paid is
 - a) deferred revenue expenditure
 - b) capital expenditure
 - c) revenue expenditure
 - d) capital receipt
- xvii. Unrecorded sales is added to Sales and added to
 - a) bad debts
 - b) creditors
 - c) debtors
 - d) investment
- xviii. The difference between Current liabilities and Bank overdraft is
 - a) Quick liabilities
 - b) long term liabilities
 - c) Gross profit
 - d) Capital
- xix. Preliminary expenses is
 - a) Current Assets
 - b) Fixed Assets
 - c) Fictitious Assets
 - d) Intangible Assets
- xx. Snapshot of the company's financial position at a moment is
 - a) Profit & Loss A/c
 - b) Balance sheet
 - c) Trading Account
 - d) Trial Balance

Q.2 Attempt any two from the following (10 marks)

- a) What are the objectives of Accounting?
- b) What are the essential functions of corporate governance
- c) Opening stock-Rs.1,20, 000.Sales-Rs.15,00, 000.Gross profit ratio i.e. Gross profit/Sales is 40%. Wages –Rs.1,80,000, factory rent –Rs.2,00,000 and purchases –Rs.7,00, 000.Prepare Trading Account and calculate Closing stock and Gross profit

Q.3. Attempt any two from the following (10 marks)

- Write a note on Periodic inventory method
- Explain creative Accounting.
- Journalise the following

1	Introduced capital in cash Rs.20,000
2	Bad debts written off Rs.1,500
3	Credit sales Rs.25,000 to X Enterprises
4	Discount received Rs.2,200
5	Goodwill written off Rs.9,000

Q.4 Attempt any two from the following (10 marks)

- Differentiate between Errors and Frauds with examples
- Explain Direct Material and Indirect Material with examples
- Write Capital or Revenue

1	Paid transport charges for purchase of machinery for production Rs.5,500
2	Paid for white wash of Factory Building Rs.7,000
3	Sold a machinery for Rs.20,000
4	Paid Rs.30,000 for advertising our product for coming 10 years
5	Received rent Rs.2,000

Q.5 Attempt any two from the following (10 marks)

- Explain Abnormal cost and Avoidable cost with examples
- Distinguish between Cash Flow and Fund flow
- Calculate the value of closing stock using FIFO method

Sr.No	Date	Particulars	Units	Amount (Rs.) per unit
1	1.3.2023	Opening stock	3,500	15
2	12.3.2023	Purchase	2,000	16
3	18.3.2023	Sales	4,200	-
4	23.3.2023	Purchase	2,500	17
5	28.3.2023	Sales	3,000	-

Q.6 Attempt any two from the following (10 marks)

- Explain the importance of Financial Statements
- What is the purpose of adopting IFRS?
- Calculate the EOQ from the following information

Consumption per month = 30 units

Ordering cost =Rs.10 per order

Carrying cost= Rs.2 per unit per annum

Q.7 Attempt any two from the following (10 marks)

- Explain the advantages of ABC Analysis
- Write the difference between depreciation, depletion and amortization
- Weekly minimum and maximum consumption of Khushee & Co is 100 units and 240 units respectively. The re-order quantity as fixed by the company is 700 units. The materials are received within 4 to 6 weeks from the date of issue of supply order.

Calculate

- Maximum level
- Minimum level
- Re-order level

Q.8 Attempt any three from the following (15 marks)

- Explain the different types of errors.
- Explain the objectives of Cost Accounting.
- Ananya Enterprises is a FMCG business. It presents you the following details for the year ended 31st March 2023. Opening inventory – Rs.1,60,000, closing inventory –Rs.2,40,000, purchases during the year is -Rs.8,80,000, sales during the year –Rs.12,00,000. Calculate Inventory turnover ratio and number of days that the inventory is held.
- From the following information prepare Trial Balance

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Commission received	40,000	Opening inventory	1,20,000
Sales	5,00,000	Machinery	1,30,000
Creditors	1,50,000	Purchases	2,40,000
Goodwill	60,000	Cash balance	1,10,000
Reserve for doubtful debts	10,000	Wages	40,000

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