

SET II
FYBCOM SEM I

ACCOUNTANCY & FINANCIAL MANAGEMENT

DURATION : 3 HOURS

MARKS : 100

NOTE : - ALL QUESTIONS ARE COMPULSORY CARRYING 20 MARKS EACH.

Q.No. 1. (A) Fill in the blanks choosing the correct alternative. (Any 10)

(10)

1. According to AS 1, Disclosure of Accounting Policies should form part of

- a. The Final Accounts
- b. The Auditor's Report
- c. The Directors Report
- d. The Books of Accounts

2. The areas where in different accounting policies can be adopted are

- a. Providing Depreciation
- b. Valuation of Inventories
- c. Valuation of Investments
- d. All of the above.

3. Which of the following is not part of inventory?

- a. Finished Goods
- b. Raw Materials
- c. Spare Parts of Machinery
- d. Work in Progress

4. Inventories should be generally valued at lower of cost or

- a. Fair Market Value
- b. Replacement Value
- c. Present Value
- d. Net Realisable Value

5. Ascertain the realizable value of inventory of K Ltd., from the following figures. Estimated Selling price Rs. 20,00,000, Cost of Completion Rs. 3,00,000, Selling Cost Rs. 2,00,000 and Administrative overheads RS. 4,00,000.

- a. Rs. 25,00,000
- b. Rs. 15,00,000
- c. RS. 17,00,000
- d. Rs. 11,00,000

6. AS 9 does not deal with revenue arising from

- a. Construction contracts
- b. Sale of goods
- b. Service Contracts
- d. Interest

7. Interest revenue should be recognized on
- Cash basis
 - time proportion basis
 - the first day loan is given
 - on the day loan is repaid
8. When closing stock of current year is undervalued then
- Current year's profit is overstated
 - Current year's profit is understated
 - there is no effect on current year's profit
 - the opening stock must also be overvalued to the same extent
9. Under this method, it is assumed that the goods sold are the first units that were purchased.
- FIFO
 - LIFO
 - Specific Identification
 - Weighted average
10. Expenditure on training activities treated as
- expenses when incurred
 - intangible assets
 - deferred revenue expenditure
 - capital expenditure
11. Which one of these is capital expenditure?
- Purchase of a goods
 - Cost of repair
 - Wages paid for installation of machinery
 - Rent of a factory.
12. Lighting is allocated on the basis of _____ of each department.
- No. of points
 - No. of employees
 - Floor area
 - Wages

Q. No. 1. (B) State whether the following statements are True or False. (Any 10) (10)

- There is a need to disclose change in accounting policies.
- Fixed Assets are not held for sale in the normal course of business.
- Wages paid for erection of new machinery are debited to machinery account.
- Bad debts are credited to sundry debtors account.
- Carriage outward should be allocated among the departments in the ratio of sales.

6. Closing stock is always valued at cost price or market price, whichever is less.
7. Purchase of second hand asset need not be recorded in books of accounts.
8. Closing stock should always be valued at market value irrespective of cost.
9. Reserve for doubtful debts should be credited to Debtors Account.
10. Manufacturing account is a type of personal account.
11. Weighted Average Method of stock valuation is not accepted under AS 2.
12. Hire Purchase Price is equal to Cash Price.

Q. NO. 2 (A) From the following Trial Balance of Suyog Enterprises, Prepare Manufacturing A/c, Trading A/c, Profit & Loss A/c for the year ended 31st December, 2022 and Balance Sheet as on that date.

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
Drawings	30,000	Capital	5,00,000
Manger's Salary	6,000	Sundry Creditors	1,00,000
Cash in Hand	2,000	Loan	80,000
Cash at Bank	35,000	Reserve for Bad debts	6,000
Sundry Debtors	95,000	Purchase Returns	7,000
Patents	4,000	Sales	2,64,000
Plant & Machinery	1,00,000		
Land & Buildings	2,00,000		
Extension to Buildings	20,000		
Legal charges for acquisition of Building	5,000		
Purchases of Raw Materials	1,00,000		
Raw Material (1.01.2022)	40,000		
Work in Progress (1.01.2022)	75,000		
Finished Goods (1.01.2022)	95,000		
Carriage In	8,000		
Wages and Salaries	90,000		
Factory Expenses	8,000		
Factory Rent & Rates	10,000		
Office Expenses	5,000		
Printing & Stationery	10,000		
Discount	6,000		
Advertisement	5,000		
Bad debts	4,000		
Goodwill	4,000		
TOTAL	9,57,000	TOTAL	9,57,000

1. On 31.12.2022 stock were valued as : Raw Material Rs. 50,000, Work in Progress Rs. 80,000 and Finished Goods Rs. 1,00,000.
2. Outstanding expenses – Advertisement Rs. 500 and Printing Rs. 300
3. Stock of stationery on hand Rs. 1,000 on 31.12.2022.
4. Depreciation – Plant & Machinery @10% and Patents at 20%
5. Manger is entitled for a commission of 5% on Net Profit before charging his commission.
6. Increase reserve for bad debts by Rs. 3,000.
7. Interest on Loan of Rs. 1,000 is still unpaid.

OR

Q. 2 (B) From the given Trial Balance of Mr. Lakhamichand is as below. Prepare Manufacturing, Trading and Profit and Loss Account for the year ended 31st December, 2021 **(20)**

Particulars	Amount	Particulars	Amount
Cash in hand	1,000	Capital Account	41,860
Machinery	30,000	Sales	1,38,780
Drawings	2,500	RDD	560
Factory, Power & Fuel	450	Sundry Creditors	8,800
Office salaries	6,225		
Carriage outwards	500		
Manufacturing Wages	9,300		
Furniture & Fixture	3,400		
Opening Stock			
- Finished Goods	4,000		
- Work in Progress	7,250		
- Raw Materials	2,800		
Carriage Inwards	1,000		
Rent (factory $\frac{3}{4}$)	4,000		
Sundry debtors	21,600		
Advertisement	775		
Printing & Stationery	1,200		
Factory Insurance	1,280		
Purchases of Raw Materials	82,950		
Balance at Bank	8,530		
Miscellaneous Expenses	610		
	630		
TOTAL	1,90,000		1,90,000

Adjustments :

1. Closing stock - Raw materials is Rs. 750; Finished goods RS. 6,500 and WIP Rs. 4,750.
2. A motor car purchased on 1.10.2021 for RS. 10,000 has been included in purchases.
3. Depreciate Machinery at 15% p.a., Motor Car at 20% p.a., Furniture & Fixtures at 15% p.a.

4. Provision for R.D.D. should be maintained at 10% of the debtors.
5. Provision for unrealized rent in respect of portion of the office sub-let at RS. 120 p.m. from 1.10.2021 has to be made.

Q. NO. 3 (A) Stock of material on 1.03.2022 was 1000 units at Rs. 10 per unit. The following purchases and issues were made during the month of March 2022. **(20)**

Purchases

2.03.2022	2,000 Units at Rs. 11 per unit.
3.03.2022	3,000 Units at Rs. 12 per unit.
11.03.2022	4,000 Units at Rs. 13 per unit
21.03.2022	5,000 units at RS. 14 per unit.

Issues :

5.03.2022	5,400 units
15.03.2022	2,600 units.
31.03.2022	5,000 units.

You are required to Prepare stock ledger account under FIFO and Weighted Average Cost Method.

OR

Q. No. 3 (B) Mr. A purchased a machine from Mr. B on 1.01.2020. Details regarding the contract were as under : **(20)**

1. Cash price of the machine Rs. 22,000.
2. Amount paid on signing the contract Rs. 7,000.
3. Yearly installments paid on December 31st First installment Rs. 6,500, Second installment Rs. 6,000, Last installment Rs. 5,500.
4. Depreciation is to be charged at 10% p.a. on written down value.
5. Rate of interest payable 10% p.a.

You are required to :

1. To prepare Machine A/c in the books of A and
2. Journalise the transactions in the books of B.

Q. 4 (A) From the following Trial Balance, prepare Departmental Trading and Profit and Loss Account for the year ended 31st December, 2021 and Balance Sheet as on that date. **(20)**

Particulars	Amounts	Particulars	Amounts
Stock 1.01.2021 Dept. A	5,400	Sales - Dept A	16,900
Dept. B	4,900	Dept. B	13,520
Purchases Dept A	9,800	Discount Received	133
Dept B	7,350	Sundry Creditors	3,737
Wages Dept A	1,340	Capital	9,530

Dept B	240		
Rent	1870		
Salaries	1320		
Lighting & Heating	420		
Discount allowed	441		
Advertising	738		
Carriage inward	469		
Furniture & fittings	500		
Plant & Machinery	4,200		
Sundry Debtors	1,820		
Drawings	1,000		
Cash in hand	32		
Cash at Bank	1,980		
	<u>43,820</u>		<u>43,820</u>

The following information is also provided :

1. Rent, lighting and heating, salaries and depreciation are to be apportioned to A & B Departments as 2:1.
2. Other expenses and incomes are to be apportioned to A & B Departments on suitable basis.
3. The following adjustments are to be made Rent prepaid Rs. 370, Lighting & Heating outstanding Rs. 180 and depreciation on furniture and fittings and plant & machinery 10% p.a.
4. The stock as on 31st December, 2021 Department A Rs. 2,748 and Department B Rs. 2,401.

OR

Q. No. 4 (B) State whether the following expenditure is Capital and Revenue Expenditure or income with reasons : **(10)**

1. Amount spent on uniform of workers
2. White washing of the factory of building.
3. Wages paid for construction of the building extension.
4. Import duty on raw material purchased.
5. Expenditure incurred for repairing cinema screen.

Q. 4 (C) Purchases and Sales of a certain product during March 2020 are set out below : **(10)**

Purchases :	March 1	100 Units	@ Rs. 10.00
	March 12	100 Units	@ Rs. 9.80
	March 15	50 Units	@ RS. 9.60
	March 20	100 Units	@ RS. 9.40
Sales :	March 10	80 Units.	
	March 14	100 Units	

March 31

90 Units.

There was no opening inventories. **Calculate the closing stock on the basis of WAM.**

Q.No. 5. (A) Difference between Capital Receipt & Revenue Receipt.

(10)

Q. NO. 5 (B) Explain in brief - Accounting Standard - 1?

(10)

OR

Q. 5 (C) Write Short Notes (Any 4)

(20)

1. AS 2
2. Deferred Revenue Expenditure
3. Stock Reserve
4. Departmental Account
5. Weighted Average Method of Stock Valuation
6. Full Cash Price Method.