

SET I
FYBCOM SEM I

ACCOUNTANCY & FINANCIAL MANAGEMENT

DURATION : 3 HOURS

MARKS : 100

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

Q. 1. (A) Fill in the blanks choosing the correct alternative. (Any 10) (10)

1. Accounting Standard 2 deals with _____.
 - a. Disclosure of Accounting Policies
 - b. Revenue Recognition
 - c. Inventory Valuation
 - d. Depreciation
2. The initial amount payable at the time of signing of the agreement in Hire Purchase transaction is _____.
 - a. Hire Purchase Price
 - b. Down Payment
 - c. Cash Price
 - d. Selling Price
3. The Manufacturing Account is prepared to find out _____.
 - a. Gross Profit
 - b. Cost of Production
 - c. Net Profit
 - d. Net Loss
4. In _____ method of Stock Valuation, items received first are issued first, so that the latest purchased items are left in stock.
 - a. Weighted Average
 - b. FIFO
 - c. Simple Average
 - d. LIFO
5. In Departmental Accounts, Office rent is allocated on the basis of _____ of each department.
 - a. Sales Turnover
 - b. Area Occupied
 - c. Purchases
 - d. Light Points
6. Wages paid for installation of new machinery is a _____.
 - a. Capital Expenditure
 - b. Capital Receipt
 - c. Revenue Expenditure
 - d. Revenue Receipt
7. As per the rules, stock is to be valued at Cost or Net Realisable Value whichever is _____.

- a. Higher
b. Lower
c. Available
d. Maximum
8. For a Book Manufacturing Company, Book is a _____.
a. Raw Material
b. Work in Progress
c. Finished Goods
d. All of the above.
9. The person who sells goods on Hire Purchase Basis, is called a _____.
a. Hire Purchaser
b. Hire Vendor
c. Consignor
d. Consignee
10. _____ shows the financial position of the company at the end of the year.
a. Trading Account
b. Profit & Loss Account
c. Balance Sheet
9. Profit & Loss Appropriation Account
11. In case of a manufacturer, Sale of Scrap appears on the credit side of _____ Account.
a. Trading Account
b. Profit & Loss Account
c. Balance Sheet
d. Manufacturing Account
12. Under Credit Purchase Method of Hire Purchase System, Depreciation on Asset purchased is charged for the first year on _____.
a. Full Cash Price
b. Hire Purchase Price
c. Down Payment
d. Balance amount

Q. 1. (B) State whether the following statements are True or False. (Any 10) (10)

1. AS 1 deals with Disclosure of Accounting Policies.
2. For Valuation of stock under FIFO method, the cost of the latest items is compared with their Net Realisable Value.
3. As per AS 9, revenue from interest is recognized only when it is actually received.
4. Profit & Loss Account shows the financial position of a concern.
5. Expenditure that results in acquisition of a permanent asset is a capital expenditure.
6. Loss by fire in a department is charged to General Profit & Loss A/c in Departmental accounting.

7. Under Hire Purchase System, depreciation on asset is charged by the vendor until the payment of last installment.
8. Down Payment includes interest.
9. Freight inward is allocated on the basis of purchase of department.
10. Inventory is a current assets.
11. If the buyer fails to pay the installment, the seller has a right to repossess the asset sold under Hire Purchase System.
12. Under FIFO Method, the stock includes goods held for resale.

Q. 2 (A) From the given Trial Balance of Mohan, prepare Manufacturing, Trading and Profit & Loss Account for the year ended 31st December, 2022 and Balance Sheet as on that date. (20)

PARTICULARS	DEBIT (RS.)	CREDIT (RS.)
Opening Stock		
- Raw Material	12,000	--
- WIP	7,000	--
- Finished Goods	20,000	--
Purchase of Raw Material	97,000	--
Octroi on Raw Material	11,000	--
Direct Wages	57,000	--
Factory Rent	7,000	--
Other Direct Expenses	12,000	--
Indirect Wages	8,000	--
Machinery	60,000	--
Cash at Bank	12,000	--
Sales	--	3,10,000
Administrative Expenses	31,000	--
Selling Expenses	13,000	--
Creditors	--	25,000
Interest	7,000	--
Discount allowed	4,000	--
Bad debts	1,000	--
Provision for Bad Debts	--	3,000
Sundry Debtors	50,000	--
Drawings	21,000	--
Capital	--	85,000
Bills Payable	--	7,000
TOTAL	4,30,000	4,30,000

Adjustments :

1. Closing stock was Raw Materials Rs. 8,000, Finished Goods Rs. 10,000 and WIP Rs. 4,000
2. Outstanding direct wages at the end were Rs. 3,000.
3. Other direct expenses were prepaid to the extent of Rs. 1,000.
4. Depreciate Machinery @ 10% p.a.
5. Maintain provision for bad debts @ 5% of sundry debtors.

OR

Q. 2.(B) From the following Trial Balance of Shivam as on 31st December, 2022, you are required to prepare Manufacturing A/c, Trading and Profit & Loss A/c for the year ended 31st December, 2022 and Balance Sheet as on that date after making necessary adjustments. (20)

PARTICULARS	DEBIT	PARTICULARS	CREDIT
Opening stock		Capital	1,00,000
- Raw Material	3,500	Sundry Creditors	10,000
- WIP	7,500	Sales	1,20,000
- Finished Goods	4,000	Return Outward	1,000
Purchases of Raw Material	82,000	Old R.D.D.	400
Return Inwards	2,000	Discount	400
Sundry Debtors	20,600	Bad debts recovery	1,200
Furniture & Fixtures	5,000		
Power & Fuel	200		
Carriage Outward	500		
Office Rent & Taxes	4,600		
Printing & Stationery	800		
Factory Expenses	400		
Postage	800		
Insurance Charges	700		
Salaries to Staff	21,300		
Cash & Bank Balance	26,700		
Drawings	16,000		
Wages	11,400		
Plant & Machinery	25,000		
TOTAL	2,33,000	TOTAL	2,33,000

Adjustments :

1. Stock as on 31st December, 2022, Raw Material Rs. 2,000, Work in Progress RS. 8,000 and Finished Goods Rs. 4,600
2. Prepaid Insurance Rs. 300.
3. Provide Depreciation on Furniture & Fixtures at 5% and on Plant & Machinery at 20% p.a.
4. Write off Bad debts Rs. 600 and maintain Reserve for doubtful debts at 5% on Sundry debtors.
5. Goods distributed as free samples worth Rs. 4,000 in order to increase the sales.

Q. 3 (A) From the following particulars, prepare Stock register by FIFO as well as Weighted Average Method and find out closing stock. (20)

DATE	TRANSACTION	UNITS	RATER PER UNIT
1.1.2021	Opening Stock	14,000	3.50
3.01.2021	Purchases	24,000	3.80
7.01.2021	Sales	26,000	4.20
11.01.2021	Purchases	30,000	3.90
15.01.2021	Sales	34,000	4.30
19.01.2021	Purchases	32,000	4.05
23.01.2021	Sales	27,000	4.40
27.01.2021	Purchases	37,000	4.10
31.01.2021	Sales	31,200	4.55

OR

Q. 3 (B) On 1st January, 2020 Sushil purchased a LED TV from Vinay Sales on Hire Purchase System. The terms of contract were as under : (20)

1. The cash price of the TV was RS. 1,30,000.
2. Rs. 40,000 was to be paid on signing of the contract.
3. The balance was to be paid in annual installments of Rs. 30,000 each plus interest.
4. Interest chargeable on the outstanding balance was 6% p.a.
5. Depreciation @ 10% is to be written off on WDV method.

You are required to prepare in the books of Sushil the following :

1. Statement showing calculation of interest.
2. LED TV Account
3. Depreciation Account
4. Vinay Sales Account

Q. 4 (A) From the following balances prepare Departmental Trading and Profit & Loss Account for the year ended 31.12.2021. (20)

PARTICULARS	DEPT X	DEPT Y	TOTAL
Opening Stock	15,000	14,000	29,000
Purchases	35,000	30,000	65,000
Sales	60,000	50,000	1,10,000
Wages	6,000	4,000	10,000
Salaries	--	--	9,390
Lighting & Heating	--	--	3,100
Discount allowed	--	--	2,200
Discount Received	--	--	650
Advertising	--	--	3,680

Carriage Inward	--	--	2,340
Furniture & Fittings	--	--	5,000
Rent, Rates, taxes & Insurance	--	--	2,100

The following information is also provided :

1. Internal transfer of goods from Department X to Department Y Rs. 2,000.
2. The items Rent, Rates and Insurance, Lighting & Heating, Salaries and Carriage Inward to be apportioned 2/3 to Department X and 1/3 to Department Y.
3. Advertising to be apportioned equally.
4. Discount allowed and discount received are apportioned on the basis of Departmental Sales and Purchases.
5. Depreciation at 10% p.a. on furniture and fittings to be charged $\frac{3}{4}$ to department X and $\frac{1}{4}$ to Department Y.
6. Stock as on 31st December 2021 : Department X Rs. 17,000 and Department Y Rs. 15,000.

OR

Q.4 (B) On 1st January, 2015 Jaihind Ltd. purchased a machine from Shanti Ltd. on hire purchase system. The cash price of the machine was Rs. 75,000. Jaihind Ltd. paid Rs. 10,000 on signing the agreement and agreed to pay balance in 5 installments of RS. 15,000 each payable annually on 31st December. Shanti Ltd. charged 5% interest p.a. on yearly balances. Jaihind Ltd. decided to provide depreciation @ 10 p.a. on reducing balance method.

Calculate interest and depreciation for 5 years. (10)

Q.4 (C) From the following transactions extracted from the books of accounts of X Ltd. as on 31st May 2023 work out the value of closing stock under Weighted Average Method. (10)

May 1 - Opening stock 300 Units @ Rs. 9.70
May 3 - Purchases 250 units @ Rs. 9.80
May 11 - Issue 400 Units
May 15 - Purchases 300 Units @ Rs. 10.05
May 20 - Issue 210 Units
May 25 - Purchases 150 Units @ Rs. 10.30
May 26 - Issue 100 Units

Q. 5 (A) Explain in brief – FIFO & Weighted Average Method. (10)

Q. 5 (B) Explain in brief – Accounting Standard 9 Revenue Recognition. (10)

OR

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

(20)

- a. AS 1 – Disclosure of Accounting Policies
- b. Capital Receipt
- c. Stock Reserve
- d. Accounting for Hire Purchase transaction
- e. Basis of allocating common expenses among departments
- f. FIFO method of Stock Valuation.