

# FYBIM sem I Medical Exam Jan-2020

CLASS: FYBIM SEM-I SUB. - INTRO. TO ACCOUNTANCY - I

A.Y. 2019-20

All questions are compulsory.

20/01/20

2 Hours 30 Mins

Figures on right indicate full marks.

75 Marks

Use of simple calculator is allowed.



Q1. A) Fill in the blanks: (Any 8)

(08 Marks)

1. The purpose of AS-1 is to establish standard as to \_\_\_\_\_.
  - i) The preparation of financial statements
  - ii) Fundamental accounting assumptions
  - iii) Desirable accounting policies
  - iv) Disclosure of accounting policies
2. GAAP are included in \_\_\_\_\_.
  - i) Accounting standard
  - ii) Accounting rules
  - iii) Guidance notes
  - iv) Framework of accounting
3. Valuation of inventories is governed by \_\_\_\_\_.
  - i) Companies Act
  - ii) Income Tax Act
  - iii) AS-2
  - iv) AS-6
4. Inventory covers \_\_\_\_\_.
  - i) WIP in construction work
  - ii) Biological assets
  - iii) WIP in service organization
  - iv) None of above
5. Revenue from free sample is recognized when
  - i) Goods are distributed free of cost
  - ii) Goods are used by the buyer
  - iii) None of the above
  - iv) Revenue not recognised
6. Revenue means
  - i) Sales
  - ii) Income
  - iii) Gains
  - iv) Gross inflow of benefits from ordinary activities
7. Livestock is
  - i) Current asset
  - ii) Fixed asset
  - iii) Fictitious asset
  - iv) Intangible asset
8. Buyer of goods under Hire Purchase is called as a
  - i) Hirer
  - ii) Buyer
  - iii) Customer

- iv) None of the above
9. Purchase of a machinery without making full payment immediately is called as
- Cash Purchase
  - On line purchase
  - Hire purchase
  - None of the above
10. Wages and salaries appear in
- Trading Account
  - Profit & Loss Account
  - Balance Sheet
  - None of the above

Q1. B) State whether the following statements are true or false: (Any 7) (07 Marks)

- There is a need to disclose accounting policies.
- No purpose is served by issuing accounting standards by ICAI.
- Inventories include machinery.
- Initial payment on signing the hire purchase agreement is called down payment.
- AS 9 is mandatory.
- Dividend is recognised as income when it is declared.
- Cheaper items are not purchased on hire purchase.
- Hire purchase price is higher than cash price.
- Balance Sheet is a sheet of expenses and losses.
- Prepaid expense is a liability.

Q2. A) State which of the following expenses are capital, revenue and deferred revenue. Explain with the reasons: (15 Marks)

- A second hand typewriter was purchased for Rs. 900 and spent Rs. 400 for bringing into working condition.
- The factory spent Rs. 1,00,000 on heavy advertisement campaign to introduce a new product in the market.
- Cost of dismantling a plant from a particular locality and reinstalling the same in another locality.
- Cost of transporting newly purchased furniture.
- Amount spent by a factory in overhauling its plant, which has enhanced the life of the plant by five years.
- Travelling expenses for a trip abroad for purchase of capital goods.
- Amount spent on replacement of defective parts of an old plant.
- Cost of goodwill purchased.

OR

Q2. B) From the following trail balance and the additional information, prepare the Manufacturing A/c, Trading and Profit & Loss A/c and the Balance Sheet as on 31<sup>st</sup> Dec 2014. (15 Marks)

Debit Balances	Rs.	Credit Balances	Rs.
Stock (at 1.1.2017)		Creditors	1,50,000
Raw Materials	2,10,000	Bills payable	75,000
Work-in-progress	95,000	Sale of scrap	25,000
Finished goods	1,15,000	Commission	4,500



Debtors	2,44,000	Provision for doubtful debts	16,500
Carriage on purchase	15,000	Capital account	10,00,000
Bills receivable	1,50,000	Sales	16,70,000
Wages	1,30,000	Current account of Mr. Bing	10,000
Salaries	1,00,000		
Telephone, postage etc.	10,000		
Repairs to plant	11,000		
Repairs to office furniture	3,500		
Purchases	8,00,000		
Cash at bank	1,20,000		
Plant & machinery	7,00,000		
Office furniture	1,10,000		
Rent	50,000		
Lighting	72,000		
General expenses	15,700		
	29,51,200		29,51,200

The following additional information is available:

- Stocks as on 31<sup>st</sup> December 2014 were:  
Raw Material Rs. 1,62,000; Finished Goods Rs. 1,70,000; Semi-finished Goods Rs. 70,000.
- Salaries and wages outstanding for Dec.2014 Rs. 8,000 and Rs. 12,000 respectively.
- Machinery is to be depreciated by 10% & Office furniture by 10%
- Provision for doubtful debt should be maintained at the rate of 1% of sales.
- Office premises occupy 1/3<sup>rd</sup> of the total area.
- Lighting has to be charged as 3/4<sup>th</sup> to factory and 1/4<sup>th</sup> to office.

Q3. A) On 1<sup>st</sup> Jan., 2016; M/s Billy & Co. Ltd. took delivery from Plain Vans Ltd. of 5 Motor Vans on hire Purchase system. Rs. 2,000 being paid on delivery and the balance in 5 instalments of Rs. 3,000 each payable annually on 31<sup>st</sup> Dec. The vendor company charges 5% interest per annum. The cash value of motor van was Rs. 15,000. (08 Marks)

Calculate interest and depreciation in the books of M/s Billy & Co. Ltd. for 5 years under:

- Credit purchase with Interest Method and
- Provide depreciation @ 20% on the diminishing balances.

Q3. B) Ganesh purchased a car on hire-purchase system from Premier Ltd. on 1<sup>st</sup> Jan. 2013; for Rs. 1,30,000. He paid Rs. 10,000 on signing the contract and thereafter half yearly instalments of Rs. 30,000 each on 30<sup>th</sup> June and 31<sup>st</sup> Dec. every year, cash value of the car was Rs. 1,05,000. The Premier Ltd. charged interest at 20% per annum, with half yearly. (07 Marks)

Make analysis of payments calculating interest and closing balances of every year.

OR

Q3. C) Prepare Stores Ledger Account from the following transactions assuming that issues of stores have been made on the principle of FIFO. (15 Marks)

2015

January	2	Purchased	2000 units	at Rs. 4.00 per unit
January	20	Purchased	250 units	at Rs. 5.00 per unit
Feb.	5	Issued	1000 units	
Feb.	10	Purchased	3000 units	at Rs. 6.00 per unit
Feb.	12	Issued	2000 units	
Mar.	2	Issued	500 units	
Mar.	5	Issued	1000 units	
Mar.	15	Purchased	2250 units	at Rs. 5.50 unit
Mar.	20	Issued	1500 units	

Q4. A) The trail balance of Ms. Carol is as below.

Prepare final accounts for the year ended 31<sup>st</sup> December, 2014.

(15 Marks)

Debit balances	Rs.	Credit balances	Rs.
Opening stock:		Capital Account	41,860
Finished goods	4,000	Sales	1,38,780
WIP	7,250	PDD	560
Raw Material	2,800	Sundry creditors	8,800
Cash in hand	1,000		
Machinery	30,000		
Drawings	2,500		
Factory, power, fuel	450		
Office salaries	6,225		
Carriage outwards	500		
Manufacturing wages	9,300		
Furniture and fixtures	3,400		
Carriage inwards	1,000		
Rent (Factory $\frac{3}{4}$ )	4,000		
Debtors	21,600		
Advertisement	775		
Printing and Stationary	1,200		
Factory insurance	1,280		
Purchase of Raw Material	82,950		
Balance at bank	8,530		
Discount allowed	610		
Misc Expenses	630		



Adjustments:

1. Closing stock Finished goods Rs. 6,500; Raw Material Rs. 750; Work in progress – Rs. 4,750.
2. A Motor car purchased on 1<sup>st</sup> Oct. 2014 for Rs. 10,000 has been included in purchases.
3. Depreciate Machinery at 15% p.a.; Motor Car at 20% p.a.; Furniture at 15% p.a.
4. Provision for doubtful debt should be maintained at 10% of the debtors.
5. Provision for unrealised Rent in respect of portion of the office sub-let at Rs. 120 p.m. from 1<sup>st</sup> Oct., 2014 has to be made.

OR

Q4. B) The following is the trail balance of Mr. Tribbiani for the year ended 31<sup>st</sup> March 2015.  
(15 Marks)

Debit Balances	Rs.	Credit Balances	Rs.
Discounts	2,500	Sales	5,60,000
Carriage	22,600	Bank loan (since 1.10.2014)	1,15,600
Rent, Rates and Taxes	12,400	Capital A/c	2,53,000
Printing and Stationary	2,600	Creditors	73,800
Purchases of Raw Material	3,46,800	Provision for doubtful debts	2,600
Stock of Raw Material (1.4.2014)	1,24,400	Loan from Mr. Bing (1.10.2014)	30,000
Stock of Finished Goods (1.4.2014)	63,800		
Factory wages	59,700		
Plant and machinery	1,16,900		
Goodwill	25,000		
Bad debts	4,500		
Advertisement	9,600		
Misc Expenses	3,300		
Interest paid	6,300		
Furniture and fixtures	28,600		
Drawings A/c –Mr. Tribbiani	36,500		
Debtors	83,600		
Fuel and coal	11,200		
Income tax A/c	13,700		
Factory Power A/c	22,900		
Fire insurance	2,200		
Staff salaries	12,700		
Electricity (Factory)	2,300		
Cash in hand	5,600		
Cash at bank	12,300		

Adjustments:

1. Insurance was paid for the year ending 30<sup>th</sup> June, 2015.
2. Interest is payable at 14% p.a. on bank loan and 18% p.a. on loan from Prakash. Interest is neither paid nor provided on any other account.
3. Carriage includes Rs. 12,400 towards outward charges.

4. Stock as on 31<sup>st</sup> March 2015:  
Raw Material Rs. 46,900  
Finished Goods Rs. 1, 49,900
5. The following provisions are to be made:
- Depreciation at 15% of Plant & Machinery and Furniture and Fixtures. There have been no sales and purchases during the year.
  - 5% of the debts outstanding towards Bad & Doubtful Debts.
6. The following expenses are outstanding and payable :  
Salaries Rs 1,100; Rent Rs. 900; Electricity Rs. 200; Factory Power Rs. 2,100.
7. Goods costing Rs. 2,400 were given to public as free samples. No entries have been made in the book in this regards.

Q5. A) What are the objectives of accounting policies? (08 Marks)

Q5. B) What is inventory? What are the special features of AS 2? (07 Marks)

**OR**

Q5. C) Short notes: (Any 3) (15 Marks)

- Fundamental accounting assumptions
- Contents of hire purchase agreement
- Distinguish between hire purchase and instalment payment.
- Distinguish between outstanding expenses and prepaid expenses
- Object of preparation of Profit & Loss Account

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