

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

A.Y. 2019-20

All questions are compulsory.

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. Accounting policies are _____.
 - i) Prescribes by AS-1
 - ii) Same for all organization
 - iii) Change from concern to concern
 - iv) Laid down by law
2. Disclosure should form part of _____.
 - i) Directors report
 - ii) Auditor's report
 - iii) Final accounts
 - iv) Books of accounts
3. AS-2 defines inventories as _____.
 - i) Current assets
 - ii) Current liabilities
 - iii) Fixed assets
 - iv) Assets held for sale in the ordinary course of business
4. Under perpetual inventory system, inventory is valued _____.
 - i) Continuously
 - ii) Periodically
 - iii) Annually
 - iv) Quarterly
5. Trade discount should be
 - i) Deducted from revenue
 - ii) Added to revenue
 - iii) Ignored
 - iv) None of above
6. Revenue from Royalty is recognised on
 - i) Cash basis
 - ii) Accrual basis
 - iii) Signing the agreement
 - iv) None of above
7. Hire purchase instalment consists of
 - i) Cash price
 - ii) Interest
 - iii) Part payment of cash price plus interest
 - iv) All of the above
8. Buyer of goods under Hire purchase is called as a
 - i) Hirer

- ii) Buyer
 - iii) Customer
 - iv) None of the above
9. Goodwill is shown on
- i) Asset side of Balance Sheet
 - ii) Credit Side of Trading Account
 - iii) Credit Side of Profit and Loss A/c
 - iv) None of the above
10. Sales Return in Trial Balance is deducted from
- i) Purchases
 - ii) Sales
 - iii) Wages
 - iv) Salary

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

1. Compliance of accounting standards is optional.
2. Accounting policies are not same for all concerns.
3. AS 2 is not applicable to mineral oil.
4. Abnormal wastage of material should not be included in cost of inventories.
5. Revenue recognition is mandatory and applicable to all enterprises.
6. Interest is recognized on receipt basis.
7. Generally costly items are sold on hire purchase basis.
8. Hire purchase price is known as cash price.
9. Balance sheet is an account.
10. Prepaid expense is a liability.

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

1. Expenditure incurred on overhauling machinery.
2. Taxes paid.
3. Wages paid to the workers for erection of new machinery.
4. Cost of goodwill
5. Heavy expenditure incurred on advertisements.
6. Cost of construction of a building.
7. Machinery costing Rs. 10,000 sold for Rs. 12,000
8. Purchased machinery for Rs. 15,000.

OR

Q2. B) Following is the Trial Balance of Ms. Geller, a cloth merchant as at 31st Dec., 2014:

(15 Marks)

Debit Balances	Rs.	Credit Balances	Rs.
Drawings	36,000	Capital	3,00,000
Cash in hand	3,600	Loan (Taken on 1.7.2014) @ 18% p.a.	30,000
Cash at bank	43,050	Creditors	50,400

Q3. B) The Madras Transport Company purchased a lorry on instalment basis. On 1st Jan.2012; paying Rs. 20,000 cash and agreeing to pay 3 further instalments of Rs. 20,000 each on 31st Dec., each year. The cash price of the lorry was Rs. 74,500 and lorry company charges interest at 5% p.a. The Madras Transport Company charges depreciation at 10% p.a. on cash value of the lorry on diminishing balance method.

Prepare Lorry Account, Lorry Company's Account and interest Account in the books of Madras Transport Company. (15 Marks)

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

Prepare final accounts for the year ended 31st 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 1st 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 1st Oct., 2014 has to be made.

OR

Q4. 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 31st Dec 2014. (15 Marks)

Plant & Machinery	1,80,000	Sales	4,80,000
Furniture and fixture	18,000		
Insurance Charges	2,400		
Misc. Expenses	1,200		
Trade mark rights	60,000		
(10 years from 1.1.2014)			
Stock (1.1.2014)	81,000		
Interest on loan (1.7.2014)	1,350		
Salaries & wages	54,600		
Debtors	68,400		
Rent, rates & taxes	18,600		
Trade expenses	1,800		
Purchases	2,85,600		
Postage & telegrams	2,400		
Bad debts	1,600		
Charities and Donations	800		
	8,60,400		8,60,400

You are requested to prepare a Trading Account, Profit & Loss Account, for the year ended 31st December, 2014 and a Balance Sheet at that date after making the following adjustments:

1. Stock as on 31st Dec. 2014 valued at Rs. 76,400.
2. Depreciate Plant & Machinery at 10% and Furniture & Fixture at 5% p.a.
3. Invoices of the value of Rs.7,200 were recorded in the sales book on 27th Dec.,2014 but goods were not despatched until 5th Jan, 2015 and were included in the closing stock.
4. Of the Debtors, Rs.2,400 are bad and should be written off.
5. Create a reserve of 5% on Debtors for Bad and Doubtful Debts.

Q3. A) 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	

OR

PTO

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. Richard	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 31st 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 1/3rd of the total area.
- Lighting has to be charged as 3/4th to factory and 1/4th to office.

Q5.A) Distinguish between hire purchase and instalment payment. (08 Marks)

Q5.B) What is the meaning of accounting policies? What is AS – 1 Disclosure of Accounting Policies? (07Marks)

OR

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

- Responsibilities of A.S.B.
- Distinguish between accrued income and unaccrued income
- Manufacturing Account
- Features of Balance Sheet
- Difference between Fixed Assets and Current Assets
