

FYBIM sem I Reg & A.T.K.T. Exam Oct-2019.

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

A.Y. 2019-20

All questions are compulsory.

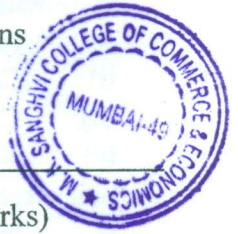
04/10/19.

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. AS 1 is _____.
 - i) Mandatory
 - ii) Optional
 - iii) Recommendatory
 - iv) No longer valid
2. Factor to be considered while selecting accounting policies _____.
 - i) Consistency
 - ii) Prudence
 - iii) Dual aspect
 - iv) Cost
3. As per AS-2, inventory covers,
 - i) Machinery spares
 - ii) WIP in case of service providers
 - iii) Materials or suppliers used in production
 - iv) Stock of mineral oil
4. Cost of inventory should include
 - i) Import duties
 - ii) Taxes
 - iii) Carriage
 - iv) All of above
5. The AS deals with Revenue Recognition is
 - i) AS-1
 - ii) AS-9
 - iii) AS-3
 - iv) AS-10
6. Revenue means
 - i) Sales
 - ii) Income
 - iii) Gains
 - iv) Gross inflow of benefits from ordinary activities
7. WIP indicates
 - i) Partly finished goods
 - ii) Partly finished repairs
 - iii) Partly constructed factory
 - iv) Raw material
8. Livestock is
 - i) Current asset
 - ii) Fixed asset
 - iii) Fictitious asset

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

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

- Accounting policies are laid down by law.
- Accrual is a fundamental accounting assumptions.
- Assets invented by proprietor are called as inventories.
- Main product is the target product of insignificant value.
- Royalty is recognised on receipt basis.
- AS 9 explains when the revenue should be recognised in Profit & Loss A/c.
- Hire Purchase price is the purchase price of full payment is made immediately.
- Down payment the table is payment made down the table.
- Hire purchase price is known as cash price
- Prepaid expense is a liability.

Q2. A) State with reasons whether the following are capital, revenue or deferred revenue expenses: (15 Marks)

- Payment for purchase of goods.
- Payment for purchase of stationary.
- Payment for purchase of a car.
- Payment for heavy inaugural expenses.
- Partial refund of capital to a partner.
- Payment of a loan taken earlier
- Payment of salaries.
- Wages for erection of machinery.

OR

Q2. B) Ms. Janice carries on a manufacturing business. The following transactions were extracted from her books as on 31st Dec., 2014. (15 Marks)

| | Rs. | | Rs. |
|-------------------|----------|-------------------------|-----------|
| Freehold premises | 1,65,000 | Transport outwards | 16,840 |
| Plant & Machinery | 1,96,620 | Sales | 11,26,400 |
| Motor vehicles | 29,960 | Selling expenses | 56,830 |
| Stock: 1.1.2014 | | Administrative expenses | 1,35,380 |
| Raw Materials | 1,65,300 | Debtors | 1,27,500 |
| Finished Goods | 72,910 | Balance at bank | 69,470 |
| Work in progress | 72,470 | Cash in hand | 1,090 |
| Wages | 2,80,790 | Drawings | 26,130 |



| | | | |
|---------------------------|----------|---------|----------|
| Purchases of Raw Material | 4,36,440 | Capital | 6,42,910 |
| Factory expenses | 20,500 | | |
| Creditors | 1,03,920 | | |

You are required to prepare Manufacturing A/c, Trading A/c, Profit & Loss A/c for the year ended 31st Dec., 2014 and Balance Sheet as on that date after taking into consideration the following information:

1. The valuation as on 31st Dec., 2014 were:
Raw Material Rs. 1,37,910; Finished Goods Rs. 53,580; Work in Progress Rs. 56,800.
2. Provision is to be made for the following liabilities :
Factory expenses Rs. 3,740; Selling Expenses Rs. 5,790; Administrative Expenses Rs. 2,100.
3. Prepaid transport expenses Rs. 500.
4. Provision for Doubtful Debts equivalent to 4% of the Debtors is to be created.
5. Plant & Machinery Rs. 27,380; Motor Vehicles Rs. 8,560.

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

2015

- July 1 Received 1000 units at Rs. 20 per unit
3 Received 350 units at Rs. 21 per unit
5 Issued 700 units
7 Issued 400 units
12 Received 550 units at Rs. 22 per unit
16 Issued 350 units
21 Received 100 units at Rs. 23 per unit
24 Issued 500 units
27 Received 200 units at Rs. 20 per unit
31 Issued 180 units

OR

Q3. B) Ram Ltd. purchased machinery from Bharat Ltd. on hire purchase system. Total cost of the machine was Rs. 15,00,000 payable 20% down and four annual instalment of Rs. 4,20,000; Rs. 3,90,000; Rs. 3,90,000; Rs. 3,60,000 and Rs. 3,30,000 at the end of the first, second, third and fourth year respectively.

Calculate interest included in each year's instalment assuming that sales were made at the beginning of the year. (08 Marks)

Q3. C) Miss Anita purchased a car on hire purchase system. The cash price is Rs. 15,000, payable Rs. 2000 down payment and 5 yearly instalment of Rs. 3,000 each. Interest is charged at 5 % per annum. (07Marks)

Q4. A) The trail balance of Miss Joy 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

PTO

Q4. B) The trail balance of Mr. Gunther as on 31st Dec., 2014 was as follows: (15 Marks)



| Debit balances | Rs. | Credit balances | Rs. |
|-----------------------------|----------|--------------------------------|----------|
| Stock (at 1.1.2014) | | Creditors | 17,000 |
| Raw Materials | 23,000 | Bills payable | 8,500 |
| Work in progress | 10,000 | Sale of scrap | 1,500 |
| Finished goods | 15,500 | Commission | 350 |
| Debtors | 27,000 | Provision for Doubtful Debts | 1,650 |
| Carriage on purchases | 1,500 | Capital Account | 1,00,000 |
| Bills receivable | 18,000 | Sales | 2,00,000 |
| Wages | 12,000 | Current Account of Mr. Gunther | 9,700 |
| Salaries | 10,000 | | |
| Telephone charges | 500 | | |
| Postage | 500 | | |
| Repairs on Plant | 1,200 | | |
| Repairs on Office Furniture | 600 | | |
| Purchases | 1,00,000 | | |
| Cash at bank | 12,000 | | |
| Plant & Machinery | 90,000 | | |
| Office furniture | 9,000 | | |
| Rent | 5,000 | | |
| Lighting | 1,300 | | |
| General expenses | 1,600 | | |
| | | | |
| | 3,38,700 | | 3,38,700 |

The following additional information is provided to you:

- Closing stock :
Raw material Rs. 15,800; finished Goods Rs.18,200; Semi-finished goods Rs. 7,000.
- Salaries unpaid for Dec. 2014, Rs. 1,000.
- Wages unpaid for Dec. 2014, Rs. 3,000.
- Machinery is to be depreciated by 10%.
- Office furniture is to be depreciated by 5%.
- Provision for Doubtful Debts is to be maintained at 10%.
- Lighting is to be divided between office premises and factory. Lighting is to be charged to office premises for Rs. 300 and remaining Rs. 1,000 are to be charged to factory.
- Factory premises occupy 1/4th of the total area.
You are requested to prepare the Manufacturing A/c, Trading A/c, Profit & Loss and the Balance Sheet relating to 2014.

Q5. A) What are the norms of revenue recognition for rendering services under special condition? (08Marks)

Q5.B) what are the areas where different accounting treatments can be adopted? (07Marks)

OR

Q5. C) Short notes: (Any 3)

(15 Marks)

- i) Applicability of AS 2
- ii) Transactions not covered by AS-9
- iii) Features of hire purchase
- iv) Distinguish between outstanding expenses and prepaid expenses
- v) Elements of production cost
