FYBCOM/SEM I/AFM – I/ EXTERNAL

Time: 3 hrs.   Marks:100

Note: 1. All questions are compulsory with internal options.
                 2. Figures to the right indicate full marks.
                 3. Working should form part of your answer.
                 4. Simple calculator is allowed.

Q. 1 (A) Fill in the blanks with the appropriate answer from the alternative given below. (attempt (10) any 10)

(1)   Accounting standard 9 (AS – 9) deals with _____.
    (a) Disclosure of accounting policies
    (b) Revenue recognition
    (c) Inventory valuation

(2) In a hire purchase transaction, initial amount paid at the time of signing the contract is called _____.
    (a) Hire purchase price
    (b) Down payment
    (c) Cash price

(3) In a manufacturing organisation, the Trading account is prepared to find out _____.
    (a) Gross profit
    (b) Cost of production
    (c) Net profit

(4) In Departmental accounts, discount allowed is allocated on the basis of _____ of each department.
    (a) Sales turnover
    (b) Area occupied
    (c) Purchase

(5) In _____ method of stock valuation, latest purchased items are left in stock.
    (a) Weighted average
    (b) FIFO
    (c) Simple average

(6)   Carriage inward paid on purchase of raw materials is a _____.
    (a) Capital expenditure
    (b) Capital receipt
    (c) Revenue expenditure

(7) Expenses incurred for repairs of a car already in use, is _____.
    (a) Revenue expenditure
    (b) Capital expenditure
    (c) Capital receipt

(8) For a furniture manufacturing company, wood is a _____.
    (a) raw material
    (b) work – in - progress
    (c) finished goods

(9) The hire vendor records the hire purchase transaction in his books as _____.
    (a) Sale of fixed asset
    (b) Sale of goods
    (c) Purchases

(10) In profit and loss account, the excess of credit side total amount over debit side total amount is _____.
    (a) Gross Profit
    (b) Net loss
    (c) Net profit

(11) In manufacturing organisation, depreciation on machinery will appear on the debit side of _____ account.
    (a) Trading
    (b) profit and loss
    (c) manufacturing

(12) In a hire purchase transaction, interest pad by purchaser is credited to _____.

    (a) Interest account
    (b) asset account
    © hire vendor account

Q.1. (B) State whether the following statements are True or False.(attempt any 10)   **(10)**
  (1) Capital expenditure is non – recurring in nature.
  (2) As – 1 disclosure of accounting policies is mandatory in nature.
  (3) Outstanding expenses are shown on the liability side of the balance sheet.
  (4) Inventories should be valued at cost or net realisable value whichever is higher.
  (5) Balance sheet shows the financial position of the business.
  (6) Revenue from sale of goods is recognised, when the seller has received the payment for the goods from the buyer.
  (7) In departmental accounting, each department is treated as a separate entity for the purpose of recording and reporting
  (8) Fixed assets acquired on hire purchase basis are recorded at hire purchase price.
  (9) Sale of scrap is debited to manufacturing account.
  (10) Selling price is not considered while preparing stores ledger.
  (11) Inventory includes assets purchased and held for resale.
  (12) The hire purchaser becomes the owner of the asset only after paying the final instalment.

Q.2. From the following Trial Balance as on 31" March 2017 of Mr. Rudra prepare(20) Manufacturing account, Trading Account and Profit and Loss account for the year ended 31" March, 2017 and Balance sheet as on that date.

<div align="center">Trial Balance as on 31" March 2017.</div>

Particulars	Dr. (₹)	Cr. (₹)
Capital		80,000
Drawings	10,000	
Opening stock - raw material	10,000	
Opening stock - Work in progress	9,000	
Opening stock - finished goods	17,000	
Purchase of raw material	108,000	
Freight on raw materials	6,000	
Direct Wages	44,000	
Factory rent	18,000	
Factory power and fuel	9,000	
Factory Supervisors salary	10,000	
Machinery	70,000	
Sales		345,000
Office Expenses	24,000	
Cash at Bank	5,000	
Selling and Distribution	20,000	
Interest	7,000	
Insurance Premium	10,000	
Creditors		18,000
Bad debts	1,000	
Provision for bad debts		2,000
Sundry Debtors	70,000	
Bills Payable		3,000
TOTAL	**448,000**	**448,000**

Following further information is provided to you:
1. Closing stock as on 31" March, 2017 was Raw material ₹10,000, work in progress ₹6,000, finished goods ₹15,000.
2. Depreciate machinery @ 10% p.a.
3. During the year finished goods destroyed by fire were ₹5,000. Insurance company admitted the claim ₹3,000.
4. Provide reserve for doubtful debts @ 5% on debtors.
5. Factory rent outstanding is ₹2,000.

<div align="center">(OR)</div>

Q.2 From the following particulars of Chaitanya Garments prepare Trading and Profit and Loss(20) account of two departments i.e., Garment & Cosmetics for the year nded 31ʰ March, 2018.

Particulars	Garment Dept. ₹	Cosmetic Dept. ₹	Total ₹
Opening stock	65,000	50,000	1,15,000
Purchases	2,40,000	1,60,000	4,00,000
Sales	3,20,000	2,80,000	6,00,000
Salaries	12,000	10,000	22,000
General Expenses			15,000
Rent & Rates			30,000
Carriage Inward			6,000
Carriage Outward			12,000
Discount allowed			9,000
Discount received			4,500
Travelling Expenses			15,000
Insurance charges			5,000

Additional Information:

1. General Expenses and Insurance are to be allocated equally.
2. Area occupied by Garment & Cosmetics department are in the ration of 4:1
3. Closing Stock of Garment Dept. is ₹1,20,000 and that of Cosmetic Dept. is ₹60,000.

Other Expenses and Income to be allocated between two departments on sustainable basis.

Q.3. M/s. Spandan transport purchased a bus on hire purchase basis froni M/s. Volvo Ltd. on 1ˢᵗ(20) January, 2015. The cash price of the bus was ₹30,00,000. An initial payment of ₹12,00,000 was made on the date of purchase. The balance was paid in 3 annual instalments excluding interest as
31.12.2015   ₹650,000
31.12.2016   ₹600,000
31.12.2017   ₹550,000
M/s. Volvo Ltd. Charged interest at 10% p.a. and M/s. Spandan Transport charged Depreciation @ 15% p.a. on written down value method. You are required to prepare Bus account and M/s. Volvo Ltd. a/c in the books of Spandan transport for 3 years ending 31.12.2015, 31.12.2016 and 31.12.2017.

(OR)

Q.3. From the following information of Omkar Brothers, prepare statement of valuation of stock by(20) weighted average method and FIFO method.

Transaction	Date	Units	Rate per unit (₹)
Opening stock	01-12-2019	3,000	20.00
Purchases	03-12-2019	6,000	21.00
	07-12-2019	5,500	23.00
	09-12-2019	4,300	22.00
	13-12-2019	5,400	24.00
Sales	02-12-2019	2,500	-
	05-12-2019	5,200	-
	08-12-2019	4,600	-
	10-12-2019	5,200	-
	15-12-2019	6,000	-

Q.4. From the following particulars, prepare stock register by FIFO as well as Weighted average(20) method and find out cost of goods sold by both methods.

Date	Transaction	Units	Rate per units (₹)
01-01-2016	Opening stock	14,000	3.50
03-01-2016	Purchases	24,000	3.80
07-01-2016	Sales	26,000	4.20
11-01-2016	Purchases	30,000	3.90
15-01-2016	Sales	34,000	4.30

19-01-2016	Purchases	32,000	4.05
23-01-2016	Sales	27,000	4.40
27-01-2016	Purchases	37,000	4.10
31-01-2016	Sales	31,200	4.55

(OR)

Q.4. State whether the following expenditure and receipts are capital or revenue. Give reasons (20) for your answers.

1) A machinery costing ₹2,00,000 was sold for 2,15,000.
2) Premium of ₹35,000 was received on issue of 6% Preference Shares.

3) Spent ₹30,000 for white washing of Factory building.

4) Legal expenses of ₹8000 paid to defend a suit for breach of contract to supply goods.

5) Wages of ₹20,000 paid for erection of machinery.

6) Office rent paid in advance for 2 years ₹10,000.

7) Goods costing ₹30,000 distributed free of cost amongst the workers.

8) Professional fees paid ₹ 3,000 to the lawyer for preparing documents for purchase of new office premises.

9) Paid 20,000 towards factory rent.

10) Received ₹1,00,000 from insurance company for damage of machinery in fire.

Q.5. (A) What are the provisions of revenue recognition as per As – 9?   (10)

(B) Explain the advantages of FIFO method   (10)

(OR)

Q.5. Short notes (attempt any 4)   (20)

(a) Distinguish between Capital receipts and revenue receipts.
(b) Weighted average method of stock valuation.
(c) Advantages of accounting standards
(d) Revenue expenditure
(e) Features of Hire purchase agreement
(f) Basis of allocating common expenses amongst departments.

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