

FYBCOM/SEM I/EXT/AFM

Time: 03 hrs.

Marks:100

- Note:**
1. All questions are compulsory with internal options.
 2. Figures to the right indicate full marks.
 3. Use of simple calculator is allowed.

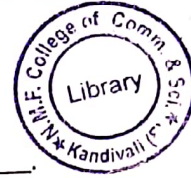
Q. 1 (A) State whether the following statements are true or false (Any 10) (10)

- (1) Inventories which are held for sale in the ordinary course of business are current assets.
- (2) AS-9 does not cover revenue arising from government grants and subsidies
- (3) It is not necessary to disclose the change in accounting policy.
- (4) Revenue expenses are non-recurring expenses.
- (5) The Manufacturing Account always shows a debit balance.
- (6) Departmental Accounts are necessary for evaluating departmental efficiency.
- (7) Disclosures under AS-1 need not form a part of final accounts.
- (8) Income received in advance is shown on the asset side of the balance sheet.
- (9) Hire Purchase Price is the total of cash price and interest.
- (10) Full cash Price Method is also known as Credit Purchase Method.
- (11) Amount paid as carriage inward is included in cost of inventory.
- (12) Under Hire Purchase System the seller is the owner of goods until the payment of last instalment.

(B) Fill in the blanks with appropriate given options and rewrite complete sentences (Any 10) (10)

- (1) Accounting standard 2 deals with ____
 - (a) Disclosure of Accounting Policies
 - (b) Revenue Recognition
 - (c) Inventory Valuation
- (2) The initial amount payable at the time of signing the agreement in Hire Purchase transaction is ____
 - (a) Hire Purchase Price
 - (b) Down Payment
 - (c) Cash Price
- (3) The Manufacturing Account is prepared to find out ____
 - (a) Gross Profit
 - (b) Cost of Production
 - (c) Net Profit
- (4) In Departmental Accounts, Office Rent is allocated on the basis of ____ of each department.
 - (a) Sales Turnover
 - (b) Area Occupied
 - (c) Purchases
- (5) 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
- (6) Wages paid for installation of new machinery is a ____.
 - (a) Capital Expenditure
 - (b) Capital Receipt
 - (c) Revenue Expenditure

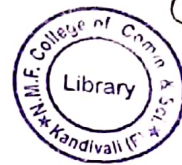
- (5)
- (7) As per the rules, stock is to be valued at Cost of Net Realisable Value whichever is _____
- (a) Higher
(b) Lower
(c) Available
- (8) For a book Manufacturing Company, Book is a _____.
- (a) Raw Material
(b) Work-in-progress
(c) Finished Goods
- (9) The person who sells goods on Hire Purchase Basis, is called a _____
- (a) Hire Purchase
(b) Hire Vendor
(c) Consignor
- (10) _____ shows the financial position of the company at the end of the year.
- (a) Trading Account
(b) Profit and Loss Account
(c) Balance Sheet
- (11) In case of a manufacturer, Sale of Scrap appears on the credit side of _____ Account
- (a) Trading
(b) Profit and Loss Account
(c) Manufacturing
- (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



- Q.2 (A) From the following trail balance of Aditya, prepare Manufacturing Account, Trading Account, Profit and Loss Account for the year ended 31st March, 2016 and Balance Sheet as on that date (20)

Trial Balance as on 31st December 2016

Particulars	Dr. Rs.	Cr. Rs.
Opening Stock – Raw Materials	12000	
Opening Stock – Work in Progress	7000	
Opening Stock – Finished Goods	20000	
Purchase of Raw Materials	105000	
Carriage inward o raw materials	4000	
Direct Wages	56000	
Factory Rent	8000	
Factory Power and Fuel	11000	
Machinery	80000	
Sales		325000
Office Expenses	50000	
Cash at Bank	11000	
Creditors		21000
Bad Debts	1000	
Provisions for Bad Debts		2000
Sundry Debtors	53000	
Capital		82000
Drawings	12000	
TOTAL	430000	430000



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Following further information is provided to you:

- a. Closing stock as on 31st March, 2016 is Raw Material Rs.15000/-, Work in Progress Rs.8000, Finished Goods Rs.25000/-
- b. Depreciate Machinery @ 10% p.a
- c. During the year, finished goods worth Rs.5000/- were distributed as free samples but were not recorded.
- d. Provide Reserve for Doubtful Debts @ 5% on Debtors

OR

Q.2 (B) State with reasons whether the following expenses or incomes are Capital or Revenue. (20)

- 1. A dealer in timber acquired wood worth Rs.300000 and made furniture out of it as a total cost of Rs.3,75,000/- and sold it to a customer for Rs.4,50,000/-
- 2. A plant worth Rs.7,00,000/- is bought by proprietor for business activities.
- 3. Incurred Rs.1,00,000/- on research of a new product, which did not materialise.
- 4. Repairs to the roof of the building Rs.1,00,000/- for protection against rains.
- 5. Carriage and freight paid for bringing machinery Rs.12,000/- to be used in factory.
- 6. Payment of legal fees to advocate for preparation of Purchase Agreement of Land and Building Rs.20,000/-.
- 7. Wages paid to workers Rs.10,500/- for erection of new machinery in own plant.
- 8. Paid tax consultancy fees Rs.40000 to CA Deshpande for the year ended 31st March, 2018
- 9. Cost of improving seating capacity of cinema hall Rs.7,00,000/-
- 10. A manufacturer purchased raw materials of Rs.1,50,000/- and produced goods worth Rs.3,00,000/- and sold 50% of the same for Rs.2,00,000/- to M/s Raj Traders.

Q.3 (A) The following particulars have been extracted in respect of Raw Materials of Ultra Chemicals. Find the value of closing stock as on 30th June, 2016 on the basis of (I) First in First Out Method and (II) Weighted Average Method. (20)

Receipts:		
1-1-2016	Opening Stock	100 units at Rs.35/- per unit
3-2-2016	Purchased	400 units at Rs.40/- per unit
13-4-2016	Purchased	900 units at Rs.45/- per unit
23-6-2016	Purchased	600 units at Rs.50/- per unit.
Issue:		
5-3-2016	Issued	400 units
15-5-2016	Issued	600 units
30-6-2016	Issued	600 units

OR

(B) Mrs. Lal Prasad purchased a car on Hire Purchase Basis from Maruti Ltd. On 1st January, 2013. He paid Rs.1,50,000/- on signing the contract and agreed to pay 3 instalments of Cash Price excluding interest as follows:

- On 31-12-2013 Rs.1,50,000/-
- On 31-12-2014 Rs.1,65,000/-
- On 31-12-2015 Rs.1,85,000/-

The cash price of the car was Rs.6,50,000. Interest is charged at 10% p.a. by Maruti Ltd. On outstanding amount. Depreciation @ 20% p.a. on WDV is charged on the car. Prepare Car Account and Maruti Ltd. Account in the books of Mr. Lal Prasad for the years 2013,2014 and 2015.



- Q.4 A Samrat Enterprises is a Departmental Store having three departments A, B and C. The information about Three departments for the year ended 31st March, 2017 is given below: (20)

Particulars	Dept A	Dept B	Dept C
Opening Stock	72,000	48,000	40,000
Purchases	2,64,000	1,76,000	88,000
Sales	3,60,000	2,70,000	1,80,000
Closing Stock	90,000	35,000	42,000
Floor Space Occupied (sq.ft)	3,000	2,500	2,000
No. of employees	25	20	15

Balance of other revenue items and their basis of allocation is as follows:

Particulars	Rs.	Basis
Carriage Inward	6,000	Purchases
Carriage Outward	4,500	Sales
Salaries	81,000	No. of employees
Advertisement	5,400	Sales
Discount Allowed	2,250	Sales
Discount Received	1,800	Purchases
Rent, Rates and Taxes	7,500	Floor Space occupied
Depreciation on Furniture	1,500	Equal

Prepare Departmental Trading and Profit and Loss Account for the year ended 31st March, 2017

OR

- (B) From the following Trial Balance of Mr. Gangadhar, prepare Manufacturing Account, Trading Account, Profit and Loss Account for the year ended 31st March 2016 and Balance Sheet as on that date. (20)

Trial Balance of Mr. Gangadhar as on 31st March, 2016

Particulars	Dr. (Rs.)	Cr. (Rs.)
Capital Account		100000
Opening Stock – Raw Materials	24000	
Opening Stock – Work in Progress	4000	
Opening Stock – Finished Goods	31000	
Purchase of Raw Materials	250000	
Direct Wages	36000	
Factory Rent	8000	
Machinery	100000	
Sales		435000
Cash at Bank	6000	
Travelling and Conveyance	20000	
Salaries	24000	
Discount Allowed	7000	
Sundry Creditors		90000
Sundry Debtors	40000	
Vehicles	75000	
TOTAL	625000	625000

Following further information is provided to you:



- a. Closing stock as on 31st March, 2016 : Raw Material Rs. 25000, Work in Progress Rs.8000/-, Finished Goods Rs.35000/-
- b. Depreciate Machinery @ 10% p.a and vehicles @ 10% pa
- c. Provide Reserve for doubtful Debts @ 5% on Debtors.
- d. During the year, Raw Materials worth Rs.5000/- purchased on credit basis were not recorded in the books.

Q.5 A Answer the following (20)

- (a) What are the provisions of Revenue Recognition as per AS-9?
- (b) Explain the Provisions of Disclosure of Accounting Policies as per AS-1?

OR

B Write short notes on (any four) of the following? (20)

- (a) Manufacturing Account
- (b) FIFO Method of Inventory Valuation
- (c) Main Features of AS-2?
- (d) Distinguish between capital expenditure and revenue expenditure
- (e) Fundamental Accounting Assumptions
- (f) Importance of Departmental Accounts

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