

Accountancy & Fin. Management
Paper I

(3 Hours)

(Marks: 100)

- N.B.:
1. Strictly avoid resorting to any unfair means during the examination & abide by all the rules and relating thereto.
 2. Figures in bracket to the right indicate full marks allotted to the question.
 3. Working notes should form part of your answers.
 4. All six questions are compulsory, although, there are internal options in case of Questions 2 to 6.
 5. Use of simple calculator is allowed.

Q.1A Fill in the blanks with the appropriate given options and rewrite complete sentences. (Any 10)

(10)

1. Accounting Standard 2 deals with _____
(Disclosure of Accounting Policies/Revenue Recognition/Inventory Valuation)
2. The initial amount payable at the time of signing the agreement in Hire Purchase transaction is _____. (Hire Purchase Price/Down Payment/Cash Price)
3. The Manufacturing Account is prepared to find out _____.
(Gross Profit/Cost of Production/Net Profit)
4. In Departmental Accounts, Office Rent is allocated on the basis _____
of each department. (Sales Turnover/Area Occupied/Purchases)
5. In _____ Method of Stock Valuation, items received first are issued first, so that the latest purchased items are left in stock. (Weighted Average / FIFO /Simple Average)
6. Wages paid for installation of new machinery is a _____.
(Capital Expenditure/ Capital Receipt/ Revenue Expenditure)
7. As per the rules, Stock is to be valued at Cost or Net Realizable Value whichever is _____. (Higher/Lower/Available)
8. For a Book Manufacturing Company, Book is a _____.
(Raw Material/Work-in-Progress/Finished Goods)
9. The person who sells goods on Hire Purchase Basis, is called a _____. (Hire Purchaser/Hire Vendor/Consignor)
10. _____ shows the financial position of the company at the end of the year. (Trading Account/Profit & Loss Account/Balance Sheet)
11. In case of a manufacturer, Sale of Scrap appears on the credit side of _____ Account. (Trading /Profit & Loss / Manufacturing)
12. Under Credit Purchase Method of Hire Purchase System, Depreciation on Asset purchased is charged for the first year on _____. (Full Cash Price/Hire Purchase Price/Down Payment)

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Q.1B State whether the following statements are TRUE or FALSE after rewriting the same. (Attempt 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 installment.

Q.2 From the following Trial Balance of Mr. Aditya, prepare Manufacturing Account, Trading Account, Profit and Loss Account for the year ended 31st March, 2016 and Balance Sheet as on that date. (15)

Trial Balance of Mr. Aditya as on 31st March 2016 :-

Particulars	Dr. (Rs.)	Cr. (Rs.)
Opening Stock - Raw Materials	12,000	
Opening stock - Work in Progress	7,000	
Opening Stock - Finished Goods	20,000	
Purchase of Raw Materials	1,05,000	
Carriage Inward on Raw Materials	4,000	
Direct Wages	56,000	
Factory Rent	8,000	
Factory Power and Fuel	11,000	
Machinery	80,000	
Sales		3,25,000
Office Expenses	50,000	
Cash at Bank	11,000	
Creditors		21,000
Bad Debts	1,000	
Provisions for Bad Debts		2,000
Sundry Debtors	53,000	
Capital		82,000
Drawings	12,000	
Total	4,30,000	4,30,000

Following further information is provided to you :

1. Closing stock as on 31st March, 2016 is:

Raw Material Rs 15,000, Work-in-progress Rs 8,000, Finished goods Rs 25,000.

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2. Depreciate Machinery @10% p.a.
3. During the year, finished goods worth Rs. 5,000 were distributed as free samples but were not recorded.
4. Provide Reserve for Doubtful Debts @ 5% on debtors.

OR

Q.2 From the following Trial Balance of Mr. Gangadhar, prepare Manufacturing (15)
Account, Trading Account, Profit and Loss Account for the year ended 31st March,
2016 and Balance Sheet as on that date :-

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

Particulars	Dr. (Rs.)	Cr. (Rs.)
Capital Account		1,00,000
Opening Stock - Raw Materials	24,000	
Opening stock - Work in Progress	4,000	
Opening Stock - Finished Goods	31,000	
Purchase of Raw Materials	2,50,000	
Direct Wages	36,000	
Factory Rent	8,000	
Machinery	1,00,000	
Sales		4,35,000
Cash at Bank	6,000	
Travelling & conveyance	20,000	
Salaries	24,000	
Discount Allowed	7,000	
Sundry Creditors		90,000
Sundry Debtors	40,000	
Vehicles	75,000	
Total	6,25,000	6,25,000

Following further information is provided to you :

1. Closing Stock as on 31st March, 2016:
Raw Material Rs.25,000, Work-in-Progress Rs.8,000, Finished Goods Rs.35,000.
2. Depreciate Machinery @10%p.a. and Vehicles @10% p.a.
3. Provide Reserve for Doubtful Debts @ 5% on Debtors.
4. During the year, Raw Materials worth Rs. 5,000 purchased on credit basis were not recorded in the books.

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- Q.3 From the following information relating to M/s Akbarallys Departmental Stores, prepare Departmental Trading and Profit and Loss Account and General Profit and Loss Account, for the year ended 31st March, 2016 (15)

Particulars	Dept. X Rs.	Dept. Y Rs.	Dept. Z Rs.
Opening Stock	34,000	45,000	63,000
Purchases	4,75,000	2,95,000	2,75,000
Sales	7,50,000	5,70,000	5,25,000
Salaries	75,800	87,900	65,300
Closing stock	40,500	31,500	50,400

Common Income & Expenses:

Rent Rs. 15,000, Electricity Rs. 25,000, Printing and Stationery Rs. 5,800, Discount Allowed Rs. 15,000, Discount Received Rs. 18,000, General Expenses Rs. 10,000

Additional Information:

Area occupied by the three departments are 900, 600 and 300 Sq. Ft, respectively.

Allocate Electricity and Printing & Stationery in the Ratio of Gross Sales of the respective departments.

Allocate the other expenses on appropriate basis, to the extent possible.

OR

- Q.3 From the following information relating to M/s. Apna Bazaar Departmental Stores, prepare Departmental Trading and Profit and Loss Account and General Profit and Loss Account for the year ending 31st December 2015 (15)

Particulars	Dept. A Rs.	Dept B Rs.	
Opening Stock	12,000	15,000	
Purchases	1,05,000	1,20,000	
Sales	1,35,000	1,80,000	
Wages	6,000	8,850	
Following are the other Common Expenses/Incomes:			Total (Rs.)
Salaries			18,300
Rent & Rates			9,000
Carriage Inward			2,250
Carriage Outward			4,200
Discount allowed			2,100
Discount Received			1,500
Advertisement Expenses			6,300
Audit Fees			600
Legal Expenses			1,200

Additional Information:

- (1) Salaries are to be allocated equally.
- (2) The area occupied is in the ratio of 1:2 between the two departments respectively.
- (3) Closing Stock: Department A Rs. 30,000, Department B Rs. 37,500.
- (4) The remaining common expenses /income to be allocated on appropriate basis to the extent possible.

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- Q.4** 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. (15)

Receipts:-

01-1-2016	Opening Stock	100 units at Rs. 35 per unit
03-2-2016	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

Issues :-

05-3-2016	Issued	400 units
15-5-2016	Issued	600 units
30-6-2016	Issued	600 units

OR

- Q.4** Find out the value of Closing Stock of M/s Mayur Ltd. using (A) FIFO Method (15) (B) Weighted Average Method from the following details of Material 'X' as on 31st January, 2016.

Date	Particulars	Unit	@ Rs.
2016			
Jan., 05	Opening Stock	700	25
Jan., 06	Issues	400	-
Jan., 09	Purchases	900	35
Jan., 11	Issues	600	-
Jan., 16	Purchases	200	40
Jan., 21	Purchases	900	45
Jan., 31	Issues	500	-

- Q.5** Mr. 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 installments of Cash Price excluding interest as follows:- (15)

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 W.D.V. 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.

OR

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Q.5 State whether the following expenditure or receipts are capital or revenue. Give (15) reasons for your answers.

- CE 1. Purchased a plot of land for Rs. 25,00,000 and paid Rs. 1,00,000 fees for registration and allotment.
- CR 2. Received Rs. 3,00,000 on Issue of 15% Debentures.
- RE 3. Interest of Rs. 8,000 paid on Bank Overdraft.
- RE 4. Paid Rs. 6,000 as Excise duty on goods manufactured.
- CE 5. A petrol engine of a passenger bus was replaced by a diesel engine, Rs. 70,000.
- RE 6. Paid Rs. 1,00,000 as fees for renewal of license for factory.
- RR 7. Received Rs. 2,000 as dividend on shares.

Q.6 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

Q.6 Write short notes on Any Four of the following: (20)

1. Manufacturing Account.
2. FIFO Method of Inventory Valuation.
3. Main Features of AS-2.
4. Stock Reserve.
5. Fundamental Accounting Assumptions.
6. Importance of Departmental Accounts.

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