

Lt Brany

C1A1123

F4B10m Sem 1 - NOV/DEC 2022

Reg.
Arm

Total Marks: 100

Time: 3 Hours

- N.B:
- 1) All questions are compulsory
 - 2) Figures to the right indicate maximum marks.
 - 3) Working should form part of the main answer.
 - 4) Use of simple calculator is allowed.

Q.1) A) Choose the correct option and rewrite the statements (Any Ten) : (10)

1. The _____ asset is an intangible asset.
(a) Freehold Land (b) Mines
(c) Goodwill (d) Motor Vehicles
2. Prepaid Insurance appearing in the trial balance should be shown on _____.
(a) Credit side of Trading account (b) Dedit side of Trading account
(c) Liability side (d) Assets side
3. Staff welfare expenses are allocated among different departments on the basis of _____.
(a) Sales (b) Purchase
(c) Number of employees (d) Floor space area
4. Advertising is allocated among different departments on the basis of _____.
(a) Sales (b) Purchase
(c) Number of employees (d) Floor space area
5. Under the Hire purchase system, the buyer becomes the owner of goods immediately after _____.
(a) receipt of goods (b) payment of 1st instalment
(c) signing the agreement (d) payment of last instalment
6. Prepaid insurance account is _____.
(a) real account (b) nominal account
(c) personal account (d) impersonal account
7. Carriage paid on purchase of machinery is _____.
(a) capital expenditure (b) revenue expenditure
(c) deferred revenue expenditure (d) trading expenditure
8. The system in which fluctuations in prices are averaged out _____.
(a) Weighted Average Method (b) LIFO Method
(c) FIFO Method (d) FIFO & LIFO Method
9. As per AS-1 the effect of any change in accounting policy on the value of any item in the final accounts should _____.
(a) be reported to directors (b) be disclosed
(c) be reported to CEO (d) be ignored
10. Custom duty paid on purchase of raw materials _____.
(a) capital expenditure (b) revenue expenditure
(c) deferred revenue expenditure (d) trading expenditure
11. Items of expenses not connected with any departments are _____.
(a) charged to departments on the basis of total sales (b) charged to departments on the basis of fixed assets employed
(c) charged to the General Profit and Loss account (d) charged to the Balance sheet
12. Revenue from dividend is recognised when _____.
(a) dividend received (b) right to receive dividends is established
(c) amount is credited to bank account (d) dividend warrant is dispatched by the company

Q.1) B) State whether the following statement are True or False (Any 10) (10)

1. Manufacturing A/c gives us cost of production.
2. Installation expenses of new machinery is debited to Machinery account.
3. Cash price does not include interest.
4. Depreciation is charged on cash price in hire purchase system.
5. Interest is treated as hire charge in hire purchase system.
6. Cost of purchase does not include duties and taxes.
7. Deferred Revenue Expenditure is current year's revenue expenditure to be paid in the previous year.

8. When the fixed assets are revalued, they are not to be shown as revalued price in financial statements.
9. Gross margin is excess of sales over cost of goods sold.
10. Payment of honorarium is treated as a capital expenditure.
11. Advance incomes are the current liabilities of the business.
12. Perpetual inventory system makes available stock at the end of the year only.

Q.2) A) Vinayak's Trial Balance as on 31st March 2023 is as follows:

(20)

Particulars	Dr. Amt.	Cr. Amt.
Opening Stock -		
- Raw Materials	2,50,000	
- Work -in-progress	80,000	
- Finished Goods	2,20,000	
Purchases	2,15,000	
Buildings	1,50,000	
Plant & Machinery	3,60,000	
Furniture	40,000	
Trade Mark	30,000	
Wages	83,000	
Factory Taxes	4,000	
Motive Power	9,000	
Factory Insurance	5,000	
Salary to Office Staff	11,000	
Office Rent	10,500	
Carriage Inward	2,500	
Printing and stationery	5,200	
Bank Charges	2,500	
Travelling Expenses	10,000	
Discount	3,300	
Sales Return	11,000	
Advertisement	5,500	
Sales		7,80,000
Capital		8,50,000
Sundry Creditors		52,000
Sundry Debtors	82,500	
Discount		2,500
Miscellaneous Expenses	5,500	
Bills Payable		34,000
Bills Receivable	16,000	
Corporation Bank	98,000	
Cash on hand	9,000	
	17,18,500	17,18,500

Adjustments:

- 1) Closing Stock: Raw Material – Rs.85,000/-, Work in Progress – Rs.30,000/-and Finished Goods – Rs.2,05,000/-
- 2) Factory taxes prepaid Rs.2,000/-
- 3) Depreciation: Furniture – 10%, Plant & Machinery – 15%, Trade Mark – 20% and Building – 5%

Prepare Manufacturing, Trading A/c, Profit & Loss A/c and Balance Sheet for the year ended 31-03-2023.

OR

Q.2) B) From the following Trial Balance of Shivaay as on 31st March 2023, you are required to prepare Manufacturing, Trading A/c, Profit & Loss A/c and Balance Sheet for the year ended 31-03-2023.

(20)

Particulars	Dr. Amt.	Particulars	Cr. Amt.
Opening Stock:		Capital of Shivaay	1,00,000
- Raw Material	3,500	Sundry Creditors	10,000
- Work in progress	7,500	Sales	1,20,000
- Finished Goods	4,000	Return Outward	1,000

Purchase of Raw Materials	82,000	Old R.D.D	400
Return Inwards	2,000	Discount	400
Sundry Debtors	20,600	Bad Debts Recovery	1,200
Furniture & Fixtures	5,000		
Power & Fuel	200		
Carriage Outward	500		
Office Rent and Taxes	4,600		
Printing & Stationery	800		
Factory Expenses	400		

Postage	800		
Insurance Charges	700		
Salaries to Staff	21,300		
Cash and Bank Balance	26,700		
Drawings	16,000		
Wages	11,400		
Plant & Machinery	25,000		
	2,33,000		2,33,000

Adjustments:

- Stock as on 31st March 2023: Raw Material – Rs.2,000/-, Work in progress – Rs.8,000/- and Finished Goods – Rs.4,600/-
- Prepaid Insurance Rs.300/-
- Provide Depreciation on Furniture and fixture at 5% and on Plant and Machinery at 20% p.a.
- Write off Bad Debts Rs.600 and maintain Reserve for doubtful debts at 5% on sundry debtors.
- Goods distributed as free samples worth Rs.4,000 in order to increase the sales.

Q.3) A) From the following particulars, prepare stock records by FIFO and Weighted Average Method. (20)

Date	Transactions	Units	Rate
01-01-2023	Opening stock	14,000	3.50
03-01-2023	Purchase	24,000	3.80
07-01-2023	Sales	26,000	4.20
11-01-2023	Purchase	30,000	3.90
15-01-2023	Sales	34,000	4.30
19-01-2023	Purchase	32,000	4.05
23-01-2023	Sales	27,000	4.40
27-01-2023	Purchase	37,000	4.10
31-01-2023	Sales	31,200	4.55

OR

Q.3) B) From the following information relating to M/s. Akbar Department stores, prepare Departmental Trading and Profit & Loss A/c and General Profit & Loss A/c for the year ended 31st March, 2023: (20)

Particulars	Dept. X (Rs.)	Dept. Y (Rs.)	Dept. Z (Rs.)
Opening Stock	34,000	45,000	63,000
Purchase	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 and Expenses:

Rent-Rs.15,000, Electricity-Rs.25,000, Printing & 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 and Stationery in the ratio of Gross Sales of the respective departments. Allocate the other expenses on appropriate basis, to the extent possible.

Q.4) A) M/s Presto Plast Company purchased machinery from M/s Kabra Ltd. on Hire Purchase System on 1st April 2013. The cash price of the machine was 10,00,000. An initial payment of Rs.2,50,000 was made on the date of purchase. The balance was paid in 3 annual instalments including interest @8% p.a. as follows: **(20)**

31-03-2014 – Rs.3,10,000

31-03-2015 – Rs.2,90,000

31-03-2016 – Rs.2,70,000

M/s Presto Plast Company charged depreciation @ 10% p.a. on written down value method. You are required to prepare Machinery Account and M/s Kabra Ltd. A/c in the books of M/s Presto Plast Company for 3 years ending 31-3-2014, 31-3-2015 and 31-3-2016.

OR

Q.4) B) Mr. Murugan purchased a Machinery from Rallys Ltd. on hire purchase system on 1st April, 2014. The cash price of the machine was ₹ 9,00,000. An initial payment of ₹ 3,00,000 was made on the date of purchase. The balance was paid in three annual instalments of 2,00,000 plus interest @15% p.a. on outstanding principal amount. Depreciation is charged @ 10% p.a. on written down which is value. Mr. Murugan closes its books on 31st March every year. You are requested to draw Machinery Account, Rallys Ltd. Account and Interest Account in the books of Mr. Murugan for the year, 2014-15, 2015-16 and 2016-17 using Full Cash Price Method. (20)

Q.5) A) State, with reasons, whether you would consider the following as capital expenditure or revenue expenditure (10)

- (1) Amount spent on uniform of workers.
- (2) White-washing of the factory of building.
- (3) Cost of stores consumed in manufacturing machinery for installation in own factory.
- (4) Wages paid for construction of the building extension.
- (5) Import duty on raw material purchased.

B) Distinguish Between : Revenue Receipt & Capital Receipts (10)

OR

Q.5) C) Write Short Notes (Any 4) (20)

- a) Features of Hire Purchase Agreement
- b) Advantages of Weighted Average method of stock valuation
- c) Trading A/c & Profit & loss A/c
- d) Main features of AS-9 Revenue Recognition
- e) Fundamental Accounting Assumption as per AS-1
- f) Inter-Departmental Transfer