

BIA1122

Duration: 2 and ½ hour

75 Marks

Note: 1. All questions are compulsory

2. Figures to the right indicate full marks.

## Q1. (A) Multiple Choice Questions (Any Eight)

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1. \_\_\_\_\_ concept is a basic idea that business is separate from the owner.  
(Dual aspect, Materiality, Entity, Going concern)
2. Accounting standard 2 deals with \_\_\_\_\_. (Valuation of inventories, Income recognition, Depreciation, Disclosure of accounts)
3. In hire purchase system, the title of the goods remains with the \_\_\_\_\_ till the last instalment. (Vendor, Purchaser, Bank, Customer)
4. Under \_\_\_\_\_ the earliest purchases are issued for production.  
(LIFO, FIFO, Weighted average method, Joint method)
5. A person is considered as insolvent when his liabilities are \_\_\_\_\_ then his assets.  
(More, Less, Equal, too less)
6. Money value or reputation of business is known as \_\_\_\_\_. (Goodwill, Copyright, Trademark, Logo)
7. Office furniture account is \_\_\_\_\_ account. (Personal, Real, Nominal, Liability)
8. Hire purchase comprises of hire purchaser and \_\_\_\_\_. (Vendor, Lawyer, Customer, Investor)
9. For Sugar Mill, sugar cane is a \_\_\_\_\_. (Raw material, Work in progress, Partially completed, finish goods)
10. Rent account is \_\_\_\_\_ account. (Personal, Real, Nominal, Liability)

## (B) State the following statement whether True or False (Any Seven)

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1. Deferred revenue expenditure defers more than a year.
2. Accounting standard 9 deals with revenue recognition.
3. In FIFO method stock is valued at oldest rate.
4. RBI is the official body in India that issues, accounting standards from time to time.
5. Wages account is a nominal account.
6. Prepaid expenses are shown in liability side of balance sheet.
7. Depreciation means gradual and permanent fall in value of fixed asset.
8. Bank account is a personal account.
9. AS 1 deal with depreciation.
10. Debit balance of Profit and Loss Account is a real asset.

**Q2 Journalize the following transaction in the books of Raman Ltd.**

1. Mr. Raman commenced business with cash Rs 1,00,000.
2. Opened an account with the State bank of India by depositing a cash Rs.11,000.
3. Purchased a goods for cash Rs.1,500.
4. Purchased machinery for cash Rs. 30,000.
5. Purchased goods on credit from M/s Chandu Brothers Rs.3,000.
6. Withdrawn cash for personal use Rs.1,000.
7. Received cash on account from Mr. Raj Rs. 1,800.
8. Paid Rent Rs. 500.
9. Paid cash to M/s Chandu brothers Rs.1,500.
10. Commission received from Mr. Rajesh Rs. 2,500.
11. Goods sent to M/s Raj for Rs.2,000.
12. Office Salary paid to Mr. B is Rs.5,000.

**OR**

**Q2 State whether the following Expenditure or Receipts are Capital or Revenue or Deferred Revenue Expenditure. Give reason for your answer.**

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1. Purchase machinery for production Rs. 750,00.
2. Paid factory rent of Rs 50,000.
3. Purchase second hand car for Rs 1,00,000.
4. Wages paid to workers for erection of machinery Rs. 5,000.
5. Heavy expenditure incurred on advertisements Rs. 5,00,000.
6. Cost of improving sitting capacity of cinema hall Rs.25,000.
7. Cost of market research for new product 45,000.
8. Amount of Rs 1,00,000 received on sales of furniture.
9. Received commission of Rs 5,000.
10. Paid Rs 3,00,000 as a custom duty on machinery purchased from Germany.

**Q3. From the following particular, prepare stock ledger by FIFO Method and Weighted average method also find out Cost of Goods Sold:**

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Transaction	Date	Units	Rate per unit in Rs.
Opening stock	01/04/2018	1,300	3.00
Purchases	02/04/2018	3,000	2.00
Sales	05/04/2018	1,500	-
Sales	10/04/2018	800	-
Purchases	11/04/2018	5,500	3.00
Sales	18/04/2018	1,500	-
Purchases	22/04/2018	2,500	2.00
Sales	24/04/2018	2,000	-
Purchases	25/04/2018	1,500	1.00

OR

**Q3** On 1/1/2016, Soham Ltd purchase one machinery from Raj Ltd. Cash price of machinery was Rs 2,00,000. Down Payment of Rs 20,000 was made on that day. Remaining amount was to be paid in 3 annual instalments of Rs 60,000 each plus interest @ 20% on outstanding balance at the beginning of the year. The due date of annual instalment was on 31st December every year. Soham Ltd depreciated machinery in their books @ 15% p.a on WDV Method. You are required to pass journal entries in the book of Soham Ltd. **15**

**Q4** From the Trial Balance of Suresh Ltd Prepare Manufacturing Account, Trading Account, Profit and Loss Account, and Balance Sheet as on 31st March, 2019. **15**

Particular	Dr. (Rs)	Cr. (Rs)
Machinery	2,00,000	-
Sales	-	4,00,000
Opening Stock of Raw Material	20,000	
Opening Stock of work in progress	10,000	
Opening Stock of Finished Goods	15,000	
Production on Royalties	11,000	
Factory Rent	15,000	
Factory Power and Fuel	15,000	
Office Salaries	30,000	
Office Expenses	35,000	
Direct wages	60,000	
Purchase of Raw Material	1,20,000	
Cash in Bank	8,000	
Advertisement	18,000	
Interest	9,000	
Discount Allowed	10,000	
Creditors		1,00,000
Bad Debts	6,000	
Provision for Bad Debts		7,000
Debtors	60,000	
Bills Payable		5000
Capital		1,50,000
Drawing	20,000	
<b>Total</b>	<b>6,62,000</b>	<b>6,62,000</b>

**Adjustments :-**

- (1) Closing Stock as on 31st March, 2019 is Raw Material Rs 20,000, Finished Goods Rs 15,000, Work in Progress Rs 10,000.
- (2) Outstanding Factory Rent is Rs 3,000.
- (3) Depreciation Machinery @ 15%.
- (4) Provide reserve for doubtful debts @ 10% on Debtors.

From the Trial Balance of Dinesh Ltd Prepare Manufacturing Account, Trading Account, Profit and Loss Account, and Balance Sheet as on 31st March, 2017.

Particular	Debit (Rs)	Credit (Rs)
Opening stock of Raw material	25,000	
Opening stock of Work in progress	11,000	
Opening stock of Finished goods	16,000	
Debtors	37,000	
Carriage inwards	2,000	
Carriage outwards	5,000	
Bills receivables	18,000	
Wages	15,000	
Salaries	30,000	
Purchase	3,00,000	
Cash at bank 3,000	3,000	
Plant and machinery	90,000	
Office furniture	10,000	
Rent	6,000	
Lighting expenses	1,800	
Factory insurance	3,000	
General expenses	1,800	
Bad Debts	2,000	
Sundry creditors		1,00,000
Bills payable		58,600
Commission		15,000
Provision for bad debts		3,000
Capital		1,50,000
Sales		2,50,000
<b>Total</b>	<b>5,76,600</b>	<b>5,76,600</b>

**Adjustments -:**

- (1) Closing Stock as on 31st March 2017 is Raw Material Rs 25,000, Finished Goods Rs 35,000, Work in Progress Rs 20,000.
- (2) Depreciation Plant and Machinery @ 20%.
- (3) Provide reserve for doubtful debts @ 5% on Debtors.
- (4) Outstanding Rent is Rs 3,000

Q5. A) Distinguish between Capital Expenditure and Revenue Expenditure.

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B) Explain golden rules in accounting along with examples.

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OR

Q5. C) Write Sort note on: (Any 3)

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1. Types of Cheques
2. Hire Purchase
3. Deferred revenue expenditure
4. Manufacturing account
5. FIFO