

FYBCOM (INVESTMENT MANAGEMENT)

Date: 22/11/19

Marks : 75

Q.1 a) State Whether True Or False (any 8) 8 marks

1. As-1 is applicable to Goodwill.
2. Selling & distribution cost would include in the cost of inventory.
3. Revenue recognition is applicable to natural increase in forest products.
4. Trading account is prepared to calculate net profit or net loss
5. Carriage inward cost should be included in the cost of inventory.
6. Inventory includes assets purchased and held for giving on rent.
7. Freight inward, Octroi, etc. are allocated on the basis of Purchase of each department.
8. In departmental Accounts, Interest on loans are to be charged to general Profit and Loss account.
9. Fixed assets are those assets which are tangible & intangible.
10. Bank overdraft shows credit balances.

Q.1 a) Match the columns (Any 7) 7 marks

Group A	Group B
1.AS-2	a) Allocated on the basis of the floor space occupied by each department
2.Fixed Assets	b) Goods used by the proprietors.
3.Realisation Value	c) Not applicable to livestock.
4.Down Payment	d) Expected to be used for more than one accounting period.
5.Higher	e) Payment made by buyer on signing hire purchase agreement
6.Outstanding Expenses	f) The closing stock is valued at the latest rate.
7.Drawings	g) Does not represent actual cost price of material.
8.Insurance For Building	h) A liability
9.First In First Out Method	i) Buyer of Goods on Hire Purchase basis
10.Weighted Average Cost	j) Value expected to be realized from sale

Q.2. The KBC limited purchased machinery from Riya Motors Ltd. on hire purchase basis. The cash price of the machinery was ` 3, 20,000. The amounts was payable as under:

Rs. ` 1,00,000 on the date of purchase i.e on 1st January 2014

` 80,000 on 31st Decémber 2014

` 80,000 on 31st December 2015

` 82,478on 31st December 2016

The Riya Motors Ltd charged interest at 5% p.a on the unpaid amount. The purchasing company decided to write off as depreciation 20% on the diminishing balance every year. You are required to give Machinery A/c , The Riya Motors Ltd A/c and Interest A/c in the books of the KBC Ltd according to credit purchase method. (15)

OR

Q.2 Stock of material as on 1-03-2013 was 1000 units at Rs.10 per unit. The following purchases and sales were made during the month of March 2013.

applying A) FIFO

B) Weighted Average Method

Purchases

02-03-2013	2,000 Units	at Rs. 11 P.U
03.03.2013	3,000 Units	at Rs. 12 P.U
11.03.2013	4,000 units	at Rs. 13 P.U.
21.03.2013	5,000 units	at Rs.14 P.U

Sales

05.03.2013	5,400 units
15.03.2013	2,600 units
31.03.2013	5,000 units

(15)

Q.3 The Trial balance of Mrs. Deep as on 31st December, 2018 was as follows:

(15)

Debit Balance	Rs.	Credit Balance	Rs.
Raw Material	23,000	Sundry Creditors	17,000
Work in Progress	10,000	Bills payable	8,500
Finished Goods	15,500	Sales of scrap	1,500
Sundry debtors	27,000	Commission	400
Carriage Inward	1,000	Provision for Doubtful debts	1,600
Carriage Outward	1,000	Deepalis Capital A/C	1,00,000
Bills Receivable	16,000	Sales	2,00,000
Wages	12,000		
Salaries	10,000		
Repairs of Plant	1,200		
Repairs of Office furniture	600		
Purchase	1,00,000		
Plant and Machinery	2,300		
Office furniture	90,000		
Rent	9,000		
Lighting Expenses	5,000		
Factory expenses	1,800		
General expenses	2,000		
	1,600		
	3,29,000		3,29,000

Following additional information is provided to you:

1. Closing Stock as on 31st December, 2018 was: Raw materials Rs. 15,800, finished goods Rs.18, 200, W.I.P Rs.7,000.
2. Salaries Rs. 2000 and Wages Rs.2, 000.was outstanding.
3. Lighting expenses were outstanding Rs. 600 insurance was prepaid Rs. 500.
4. Depreciation is to be provided 10 % on Machinery & 5 5 on Furniture.
5. Provisional for doubtful debt is to be maintain at 10 %
6. 25 % of lighting expenses and rent is to to be charged office premises and remaining for factory.
7. prepare Manufacturing A/c , Trading A/c and Profit & Loss A/c for the year ended on 31st December 2018 and Balance Sheet as on that date.

Q. 3 Raj purchased a printing machine from Sai printers on Hire purchase basis on 1st July 2017. The terms of the contract were as follows:-

1. The cash price of the machine was `75,000
2. ` 15,000 was paid on signing the contract on 1st July 2017.
3. The balance was paid in installment of ` 20,000 plus interest at 15% p.a.
4. The instalment were paid on 31st December every year commencing from 31st December 2017.

Jay charged depreciation at 20% p.a. under SLM. They closed their books on 31st December. Show in the books of Jay necessary accounts. (15)

Q.4 Keep stock record on FIFO and Weighted Average basis from the following transactions.

Date	Transaction	Units	Rate
04.01.2019	Purchase	40	30
17.01.2019	Purchase	60	28
20.01.2019	Sale	50	35
22.01.2019	Purchase	80	29
25.01.2019	Sale	80	33
28.01.2019	Sale	20	34
30.01.2019	Purchase	100	26
31.01.2019	Sale	90	35

(15)

OR

Q. 4 State with reasons whether the following expenses are capital or Revenue.

1. Purchase of old machinery for cash Rs. 1, 00,000
2. Payment of loan taken earlier.Rs.25,000.

3. Paid Audit fees Rs.10, 000.
4. Paid fees Rs.6, 000 to the Association for 3 Years.
5. Payment for purchase of Car.
6. Provided depreciation Rs.20, 000 on furniture.
7. Paid Insurance Premium of Rs.1, 000. (15)

Q . 5 Write Short Note: (Any 3)

(15)

1. Manufacturing Account.
2. Hire purchase agreement.
3. Weighted Average cost.
4. Capital expenditure.
5. Closing stock.

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