VC - D -01/10/2014 – Financial Accounts – FYBAF– Sem I – 75 – 2 ½ Hrs – 310

Note: 1. All Questions are compulsory
2. Figures to right indicate full

Q.1. A] Choose correct alternative and rewrite the sentence. (any 8) (8)

1) According standard 1 is__________.
a) Recommendatory b) Mandatory
c) Optional d) NO longer valid

2) Compliance with accounting standards__________.
a) Harmonizes accounting policy. b)Makes financial statements more comparable.
c) Makes financial statements more reliable. d) All of the above.

3) Inventories should be generally valued of lower of cost or________.
a) Fair market value b) Replacement value
c) Present value d) Net realizable value

4) Valuation of inventories is governed by__________.
a) Companies Act b) Accounting Standard 2
c) Income Tax Act d) Accounting standard 6

5) Under this method it is assumed that the with are issued at a random order.
a) FIFO b) LIFO
c) Specific Identification d) Average

6)____________ is a capital expenditure.
a) Purchase of a goods b) Cost of repair
c) Wages paid for installation of machinery d) Rent of a factory

7) Drawings are deducted from________.
a) Sales b) Purchase
c) Return outward d) Capital

8) If books are kept under single entry system, Credit sales are ascertained by preparing_______.
a) Total creditors Account b) Total Debtors Account
c) Credit Sales Account d) Trading Account

9)Average clause in an insurance policy applies only in case of_______.
a) Life insurance b) Over insurance
c) Under insurance d)None of the above

10) __________ Expenditure means an expenditure carrying probable future benefits.
a) Capital b)Revenue
c) Deferred d) Outstanding

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B] State whether the following statement is True or False and rewrite the sentence. (Any 7) (7)

1) Accounting policies are same for all concerns.
2) Accountingstandards in India are issued by the central government.
3) As 2 does not apply to consumable awaiting use in the production process.
4) As 2 does not recognize LIFO method for stock valuation.
5) Interest is recognized when actually received.
6) As 10 deals with recognition of revenue.
7) All intangible assets are fictitious Assets.
8) Gross profit is transferred to capital Account.
9) Single Entity follows the basic accounting principle accrual.
10) Memorandum Trading Account can be prepared if proper stock records are available.

Q.2] Slow and Steady Limited follows the First In First Out[FIFO] method of inventory valuation. The following particulars are available in respect of an item of raw material for the month of January 2004. (15)

Jan 01	Opening Balance	2500 kg@ Rs. 18 per kg
Jan 04	Purchase	3000 kg@ Rs.20 per kg
Jan 06	Issues	5000 kg
Jan 18	Purchase	10,000 kg@ Rs. 21 per kg
Jan 22	Issues	7000 kg
Jan 28	Purchase	2000 kg@ Rs.22 per kg
Jan 31	Issues	4500 kg

Calculate the value of closing stock on the basis of FIFO Method and Weighted Average method.

OR

Q.2] You are required to prepare Trading and Profit and loss A/C for the year ended 31st Dec 2003 and a balance sheet as on 31-12-2003 from the following information. (15)

Assets and Liabilities	1-1-2003	31-12-2003
Creditors	15770	12400
Expenses outstanding	600	330
Sundry Assets	11610	12040
Stock	8040	11120
Cash in hand and at Bank	6960	8080
Debtors	?	17870

Details of the year's transaction are:

Cash and discount credited to Debtors	64000
Return from Debtors	1450
Bad debts	420
Sales- Cash and credit	71810
Discount allowed by creditors	700

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Return to creditors	400
Capital introduced(paid into bank)	8000
Receipts from Debtors (Paid into bank)	62500
Cash purchases	1030
Expenses paid by cash	6570
Drawing by cheque	450
Purchase of Machinery by cheque	3500
Cash payments into bank	8000
Withdrawn from bank into cash	9240
Cash in hand at end	1,200
Payments to creditors by cheque	60270

Q.3] Bush prepares accounts on 30th June every year. On 30th September 2003, fire destroyed the greater part of his stock. Following information was collected from his books. (15)

Stock on 30th June 2003	2,92,500
Purchase from 1st July 2003 to 30th Sept 2003	6,00,000
Wages from 1st July 2003 to 30th 2003	2,25,000
Sales from 1st 2003 to 30th sept 2003	10,00,000

Average percentage of gross profit to cost is $33\frac{1}{3}\%$ stock of value of Rs. 70,000 was salvaged. Policy was for Rs.250000. Claim was subject to average clause. Following further information is available.

a) Stock in the beginning was calculated at 10% less than cost

b) Purchase includes purchases of plant Rs.[illegible]

You are required to calculate the amount of claim.

OR

Q.3] State with reason whether the following expenditure is a capital or revenue expenditure. (15)

1) Cost of replacement of a defective part the Machinery
2) Expenditure incurred in preparing a project report.
3) Expenditure for training employees for better running of machinery.
4) White washing of the factory building
5) Cost of Goodwill purchased
6) Payment for purchase of stationary
7) Brokerage paid on purchase of land
8) Sales tax collected from purchase of goods.

Q.4]From the following Trail Balance and the additional information. Prepare the manufacturing account, Trading and profit and loss A/C and the Balance sheet as on 31/12/2012. (15)

Debit Balance	Rs.	Credit Balance	Rs.
Stock on 1/1/2012		Sundry creditors	1,50,000
		Bills Payable	75,000
Raw material	2,10,000	Sale of scrap	25,000
Work in progress	95,000	Commission	4,500
Finished goods	1,15,000	Provision for doubtful debts	16,500

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Sunday Debtors	2,44,000	Capital Account	[illegible]
Carriage on purchases	15,000	Sales	[illegible]
Bills Receivable	1,50,000	Current A/c of Chaturbhuj	[illegible]
Wages	1,30,000		
Salaries	1,00,000		
Telephone postage etc	10,000		
Repairs to plant	11,000		
Repairs to office furniture	3,500		
Purchases	8,00,000		
Cash at Bank	1,20,000		
Plan and Machinery	7,00,000		
Office furniture	1,10,000		
Rent	50,000		
Lighting	72,000		
General expenses	15,700		
	29,51,200		[illegible]

The following addition information is available:

1) Stock on 31/12/2012 were:

Raw material 162000

Finished Goods 170000

Work in progress 70000

2) Salaries and wages outstanding for Dec 2012 were Rs. [illegible] and Rs. [illegible] respectively.

3)Machinery is to be depreciated by 10% and office furniture by [illegible]%.

4) Provision for doubtful debts should be maintained @ [illegible]%.

5) Office premises occupy 1/3[rd] of total area.

6) Lighting has to been changed as [illegible] to factory.

OR

Q.4] Kalidas carries on a manufacturing business. The following transactions were extracted from the books as on 31/12/2011. (12)

Particulars	Rs.	Particulars	Rs.
Freehold premises	165000	Carriage outwards	[illegible]
Plant and Machinery	196620	Sales	[illegible]
Motor vehicle	29690	Selling expenses	[illegible]
Stock on 1/1/2011		Administration expenses	[illegible]
		Sundry Debtors	[illegible]
Raw material	165300	Balance at bank	[illegible]
Finished goods	72910	Cash in hand	[illegible]
Work in process	72470	Drawings	[illegible]

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wages	280790	capital	206200
Purchase of raw material	20500		
Sunday creditors	103920		

You are required to prepare Manufacturing Account and Trading and Profit and loss A/C for the year ended 31/12/2011 and Balance sheet as an that date often taking into consideration the following information.

1) The valuation of closing stock as on 31/12/2011 were

Raw material	22000
Finished Goods	36000
Work in progress	16000

2) Outstanding Factory expenses, Selling expenses, Administration expenses were 3740, 5790 and 2100 respectively.

3) Prepaid carriage outward Rs. 500.

4) Provide RDD @4% on Debtors

5) Depreciate Plant and Machinery and Motor vehicle by Rs. 27380&Rs.8560 respectively.

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5.A] What is Accounting Standard? Explain As-1 in detail. (8)

B] Distinguish between Capital expenditure and Revenue expenditure. (7)

OR

Q.5] Write short note. (Any 3) (15)

1) Manufacturing Account.

2) As-9.

3) Different Methods of Valuation stock .

4) Defects of Accounting from Incomplete records.

5) Memorandum Trading Account and Average clause.

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