

08/03/2017

BAF

(30)

## Sub-Financial Acc

Q.P. Code : 00141

[Time: 2½ Hours]

[ Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. Solve all questions after exercising internal option.
  2. Working notes are allotted separate marks.
  3. Use of simple calculator is allowed.

Q. No. 1 (a) State whether the following statement are **TRUE** or **FALSE** and rewrite the sentence. (Any 8) (08)

1. Accounting policies are not same for all concerns.
2. Machinery spare parts are included in inventories.
3. AS 9 is mandatory and applicable to all enterprises.
4. Historical cost is the cost to be incurred in the future.
5. An expenditure intended to benefit the one accounting period is a revenue expenditure.
6. Wages paid for erection of machinery are debited to Profit & Loss Account.
7. Power is allocated on the basis of Horse Power of machines in each department.
8. Under Hire purchase system the buyer does not provide depreciation on asset till he becomes the owner of asset.
9. Prepaid expenses is a liability.
10. Staff welfare expenses are allocated on the basis of number of employee.

Q. No. 1 (b) Fill in the blanks and rewrite the sentence. ( Any 7) (07)

1. .... is not a fundamental Accounting Assumption. (Accuracy / Accrual).
2. Discount Allowed appears on ..... side by Profit & Loss A/C.  
(Credit / Debit )
3. Closing Stock is valued at cost or market value whichever is .....  
(lower / higher)
4. In Hire purchase, the title to the goods remains with ..... (Hirer / Vendor)
5. Expenses that cannot be apportioned to any department are debited to .....  
(General Profit & Loss a/c / Trading a/c)
6. Electricity expenses are apportioned on the basis of .....  
(Area / No. of employees)
7. Specific identification method deals with ..... of stock.  
(Verification / valuation)
8. Revenue expenses is ..... in nature. (Non-recurring / recurring)
9. Goodwill is a ..... asset. (Intangible / Tangible)
10. Revenue arising from ..... is outside scope of AS-9. ( Government Grants / sale of goods)

Ex BAF  
March 17

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Q. No. 2

From the following particulars, prepare stock record by FIFO method in the books of Jayant Ltd for the month of January 2016. The stock on hand on 1<sup>st</sup> January 2016 was 100 units. @ Rs. 25 e

Date	Transactions	Units	Rate per unit (Rs)
04.1.2016	Purchase	80	30
16.1.2016	Purchase	120	56
19.1.2016	Sale	100	-
21.1.2016	Purchase	160	58
24.1.2016	Sale	160	-
27.1.2016	Sale	40	-
29.1.2016	Purchase	200	52
31.1.2016	Sale	180	-

**OR**

Q. No. 2

From the following Trial Balance of **Jane** you are required to only pass the adjusting and closing journal entries as on 31<sup>st</sup> March 2016.

Particulars	Debit Rs.	Credit Rs.
Stock as on 1 <sup>st</sup> April 2015	35,000	-
Purchases and Sales	1,60,000	2,80,000
Returns	800	600
Carriage inwards	600	-
Carriage outwards	400	-
Wages	26,000	-
Bad debts	500	-
Salaries	14,000	-
Rent	3,000	-
Insurance	2,400	-
Discount	1,000	2,700
Office expenses	1,100	-
Building	60,000	-
Cash at bank	4,000	-
Cash in hand	3,000	-
Furniture	45,000	-
Debtors	80,000	-
Creditors	-	50,000
Capital	-	1,03,500
<b>Total</b>	<b>4,36,800</b>	<b>4,36,800</b>

Closing stock as on 31<sup>st</sup> March 2016 was Rs. 28,000



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Q.No.3

Baniya Ltd has two department P and Q. The following balances have been extracted from their books (15)  
as on 31-12-2016

Particulars	P Department (Rs)	Q Department (Rs)
Opening stock	2,500	2,000
Purchases	1,18,000	82,000
Sales	1,50,000	1,00,000
Salaries of staff	10,000	7,500

Common expenses were as follows :

Expenses	Rs.
Salesman commission	7,500
Lighting	1,200
Repairs to premises	250
Audit fees	2,500
Purchase expenses	600

The proportion of the total area occupied by loss account P  $\frac{2}{5}$  and Q  $\frac{3}{5}$ .

Prepare the Departmental Trading, Profit and General Profit and Loss Account as on 31-12-2016.

Apportion the expenses on suitable basis and show the details in working note.

OR

Q.No.3

State with reason whether the following receipt are Capital or Revenue.

1. Purchase of machinery for cash Rs. 10,00,000. (02)
2. Wages paid to workers for converting raw material into finished goods. (02)
3. Money raised by issue of equity shares. (02)
4. Subsidy received from State Government. (02)
5. Profit of Rs. 5,000 realised on the sale of investment. (02)
6. Advertisement campaign for a new product. (02)
7. Plant and machinery which stood in the books at Rs. 1,50,000 included a machine at a book value of Rs. 3,400. This being obsolete, was sold off at Rs. 900 and was replaced by a new machine which cost Rs. 4,800. (03)

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Q.No.4

From the following Trial Balance of Vision Enterprises, prepare Manufacturing, Trading and Profit and Loss A/C for year ended 31<sup>st</sup> December 2016 and Balance Sheet as on that date :

Particulars	Debit (Rs)	Credit(Rs)
<b>Opening Stock -</b>		
Raw Material	12000	
Work-in-progress	7000	
Finished Goods	20000	
Purchase on raw material	97000	
Octroi on raw Material	11000	
Direct Wages	57000	
Factory Rent	7000	
Other Direct Expenses	12000	
Indirect Wages	8000	
Machinery	60000	
Cash at Bank	12000	
Sales		310000
Administrative Expenses	31000	
Selling Expenses	13000	
Creditors		25000
Interest Paid	7000	
Discount allowed	4000	
Bad debt	1000	
Provision for Bad debt		3000
Sundry Debtors	50000	
Drawing	21000	
Capital		85000
Bills payable		7000
<b>Total</b>	<b>430000</b>	<b>430000</b>

Adjustments:

- 1) Stock in trade as on 31<sup>st</sup> Dec. 2016 - Raw Material Rs. 8,000, Finished 10,000, Work-in-progress Rs. 4000.
- 2) Outstanding Direct Wages at the end were Rs. 3000.
- 3) Other Direct Expenses were prepaid to the extent of Rs. 1000
- 4) Depreciate machinery @ 10%.
- 5) Maintain provision for Bad Debts @ 5% of Sundry Debtors.

OR

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(15)

Q.No.4

Watson Purchased a printing machine from Samson printers on hire-purchase basis on 1<sup>st</sup> July 2012. (15)

The terms of the contract were as follows:

- 1) The cash price of the machine was Rs. 75000.
- 2) Rs. 15000 was paid on signing the contract on 1<sup>st</sup> July 2012.
- 3) The balance was paid in installment of Rs. 20000 plus interest at 15% p.a.
- 4) The installment were paid on 31<sup>st</sup> December, every year commencing from 31<sup>st</sup> December, 2012.
- 5) Watson charged depreciation at 20% p.a. under WDV method. They closed their book on 31<sup>st</sup> December, show in books of Watson necessary accounts till the end of 2015

Q.No.5

1. Explain the following with reference to AS-9 :

(08)

- i) Revenue from sale of goods
- ii) Revenue earned by rendering of services

2. Distinguish between Periodic Inventory System and Perpetual Inventory System.

(07)

OR

Q.No.5

Answer any 3 out of 5

(15)

1. What is Capital Expenditure? Explain and give examples.
2. What are the Accounting Policies? Give six examples of the areas in which different Accounting Policies can be followed by the Company.
3. Explain cash price method adopted in Hire Purchase System.
4. What are the objectives of Departmental Accounting?
5. What is the procedure of issuing Accounting Standards in India?

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