

Paper 2- Fundamentals of Accounting

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Full Marks :100

Time allowed: 3 hours

Section A

I. Choose the correct answer from the given four alternatives: [6 × 1 = 6]

1. : (a)
2. : (c)
3. : (b)
4. : (a)
5. : (a)
6. : (c)

II. State whether the following statements are True (or) False. [6 × 1 = 6]

1. : False
2. : False
3. : True
4. : True
5. : False
6. : False

III. Journalise the following transactions: [3 × 2 = 6]

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
1.	Plant & Machinery A/c Dr. To Cash A/c [Being Plant & Machinery Purchased]		6,000	6,000
2.	Bank A/c Dr. To Cash A/c [Being Cash deposited into bank]		6,000	6,000
3.	X A/c Dr. To Sales A/c [Being goods sold on credit]		5,000	5,000

IV. Fill in the blanks: [6 × 2 = 12]

1. Goodwill is an **intangible asset**.
2. Balance Sheet is a **position statement**.
3. Noting charges are borne by **drawee**.
4. Payment of royalty is a **revenue** expenditure.
5. Joint Venture account is a **nominal account** in nature.
6. Depreciation is the **charge** against the profit.

V. Match the following [6 × 1 = 6]

1. — D
2. — F
3. — E
4. — A
5. — C
6. — B

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VI. Answer any three questions. Each question carries 8 marks.

[3 × 8 = 24]

1.

Trading & Profit and Loss Account of Viswanath for the year ended 31.03.2013

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
To, Opening Stock	35,000	By, Sales	2,00,200
To, Purchase	1,12,000	By, Closing Stock	40,000
To, Wages (16,000 + Outstanding 3,000)	19,000		
To, Gross Profit (Trans. To P/L A/c)	66,200		
	2,40,200		2,40,200

Profit and Loss Account

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
To, Rent & Taxes (10,000 + Outstanding 2,000)	12,000	By, Gross Profit	66,200
To, Salaries (20,000 + Outstanding 4,000)	24,000	By, Reserve for Bad Debt	1,000
To, Depreciation on Plant & Machinery	3,000		
To, Depreciation on Furniture	1,500		
To, Net Profit	26,700		
	66,200		66,200

Balance Sheet of Viswanath as on 31.03.2013

Liabilities		Amount (₹)	Assets		Amount (₹)
Capital	1,00,000		Plant & Machinery	60,000	
Add: Net Profit	<u>26,700</u>	1,26,700		<u>3,000</u>	57,000
Bills Payable	22,000		Furniture	15,000	
Creditors	24,000			<u>1,500</u>	13,500
Outstanding			Debtors		50,000
Wages	3,000		Bills Receivable		20,000
Rent	2,000		Cash in hand		1,200
Salary	4,000		Closing Stock		40,000
		1,81,700			1,81,700

2.

Ledger A/c in the books of 'A'
Consignment A/c

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
To Goods sent on consignment A/c	1,00,000	By 'B' A/c (Sales)	1,10,000
To Cash A/c (Expenses)	5,500	By Stock on Consignment A/c	19,170
To 'B' A/c (Expenses)	3,700		
To 'B' A/c (Commission)	5,500		
To Profit & Loss A/c (Profit)	14,470		
	1,29,170		1,29,170

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3.

Income and Expenditure A/c
For the year ended 31.03.2013

Dr.			Cr.	
Expenditure	Amount (₹)	Income	Amount (₹)	
To Salaries A/c	8,000	By Subscriptions 6,500		
To Rent A/c 1,500		(-) Last year O/S 500	6,000	
(-) Pre. Year rent 300	1,200	By Interest	500	
To Stationery	500	By Entrance fees	4,000	
To Loss on Furniture (1,000 – 800)	200			
To Surplus (Ex. of Income over the expenditure)	600			
	10,500		10,500	

4.

Journal Entries in the books of Parvathi

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
1.1.14	Suneetha A/c Dr. To Sales A/c [Being goods sold on credit]		14,000	14,000
1.1.14	Cash A/c Dr. To Suneetha A/c [Being Cash received]		14,000	14,000
1.1.14	Bills receivable A/c Dr. To Suneetha A/c [Being 3 months acceptance received]		10,000	10,000
1.1.14	Bank A/c Dr. Discount A/c Dr. To Bills receivable A/c [Being bill discounted at bank]		9,750 250	10,000
4.4.14	Suneetha A/c Dr. To Bank A/c [Being discounted bill dishonoured with noting charges]		10,030	10,030

Journal Entries in the books of Suneetha

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
1.1.14	Purchase A/c Dr. To, Parvathi A/c [Being goods purchased from Parvathi]		14,000	14,000
1.1.14	Parvathi A/c Dr. To, Cash A/c [being Cash paid to Parvathi]		4,000	4,000
1.1.14	Parvathi A/c Dr. To, Bills Payable A/c [Being 3 months bills payable accepted]		10,000	10,000
1.1.14	Bills Payable A/c Dr. Noting Charges A/c Dr. To, Parvathi A/c [Being bills dishonoured with noting charges]		10,000 30	10,030

Section – B

I. Choose the correct answer from the given four alternatives:

[6 × 1 = 6]

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1. : (a)
2. : (d)
3. : (a)
4. : (c)
5. : (d)
6. : (b)

II. Fill in the blanks:

[6 × 1 = 6]

1. EOQ stands for **Economic Order Quantity**.
2. Stock should always be valued at **cost** price in cost accounting.
3. Stores ledger is also called as **Stock ledger**.
4. Re-order level = **Maximum usage × Maximum Re-ordering Period**.
5. Salary of a factory clerk is **indirect** labour cost.
6. When number of units increases fixed cost per unit **decreases**.

III. Match the following

[6 × 1 = 6]

1. — D
2. — E
3. — F
4. — A
5. — C
6. — B

IV. State whether the following statements are True (or) False.

[6 × 1 = 6]

1. : True
2. : True
3. : True
4. : True
5. : False
6. : True

V. Answer any two questions. Each question carries 8 marks.

[2 × 8 = 16]

1.

Name of Article:

Code No.:

BIN No.:

Maximum Level:

Minimum Level:

Ordering Level:

Stores Ledger [FIFO]

Date	Particulars	Purchases			Issues			Balance		
		Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value
June 2	Purchases	2000	10	20,000	---	--	---	2000	10	20,000
June 6	Purchases	300	12	3,600	---	--	---	2000 300	10 12	20,000 3,600
June 9	Issued	---	--	---	1200	10	12,000	800 300	10 12	8,000 3,600
June 10	Purchases	200	14	2,800	---	--	---	800 300 200	10 12 14	8,000 3,600 2,800
June 12	Issues	---	--	---	800 200	10 12	8,000 2,400	100 200 300	12 14 11	1,200 2,800 3,300
June 20	Purchases	300	11	3,300	---	--	---	100 200 300	12 14 11	1,200 2,800 3,300
June 29	Issues	---	--	---	100	12	1,200	100	14	1,400

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					100	14	1,400	300	11	3,300
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2.

Standard Times (S)	=	20 Hours
Time Taken (T)	=	15 Hours
Time Saved	=	5 Hours
Rate (R)	=	1.50 Per Hour

Halsey Plan

$$\begin{aligned}
 \text{Total Earnings} &= T \times R + 50\% (S - T) \times R \\
 &= 15 \times 1.50 + \frac{50}{100} (20 - 15) \times 1.50 \\
 &= 22.50 + 3.75 \\
 &= ₹ 26.25
 \end{aligned}$$

Total wages for 15 hours = ₹ 26.25

Rowan Plan

$$\begin{aligned}
 \text{Total Earnings} &= T \times R + \left(\frac{S - T}{S} \right) \times T \times R \\
 &= 15 \times 1.50 + \left(\frac{20 - 15}{20} \right) \times 15 \times 1.50 \\
 &= 22.5 + 5.63 \\
 &= ₹ 28.13
 \end{aligned}$$

3.

Computation of Machine Hour Rate

Particulars	Amount (Month)	Amount Per Hour
Standing Charges: Standing Charges per month ₹ 50 Running time per month 166 hours standing charges per hour = $\frac{50}{166}$		0.30
Machine Expenses: Depreciation Rate Per Hour $\left(\frac{19200 - 1200}{10000} = \frac{18000}{10000} \right)$		1.80
Repairs and Maintenance = $\frac{150}{166}$		0.90
Power [5 × 0.19]		0.95
Machine Hour Rate		3.95

4.

Cost Sheet

	Particulars	Amount (₹)	Amount (₹)
	Opening Stock of Raw Material	40,000	
Add	Purchase of Raw Material	11,00,000	
		11,40,000	
Less	Closing Stock of Raw Material	1,40,000	
	(a) Cost of Material used		10,00,000
	Productive wages		5,00,000
	Prime Cost		15,00,000
Add	Works overheads		1,50,000
	(b) Works Cost		16,50,000
Add	Office and General Expenses		1,00,000
	(c) Cost of Production		17,50,000
Add	Stock of Finished Goods Opening		50,000

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			18,00,000
Less	Stock of Finished Goods Closing		60,000
	Cost of Goods Sold		17,40,000
	Profit		6,60,000
	Sales		24,00,000