



Time: 2 ½ hrs.

Marks: 75

- Note:** 1. All questions are compulsory with internal options.
2. Figures to the right indicate full marks.

Q.1.(A) Fill in the blanks with suitable words and rewrite the sentence (Any 8)

(08)

- Following is an example of an accounting policy _____
(a) Consistency (b) Depreciation (c) Accrual (d) Going concern
- As per AS – 2, inventory covers _____
(a) Live stock (b) Investment held as stock in trade (c) Goods purchased for resale (d) Work in progress in construction contracts
- Following is not covered by AS – 9 _____
(a) Dividend (b) Interest (c) Royalty (d) Lease rent
- Inventory of a trading concern include _____
(a) Raw material (b) Work in progress (c) Finished goods only (d) None of the above
- Brokerage paid on purchase of land is _____
(a) Revenue expenditure (b) Deferred revenue expenditure (c) Capital expenditure (d) None of the above
- Income received in advance is shown on _____
(a) Liability side (b) Debit side of profit and loss account (c) Asset side (d) None of the above
- Depreciation is allocated on the basis of _____
(a) Value of assets (b) Area (c) Light points (d) Numbers of workers
- Hire purchase price means amount payable by the hirer which consists of _____
(a) Cash price + Interest (b) Cash price + Down payment (c) Cash price – Interest (d) Interest + Principal
- The last instalment in hire purchase include _____
(a) Cash price only (b) Cash price and interest (c) Interest only (d) None of the above
- Depreciation of fixed assets is _____
(a) Revenue expenditure (b) Deferred revenue expenditure (c) Capital expenditure (d) None of the above

Q.1.(B) State whether the following statements are true or false and rewrite the sentence (Any 7):-

(07)

- Accrual is a fundamental accounting assumption.
- LIFO method is not recognized by AS – 2.
- Interest is recognized on receipt basis.
- Inventories should be valued at cost or net realizable value, whichever is higher.
- Wages paid for erection of machinery are debited to profit and loss account.
- Balance sheet is an account.
- Trading account always show credit balance.
- Freight inward is allocated on the basis of purchases.
- A separate balance sheet is prepared for each department.
- In hire purchase agreement vendor pays interest to buyer.

Q.2.(A) Following trial balance was extracted by Mr. Joshi from his books of account for the year ended 31.3.2014. You are required to prepare his final accounts for the year ended on that date. Trial balance of Mr. Joshi as on 31.3.2014.

(15)

Particulars	Dr. (Rs.)	Cr. (Rs.)	Particulars	Dr. (Rs.)	Cr. (Rs.)
Raw materials:-			Factory insurance	4,500	
Opening stock	1,20,000		Discount	2,400	
Purchases	1,95,000		Bad debts	2,100	
Work-in-progress:-			Office rent	10,800	
Opening stock	60,000		Insurance and taxes	6,900	
Finished stock:-			Miscellaneous expenses	3,300	
Opening stock	2,10,000		Carriage inward	1,500	
Plant and machinery	3,60,000		Stationery and printing	4,200	



Building	1,50,000	Bills receivable	12,900	
Factory taxes	3,600	Sundry debtors	63,000	
Patents	30,000	Bank of India	1,03,000	
Furniture	36,000	Cash on hand	4,100	
Drawings	21,000	Capital		7,50,000
Wages	73,500	Provision for doubtful debts		9,000
Advertisement	1,800	Bills payable		15,000
Salary to factory staff	9,600	Sundry creditors		36,600
Salary to office staff	10,800	Sales		6,90,000
Sales return	5,100	Purchase returns		12,000
Bank charges	300	Discount		1,800
Motive power	9,000			
			15,14,400	15,14,400

Adjustments:-

1. Value of closing stock :-

- Raw materials Rs. 90,000
- Finished goods Rs. 1,95,000
- Work in progress Rs. 24,000

2. Factory insurance prepaid Rs. 900.

3. Provide interest on capital @ 5%.

4. Create 5% provision for doubtful debts, 2% discount on sundry debtors and 3% on sundry creditors.

OR

Q.2.(B) Prepare manufacturing, trading and profit and loss account for the year ended 31st March, 2014 and balance sheet as at the end of the year.

(15)

Trial balance sheet as on 31.3.2014.

Particulars	Dr. (Rs.)	Cr. (Rs.)	Particulars	Dr. (Rs.)	Cr. (Rs.)
Opening stock of raw materials	30,000		Bad debts	2,000	
Opening stock of finished goods	16,000		Insurance	4,000	
Opening stock of work in progress	5,000		Rent, rates and taxes (50% factory)	12,000	
Capital		72,000	Postage and telegram	2,800	
Purchases of raw materials	2,50,000		Tea and tiffin	1,600	
Sales		4,00,000	Travelling and conveyance (25% factory)	3,500	
Purchases of finished goods	8,000		Carriage outwards	2,600	
Carriage inward	4,000		Machinery	40,000	
Provision for bad debts		3,500	Furniture (40% factory)	5,000	
Wages	50,000		Debtors	60,000	
Salaries (75% factory)	26,000		Creditors		50,000
Commission	3,000				
				5,25,000	5,25,000

Adjustments :-

1. Provide 10% depreciation on machinery and furniture.

2. Closing stock :-

- Raw material Rs. 40,000;
- Work in progress Rs. 12,000;
- Finished goods Rs. 8,000.

3. Provide 5% reserve for doubtful debts.

4. Salary outstanding Rs. 2,400.

5. Insurance prepaid Rs. 600.

Q.3.(A) The following are the figures extracted from the books of Shivam Departmental stores having three departments for the year ended 31st March, 2014. (15)

Particulars	Dept. P	Dept. Q	Dept. R
Purchases	2,00,000	3,00,000	8,00,000
Return outward	40,000	10,000	30,000
Sales	6,10,000	12,20,000	18,30,000
Return inward	10,000	20,000	30,000
Wages	40,000	60,000	80,000
Stock on 1.4.2013	50,000	70,000	10,000
Stock on 31.3.2014	80,000	50,000	40,000

The other expenses incurred are :-

Particulars	Rs.	Particulars	Rs.
Insurance	6,000	Discount allowed	18,000
Office expenses	12,000	Legal expenses	24,000
Salaries	45,000	Bad debts	15,000
Rent	36,000	Income tax	64,000

Space occupied by the departments was P – $\frac{1}{4}$, Q – $\frac{1}{4}$ and R – $\frac{1}{2}$. Insurance, office expenses, salaries and legal charges are to be allocated equally. Prepare departmental trading and profit and loss account of Shivam departmental stores for the year ended 31st March, 2014.

OR

Q.3.(B) From the following trial balance prepare departmental trading, profit and loss account for the year ended 31st March, 2014 and balance sheet as on 31.3.2014. (15)

Particulars	Dr. (Rs.)	Cr. (Rs.)	Particulars	Dr. (Rs.)	Cr. (Rs.)
Stock on 1.4.2013:-			Discount allowed	220	
Dept. X	1,500		Discount received		130
Dept. Y	1,200		Advertising	360	
Purchases :-			Carriage inward	210	
Dept. X	2,800		Furniture and fittings	400	
Dept. Y	2,400		Machinery	2,000	
Sales :-			Sundry debtors	600	
Dept. X		6,000	Sundry creditors		1,600
Dept. Y		5,000	Capital		3,190
Wages :-			Drawings	400	
Dept. X	750		Cash at bank	1,000	
Dept. Y	250		Cash in hand	150	
Rent, rates and taxes	900				
Sundry expenses	300				
Salaries	300				
Lighting and heating	180				
				15,920	15,920

The following information is available :-

- Dept. X transferred goods costing Rs. 400 to Dept. Y.
- Rent, taxes, sundry expenses, lighting, salaries and carriage inward to be apportioned 2/3 to Dept. X and 1/3 to Dept. Y.
- Advertising to be apportioned equally.
- Discount allowed and discount received are apportioned on the basis of departmental sales and purchases.
- Depreciation at 10% p.a. on furniture and plant and machinery is to be charged $\frac{3}{4}$ to Dept. X and $\frac{1}{4}$ to Dept. Y.
- Stock as on 31.3.2014:-
Dept. X Rs. 1,650 and Dept. Y Rs. 1,200.

Q.4.(A) V purchased a car from H Ltd. on 1st January, 2011 on hire purchase system. The payment inclusive of interest is to be made as follows:- (15)

Rs. 4,000 on delivery;

Rs. 7,600 at the end of the first year;

Rs. 6,000 at the end of the second year;

Rs. 5,500 at the end of the third year.

The cash price was Rs. 20,000. Interest is charged @10% p.a. V closes his books on 31st December every year, by charging depreciation @10% p.a. on diminishing balance method.



You are required to prepare:-

- H Ltd. account
- Interest account and
- Car account.

OR

Q.4.(B) State with reasons whether the following items are capital and revenue:-

(08)

- Import duty on raw materials purchased.
- Commission received on sale Rs. 2,000.
- Construction cost of building.
- Term loan from bank.

Q.4.(C) Prepare a stores ledger account showing the receipts and issues, pricing the materials issued on the basis of weighted average method.

(07)

Receipts:-

2014 October

1.	Opening stock 200 units at Rs. 3.50 per unit
3.	Purchased 300 units at Rs. 4.00 per unit
13.	Purchased 900 units at Rs. 4.30 per unit
23.	Purchased 600 units at Rs. 3.80 per unit

Issues:-

2014 October

5.	Issued 400 units
15.	Issued 600 units
25.	Issued 600 units

Q.5.(A) Explain the various basis of allocation of expenses and incomes in departmental accounting system.

(08)

(B) Explain capital expenditure and revenue expenditure.

(07)

OR

Q.5. Write short notes on (Any 3):-

(15)

- Revenue recognition as per AS – 9.
- FIFO method for inventory valuation.
- Disclosure of accounting policies.
- Inter-departmental transfer.
- Stock reserve.

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