

Q.P. Code :00987

[Time: Three Hours]

[Marks:100]

Please check whether you have got the right question paper.

- N.B:
1. Strictly avoid resorting to any unfair means during the examinations.
 2. Figures in brackets to the right indicate full marks.
 3. Working notes should form part of your answers.
 4. All six questions are compulsory, although, there are internal options in case of questions 2 to 6.
 5. Use of simple calculator is allowed

Q.1 A) Fill in the blanks with the appropriate given options and rewrite the complete sentence. (10)
(Any 10)

1. Accounting Standard 9(AS 9) deals with _____.
(Disclosure of Accounting Policies/ Revenue Recognition/ Inventory Valuation).
2. In a Hire Purchase transaction, Initial amount paid at the time of signing the contract is called _____.(Hire Purchase Price/Down Payment/Cash Price).
3. In a Manufacturing Organization, the Trading Account is prepared to find out _____. (Gross Profit/Cost of Production/Net profit).
4. In Departmental Accounts, Discount Allowed is allocated on the basis _____ of each department. (Sales Turnover/Area Occupied/Purchases)
5. In _____ Method of Stock Valuation, latest purchased items are left in stock. (Weighted average / FIFO /Simple Average)
6. Carriage Inward paid on purchase of Raw Materials is a _____. (Capital Expenditure/ Capital Receipt/Revenue Expenditure)
7. Expenses incurred for repairs of a Car already in use, is _____. (Revenue Expenditure /Capital Expenditure/ Capital Receipt)
8. For a Furniture Manufacturing Company, wood is a _____. (Raw Material/ Work-in Progress/ Finished Goods).
9. The Hire vendor records the hire purchase transaction in his books as _____. (Sale of Fixed Asset/ Sales of goods / Purchases)
10. In Profit & loss Account, the excess of credit side total amount over debit side total amount is _____.(Gross Profit/Net Loss/ Net profit)
11. In Manufacturing Organization, depreciation on Machinery will appear on the debit side of _____ Account. (Trading /Profit &Loss Account/ Manufacturing Account).

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12. In a Hire Purchase transaction, interest paid by purchaser is credited to _____ . (Interest Account/ Asset Account/ Hire Vendor Account)

B) State whether the following statements are TRUE or FALSE after rewriting the same. (10)
(Attempt any 10)

1. Capital Expenditure is non-recurring in nature.
2. AS- 1- Disclosure of Accounting Policies is mandatory in nature.
3. Outstanding expenses are shown on the liability side of the balance sheet.
4. Inventories should be valued at cost or net realizable value whichever is higher.
5. Balance Sheet shows the Financial position of the business.
6. Revenue from Sale of goods is recognized, when the seller has received the payment for the goods from the buyer.
7. In Departmental Accounting, each department is treated as a separate entity for the purpose of recording and reporting.
8. Fixed assets acquired on Hire Purchase Basis are recorded at Hire Purchase price
9. The Hire purchaser becomes the owner of the asset only after paying the final installment
10. Inventory includes assets purchased and held for resale.
11. Selling price is not considered while preparing stores ledger.
12. Sale of scrap is debited to Manufacturing Account.

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- Q.2 From the following Trial Balance of Mr. Mahadeo, prepare Manufacturing Account, Trading Account, Profit and Loss Account for the year ended 31st March, 2016 and Balance Sheet as on that date :- (15)

Trial Balance of Mr. Mahadeo as on 31st March 2016 :-

Particulars	Dr. (Rs.)	Cr.(Rs.)
Machinery	1,90,000	
Sales		4,45,000
Opening Stock - Raw Material	24,000	
Opening stock - Work in Progress	7,000	
Opening Stock - Finished Goods	20,000	
Factory Rent	80,000	
Factory Power and Fuel	19,000	
Office Expenses	58,000	
Purchase of Raw Material	1,05,000	
Cash at Bank	20,000	
Advertisement Expenses	15,000	
Interest Paid	7,000	
Sundry Creditors		21,000
Provision for Bad Debts		2,000
Sundry Debtors	53,000	
Capital		1,30,000
Total	5,98,000	5,98,000

Following further information is provided to you :

1. Closing Stock as on 31st March, 2016 is:
Raw Material Rs. 21,000, Work-in-Progress Rs. 8,000, Finished Goods Rs 22,000.
2. Depreciate Machinery @5% p.a.
3. During the year, finished goods costing Rs. 10,000 were withdrawn by the proprietor for personal use, which were not recorded in the books.
4. Provide Reserve for Doubtful Debts @ 5% on Sundry Debtors.

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- Q.2 From the following Trial Balance of Mr. Bholanath, prepare Manufacturing Account, Trading Account, Profit and Loss Account for the year ended 31st March, 2016 and Balance Sheet as on that date. :- (15)

Trial Balance of Mr. Bholanath as on 31st March 2016 :-

Particulars	Dr. (Rs.)	Cr.(Rs.)
Direct Wages	48,000	
Opening Stock - Raw Material	16,000	
Opening stock - Work in Progress	3,000	
Opening Stock - Finished Goods	18,000	
Purchase of Raw Material	2,70,000	
Carriage Inward on Raw Material	6,000	
Furniture	5,000	
Factory Manager's Salary	50,000	
Machinery	70,000	
Sales		4,60,000
Printing & stationary	25,000	
Sundry Debtors	50,000	
Cash at Bank	10,000	
Salesmen's Salaries	36,000	
Sundry Creditors		30,000
Capital		117,000
Total	607000	607000

Following further information is provided to you :

- Closing stock as on 31st March, 2016 was:
Raw Materials Rs. 24,000, Work-in-Progress Rs 8,000, Finished goods Rs 20,000.
- Depreciate Machinery @10% p.a. and Furniture @10% p.a.
- Finished Goods distributed as free samples amounting to Rs. 8,000 were not recorded in the books.
- Provide Reserve for Doubtful debts @ 5 % on debtors.

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Q.3 'F' Department Stores has three Departments X, Y and Z. The following particulars regarding the three Departments are given: (15)

Particulars	Department X Rs.	Department Y Rs.	Department Z Rs.
Opening Stock	40,000	20,000	60,000
Purchases	1,10,000	55,000	2,20,000
Sales	4,00,000	3,00,000	2,00,000
Closing Stock	24,000	12,000	2,40,000

The following expenses are also incurred:

	Rs.
1. General Expenses	24,000
2. Rent, rates and Taxes	18,000
3. Commission received	9,000
4. Discount allowed	27,000
4. Sales Promotion Expenses	36,000
5. Salesman's salary	9,000
6. Discount received	14,000

Goods worth Rs.10,000 were transferred from Department X to Department Y. Goods worth Rs.5,000 were transferred from Department Z To Y.

1. Allocate General Expenses and Rent, Rates and Taxes equally between the three Departments.
2. Commission received is divided in the ratio of 3:2:1 between Departments X, Y and Z respectively.

Prepare Departmental Trading and Profit and Loss Account allocating other expenses on appropriate basis.

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Q.3 Stock of material with M/s. V. K Ltd. as on 1-3-2016 was 1,000 units at Rs.10 per unit. The following purchases and issues were made during month ended 31st March, 2016.

Purchases :

05-03-2016	2,000 units	at Rs. 11 per unit
08-03-2016	3,000 units	at Rs. 12 per unit
21-03-2016	9,000 units	at Rs. 14 per unit

Issues :

15-03-2016	5,400 units
25-03-2016	2,600 units
31-03-2016	5,000 units

You are required to find the following from the above details:

- (a) Closing Stock as on 31st March 2016 using FIFO Method (07)
 (b) Closing Stock as on 31st March 2016 using Weighted Average Cost Method (07)
 (c) Cost of Goods sold during the month using Closing stock as per FIFO Method. (01)

Q.4 From the following details of purchases and sales of stock of M/s. Unique traders, find out

- a) The value of closing stock as on 31st January, 2017 on the basis of First in First out Method and (10)
 b) Cost of Goods sold and Profit earned by M/s Unique Traders. If the selling price of goods sold is Rs. 5,00,000 (05)

01-01-2017(Opening Stock)	2,500 units at Rs. 18 per unit
Purchases:-	
05-01-2017	3,000 units at Rs. 20 per unit
18-01-2017	10,000 units at Rs. 21 per unit
25-01-2017	6,000 units at Rs. 22 per unit
30.01.2017	2000 units at Rs. 25 per unit
Sales:-	
06-01-2017	5,000 units
22-01-2017	4,000 units
28-01-2017	8500 units
31-01-2017	4,500 units

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Q.4 State whether the following expenditure or receipts are capital or revenue. Give reasons for your answers.

1. A machinery costing Rs. 2,00,000 was sold for Rs 2,15,000. (03)
2. Premium of Rs. 35,000 was received on issue of 6% Preference Shares. (02)
3. Spent Rs. 30,000 for white washing of Factory building. (02)
4. Legal expenses of Rs. 8,000 paid to defend a suit for breach of contract to supply goods. (02)
5. Wages of Rs. 20,000 paid for erection of Machinery. (02)
6. Office rent paid in advance for 2 years, Rs. 10,000. (02)
7. Goods costing Rs. 30,000 distributed free of cost amongst the workers. (02)

Q.5 M/s. Cool Cabs purchased a Car from Toyota Motors Ltd. on Hire Purchase Basis. The Cash Price of the car was Rs. 5,00,000. M/s. Cool Cabs paid Rs. 2, 00,000 on the date of purchase i.e. 1st January, 2014. The balance was paid in three annual instalments including interest @ 10% p.a. on unpaid Cash Price on 31st December each year. The instalments are as follows: (15)

31.12.2014 Rs. 1,30,000,
31.12.2015 Rs. 1,20,000 ,
31.12.2016 Rs. 1,10,000

M/s. Cool Cabs decided to write off depreciation @ 15% p.a. on the Diminishing Balance Method. You are required to prepare Car Account and M/s. Toyota Motors Ltd. Account in books of the M/s. Cool Cabs, by using Credit Purchase Method for the year ended 31.12.2014, 31.12.2015 & 31.12.2016

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Q.5 Following figures are extracted from the books of Gigna stores having three Departments (15)
A, B and C.

Particulars	Department A Rs.	Department B Rs.	Department C Rs.
Opening Stock	50,000	40,000	60,000
Purchases	2,00,000	3,50,000	2,40,000
Sales	3,00,000	3,50,000	3,75,000
Return inwards	10,000	15,000	15,000
Return outwards	5,000	5,000	10,000
Wages	10,000	12,000	15,000
Closing stock	65,000	60,000	45,000
Salaries	5,000	6,000	7,000

The following expenses are also incurred

	Rs
Rent	18,000
Insurance	12,000
Office Expenses	24,000
Bad Debts	6,000

Indirect expenses to be allocated in the ratio of 3:4:5 among the three department.

Prepare departmental Trading and Profit and Loss A/c.

Q.6 Answer the following (20)

- Explain the Provisions of AS1 regarding Disclosure of Accounting policies.
- Explain the main features of AS 9.

OR

Q 6. Write short notes on Any Four of the following: (20)

- Advantages of FIFO method of stock valuation.
- Fundamental Accounting Assumptions.
- Trading Account of Manufacturer.
- Allocation of common expenses in Departmental Accounting
- Capital Receipts & Revenue Receipts.