

Time: 3 hrs.

Marks:100

- Note:**
1. All questions are compulsory with internal options.
 2. Figures to the right indicate full marks.
 3. Working notes should form part of your answer.
 4. Use of simple calculator is allowed.

Q.1 (A) Multiple choice question (any 10)

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- (1) Accounting standard 2 deals with_____.
 (a) disclosure of accounting policies.
 (b) revenue recognition.
 (c) valuation of inventory.
- (2) In a Manufacturing organization, manufacturing account is prepared to find out_____
 (a) gross profit.
 (b) cost of production.
 (c) net profit.
- (3) The person who receives goods under hire purchase system is a_____.
 (a) vendor
 (b) hire –purchaser.
 (c) agent.
- (4) In _____ method of stock valuation latest purchased items are left in stock.
 (a) Weighted Average
 (b) First in first out.
 (c) Simple Average.
- (5) Carriage inward paid on purchase of raw material is a_____.
 (a) capital expenditure.
 (b) capital receipt.
 (c) revenue expenditure.
- (6) In departmental accounts_____ is debited to general profit and loss account.
 (a) audit fees.
 (b) rent.
 (c) power and fuel.
- (7) Accounting standard 9 deals with _____.
 (a) disclosure of accounting policies.
 (b) revenue recognition.
 (c) inventory valuation.
- (8) Sales of scrap appearing in the trial balance are shown on _____.
 (a) the credit side of Trading account.
 (b) the credit side of Manufacturing account.
 (c) the credit side of Profit and Loss account.
- (9) In departmental accounts discount allowed is allocated on the basis of _____ of each department.
 (a) sales turnover.
 (b) area occupied.
 (c) Purchase.
- (10) 'Lower of cost or market value' is an example of _____.
 (a) consistency.
 (b) conservatism.
 (c) matching.
- (11) Capital expenditure means any expenditure carrying probable _____ benefits.
 (a) present.
 (b) past.
 (c) present and future.
- (12) In a hire purchase transaction, initial amount paid at the time of signing the contract is called_____.
 (a) hire purchase price.
 (b) down payment.
 (c) cash price.

Q.1 (B) State whether the following statements are true or false after rewriting the same. (any 10)

10

- (1) Down payment includes interest.
- (2) Loss by fire in a department is charged to general profit and loss account in departmental

accounting.

- (3) Under Fifo method the stock includes goods held for resale.
- (4) Outstanding expenses are shown on the liability side of balance sheet.
- (5) Dividend received on shares is a capital receipt.
- (6) As per Accounting standard 1 disclosure is required if fundamental accounting assumptions are not followed.
- (7) In departmental accounting ,each department is treated as a separate entity for the purpose of recording and reporting.
- (8) The Hire purchaser becomes the owner of the asset only after paying the final instalment.
- (9) Capital expenditure is non-recurring in nature.
- (10) As per Accounting Standard 1 disclosure of accounting policies is mandatory in nature.
- (11) Carriage inward cost should be included in the cost of inventory.
- (12) Assets must be equal to liabilities.

Q.2

Munshi chemicals has the following ledger balances as on 31st March 2018.

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| Particulars | Dr. (Rs.) | Cr. (Rs.) |
|---------------------------|------------------|------------------|
| Goodwill | 50,000 | |
| Factory shed | 20,000 | |
| Machinery | 1,30,000 | |
| Furniture | 8,000 | |
| Investments | 10,000 | |
| Capital | | 1,95,000 |
| Bank loan | | 3,00,000 |
| Creditors | | 1,50,000 |
| Debtors | 1,35,000 | |
| Stock on 1-4-2017 | | |
| -Materials | 1,30,000 | |
| -Work – in - Progress | 7,500 | |
| -Finished goods | 82,500 | |
| Sales | | 11,00,000 |
| Sundry Income | | 4,000 |
| Bad – debt reserve | | 5,000 |
| Purchase of Materials | 8,60,000 | |
| Freight on Materials | 50,000 | |
| Factory Power | 15,000 | |
| Salaries and wages | | |
| -Factory | 1,50,000 | |
| -Office | 65,000 | |
| Repairs and renewals | 2,500 | |
| Rent and Taxes | 16,500 | |
| Insurance | 3,900 | |
| General expenses | 18,100 | |
| TOTAL | 17,54,000 | 17,54,000 |

The following additional information is available:-----

a. Closing stock-----

| | |
|-------------------|-------------|
| Materials | Rs.2,10,000 |
| Work –in-progress | Rs.12,500 |
| Finished goods | Rs.2,07,500 |

- b. Depreciation to be provided at 2 ½ % on factory shed , 10% on Machinery and 15 % on furniture.
- c. Repairs and Rent and Taxes to be apportioned between factory and office in the ratio 3:2
- d. Reserve for bad and doubtful debts to be provided at 4% on debtors.
- e. Insurance premium covers a period of one month in advance.

You are required to prepare Manufacturing , Trading and Profit and Loss account for the year ended 31st March 2018 and Balance sheet as on the same date.

OR

Q.2 Ganesha’s Trial balance as on 31st March,2014 is as follows;- **20**

| Particulars | Debit(Rs.) | Credit (Rs.) | Particulars | Debit (Rs.) | Credit (Rs.) |
|-------------------------|------------|--------------|------------------------|-------------|--------------|
| Opening stock | | | Bank charges | 2,500 | |
| -Raw materials | 2,50,000 | | Travelling expenses | 10,000 | |
| Work in progress | 80,000 | | Discount | 3,300 | |
| -Finished goods | 2,20,000 | | Sales return | 11,000 | |
| Purchases | 2,15,000 | | Advertisement | 5,500 | |
| Building | 1,50,000 | | Sales | | 7,80,000 |
| Plant and Machinery | 3,60,000 | | Capital | | 8,50,000 |
| Furniture | 40,000 | | Sundry creditors | | 52,000 |
| Trademark | 30,000 | | Sundry debtors | 82,500 | |
| Wages | 83,000 | | Discount | | 2,500 |
| Factory Taxes | 4,000 | | Miscellaneous expenses | 5,500 | |
| Motive power | 9,000 | | Bills payable | | 34,000 |
| Factory insurance | 5,000 | | Bills Receivable | 16,000 | |
| Salary to office staff | 11,000 | | Corporation Bank | 98,000 | |
| Office rent | 10,500 | | Cash on hand | 9,000 | |
| Carriage inward | 2,500 | | | | |
| Printing and stationery | 5,200 | | | | |
| | | | | 17,18,500 | 17,18,500 |

Adjustments;

- 1) Closing stock Rs.
Raw material— 85,000
Work in progress--- 30,000
Finished goods----- 2,05,000.
- 2) Factory taxes prepaid Rs.2,000.
- 3) Depreciation on Furniture---10%p.a
Plant and machinery---15%p.a
Trade mark----20%p.a
Building----5%p.a

Prepare Manufacturing, Trading and Profit and Loss Account for the financial year 2013-14 and Balance sheet as on 31-3-2014.

Q.3 From the following particulars, prepare Stock record by FIFO and Weighted Average method **20**

| Date | Transaction | Units | Rate |
|-----------|-------------|-------|------|
| 4-1-2004 | Purchase | 40 | 30 |
| 17-1-2004 | Purchase | 60 | 28 |
| 20-1-2004 | Sale | 50 | 35 |
| 22-1-2004 | Purchase | 80 | 29 |
| 25-1-2004 | Sale | 80 | 33 |
| 28-1-2004 | Sale | 20 | 34 |
| 30-1-2004 | Purchase | 100 | 26 |
| 31-1-2004 | Sale | 90 | 35 |

The stock on hand on 1st January,2004 was 50 units @Rs.25/-

OR

Q.3 State whether the following expenditure and receipts are capital or revenue. Give reasons for your answers. (any 10). **20**

- 1) Brokerage paid on purchase of land.
- 2) Dividend and interest on investments received Rs.5000.
- 3) Preliminary expenses paid Rs.42,000.
- 4) Sold 4% Government securities(investment) for Rs.1,40,000.
- 5) Cost of goodwill purchased.
- 6) Cost of replacement of a defective part of a machinery.
- 7) Additional capital introduced in business Rs. 1,00,000.
- 8) Commission received on sale Rs. 2000.
- 9) Rs.17,000 paid for excise duty on sugar manufactured.
- 10) Invested Rs. 2,00,000 on the purchase of equity shares of a subsidiary company.
- 11) Interest paid on Bank overdraft.
- 12) A petrol engine was replaced by a diesel engine.

Q.4 Rose departmental stores has prepared the following Trading and Profit and Loss account for **20**
the year ended 31st March, 2018.

| Particulars | Rs. | Particulars | Rs. |
|---------------------|-----------|------------------|-----------|
| To opening stock | | By sales | |
| Dept.:H | 45,000 | Dept.:H | 3,02,600 |
| Dept.:M | 60,000 | Dept.:M | 4,53,900 |
| Dept.:T | 27,800 | Dept.:T | 1,51,300 |
| To purchases | | By closing stock | |
| Dept.:H | 2,24,000 | Dept.:H | 35,000 |
| Dept.:M | 3,55,000 | Dept.:M | 64,000 |
| Dept.:T | 1,54,000 | Dept.:T | 75,000 |
| To salaries | 60,000 | | |
| To rent /taxes | 45,000 | | |
| To discount | 12,000 | | |
| To advertisement | 34,500 | | |
| To trade expenses | 9,000 | | |
| To depreciation | 15,000 | | |
| To electricity | 18,300 | | |
| To carriage outward | 6,600 | | |
| To net profit | 15,600 | | |
| TOTAL | 10,81,800 | TOTAL | 10,81,800 |

Prepare departmental trading and profit and loss account for the year ended 31st March , 2018 after considering the following data:-----

- a. Rent /Taxes to be allocated in the ratio of area occupied which was 1:2:1 respectively.
- b. Depreciation to be charged equally.
- c. Of the 2 salesman employed , one worked in Dept. M alone. The other work in Dept. H and T. His salary be allocated equally between Dept. H and T. Salary of each salesman is Rs.2,500p.m.
- d. All other expenses except those mentioned in item (a) to (c) above, be allocated in the ratio of sales of the respective departments.

OR

Q.4 Mr.Jainam purchased a car on hire purchase basis from Hyundai limited on 1-1-2012 for **20**
Rs.2,60,000. He paid Rs.20,000 on signing the contract and four half yearly instalments of Rs.60,000 each on 30th june and 31st De
cember every year thereafter. The cash value of the car was Rs.2,10,000. Hyundai Ltd.
Charged interest at 20 % p.a,with half yearly charge.Depreciation @ 20% p.a on Written down
value is charged on car..

Prepare Ledger Accounts for Mr.Jainam and interest in the books of Hyundai Ltd for the years 2012 and 2013.

Q.5 **Answer the following.**

- (a) Distinguish between Periodic Inventory system and Perpetual inventory system. **10**
- (b) Explain the main features of Hire Purchase and Contents of Hire Purchase Agreements. **10**

OR

Q.5 **Write shortnotes on:(any 4).** **20**

- (1) Inter departmental transfer.
- (2) Importance of stock valuation.
- (3) Adjustment entries in Final accounts.
- (4) Hire-purchase system.

- (5) Revenue recognition as per AS-9.
- (6) Basis of allocating common expenses amongst departments.

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