

Q.1(a) Multiple choice questions: (any 8)**(8)**

1. Trade mark is a _____ asset.
a. Tangible b. Intangible c. Liability d. Assets
2. Insurance premium account is a _____
a. Nominal b. real c. asset d. personal
3. In case of an overdraft, the bank column of the cash book will show a _____ balance
a. Credit balance b. Zero c. Negative d. Positive
4. Generally incomplete records are maintained by _____
a. trader b. manufacturer c. customer d. Dealer
5. The capital balances are ascertained by preparing _____
a. Trial balance b. Statement of Affairs c. Trading A/c d. Balance sheet
6. All expenses are recorded on _____ the side of the Cash Book.
a. payment b. receipt c. receipt & payment d. None of above
7. Cash purchases will be recorded on _____ side of the Cash Book
a. payment b. receipt c. left d. right
8. _____ columns of the Cash Book are never balanced.
a. Discount b. Cash c. Bank d. Payment
9. _____ shows the financial position of the business at the end of the year.
a. Balance sheet b. Profit & loss A/c c. Trading A/c d. Trial balance
10. Prepaid expenses are shown on the _____ side of the Balance Sheet.
a. liabilities b. asset c. debit d. Asset

Q.1(b) State whether the following statements are true or false: (any 7)**(7)**

1. Profit and Loss A/c shows the financial position of the concern.
2. Sales-Cost of goods sold= Gross Profit.
3. Gross profit is transferred to the Capital A/c.
4. The giver of a benefit must be debited
5. All intangible assets are fictitious assets.
6. Every debit has an equal and corresponding credit.
7. Loss by fire is a Nominal Account.
8. Statement of Profit is just like Profit and Loss A/c.

9. Trade discount is entered in cash book
10. There are no restrictions on withdrawal of cash in respect of Saving Account.

Q.2 (a) Enter the following transactions in the books of Paresh, for April, 2008

(15)

- 1 Cash on hand Rs. 2,000 and cash at Bank of India Rs. 15,000.
- 2 Purchased books from Ajay Products, Rs. 50,000 at 5% trade discount.
- 3 Sold our shares (personal) for Rs. 25,000 and invested that sum in the business.
- 4 Sold to Vijay Traders goods worth Rs. 30,000 for cash.
- 5 Deposited Rs. 20,000 in bank sent a cheque of Rs. 25,000 to Ajay Products.
- 6 Paid Rs. 400 for the fees of son from office (Paresh's son).
- 7 LIC premium Rs. 420 and Insurance for the goods Rs. 320 (Rs. 420 paid from house).
- 8 Purchased goods worth Rs. 30,000 from Jeet & Co. at 15% trade discount and 10% cash discount.
- 9 Settled amount with Ajay Products.
- 10 Sold goods to Parth & Co. for Rs. 30,000 at 10% trade discount.
- 11 Received cash from Parth & Co. in full settlement.
- 12 Goods worth Rs. 15,000 destroyed by fire. Insurance Company paid Rs. 12,000 as claim.

OR

Q.2 (a) Following information is extracted from the books of Rachana , Prepare Trail Balance for the year ended 31st March 2016.

(7)

Particulars	Rs	Particulars	Rs
Capital	1,00,000	Opening Stock	15,000
Debtors	20,000	Creditors	20,000
Fixed Assets	92,000	Purchase	70,000
Sales	1,10,000	Returns Inward	2,000
Returns Outward	1,000	Wages and Salaries	30,000
Bills Payable	8,000	Bills Receivable	15,000
Bank Overdraft	11,000	Rent	6,000

Q.2. (b) State giving reason whether following are Capital, Revenue or Deferred Revenue.(8)

- (A) Heavy advertising expenditure incurred for launch of product.
- (B) Copyrights acquired for sum of Rs. 20,00,000.
- (C) Repairing of building for Rs. 1,00,000.
- (D) Profit of Rs. 10,000 earned by selling an investment.
- (E) Legal Expenses incurred by a publisher in a defamation suit.

(F) Renewal of factory license for Rs. 50,000.

(G) Replacement of wooden platform for machinery with concrete.

Q.3(a) On 1st April, 2009 HSC & Co. purchased a lathe machine from HMT Ltd. on hire purchase basis. The cash price of the machine was Rs. 250,000. The payment was to be made Rs. 50,000 on the date of agreement and the balance in 4 annual instalments of Rs. 50,000 plus interest at 5 percent per annum payable on 31st December each year, the first instalment being payable on 31.12.2009. Show journal entries in the books of HSC & Co. and HMT Ltd. assuming that the accounts are closed on 31st December each year and depreciation at 10% p.a. is written off on the original cost. Also show how the items will appear in the Balance Sheet of HSC & Co. as on 31.12.2009, 2010, 2011 and 2012.. (15)

OR

Q.3(b) Calculate the value of stock by applying: (a) FIFO to Product X (b) Weighted Average to Product Y (15)

Stock (kgs) on 1-3-2012	2,000 @ Rs.28	4,000 @ Rs.13
Purchases (kgs)		
On 11-3-2012	1,800 @ Rs. 27	2,500 @ Rs. 14
On 21-3-2012	1,700 @ Rs. 25	2,000 @ Rs.18
Sales (kgs)		
On 6-3-2012	1,300	2,500
On 15-3-2012	1,400	2,000
On 18-3-2012	700	1,300
On 29-3-2012	1,100	1,700

On 31-3-2012 when stocks were physically verified a shortage of one unit was noticed in Product Y.

Q.4(a) Prepare Manufacturing Account for the year ended 31st March 2015 (15)

Particulars	Amount
Purchase of materials	2,20,000
Freight on Purchases of raw material	500
Direct wages	50,000
Factory rent	7,500
Factory power	8,500
Return Inward	25,000
Return Outward	20,000
Sales	5,75,000
Depreciation on Plant	11,500
Depreciation on Delivery Van	7,250
Royalties paid on Production	350
Stock of Raw material as on 1 April 2014	54,000

Work in progress as on 1 April 2014	57,000
Stock of Raw materials as on 31 March 2014	46,000
Work in progress as on 31 March 2015	23,000
Finished Goods	40,000

OR

Q.4(b) For certain reasons, stock taking in a firm was completed on 15th June, 2012, even though the books were closed on 30th June. The stock taking revealed that the stock was Rs. 35,600 (cost) (15)

The following further information is available

1. The purchases as recorded in the Purchase Book after 15/6/2012 totalled Rs. 8,100 but of these goods costing Rs. 500 were found unsuitable and returned
 2. Sales Book showed sales at the total figure of Rs. 12,500 for the last fortnight of June, 2012.
 3. Out of certain sales made for 15/6/12, goods of the sale value of Rs. 1,200 were received back from customers after the date mentioned above.
 4. The stock as at 5/6/12 included goods costing Rs. 5,000 received on behalf of another firm for safe keeping.
 5. The firm sells goods at cost plus 25% normally but the sales after 15/6/12 included one item costing Rs. 500 and sold for Rs. 450.
- Ascertain the value of the closing stock as on June 30, 2012.

Q.5(a) Explain fundamental Accounting assumptions. (8)

(b) Define the term 'Accounting' and explain the importance of accounting ? (7)

OR

Q.5 Short Notes: (any 3): (15)

1. Internal Voucher.
2. Debit Note.
3. Types of Cheque.
4. Conservatism
5. Revenue Expenditure