

Q.1 A) Multiple Choice question (Any 7)

1. Accounting standard 1 is _____ (7)
 - a. Mandatory
 - b. Optional
 - c. Recommendatory
 - d. No longer valid
2. Valuation of inventories is governed by _____
 - a. Companies act
 - b. Income tax act
 - c. As-2
 - d. As-6
3. The as deals with revenue recognition is _____
 - a. As-1
 - b. As-9
 - c. As-3
 - d. As-10
4. Market value is _____
 - a. Net realizable value
 - b. Net realizable value less profit
 - c. Discounted present value
5. Cost of repairing the building _____
 - a. Revenue
 - b. capital
 - c. D.R. Expenses
6. Assets held for sale is called as _____
 - a. Machinery
 - b. Inventory
 - c. Investment
7. Under _____ method units are issued at a random order.
 - a. FIFO
 - b. LIFO
 - c. Weighted Avg
8. For plastic company plastic is _____
 - a. Raw material
 - b. WIP
 - c. Finished goods
9. Manufacturing account shows _____
 - a. Gross profit
 - b. Net profit
 - c. Cost of production
10. Prepaid insurance is _____
 - a. Deducted from insurance
 - b. Shown on asset side
 - c. Both a & b

B) State whether the following statements are True or False (Any 8)

1. There is no need to establish according standards.
2. Inventories includes machinery
3. As-9: Revenue recognition is mandatory and applicable to all enterprises.
4. Inventory valuation affects the income statement
5. Prepaid expenses are revenue expenses.
6. Rent paid is capital expenditure
7. Wages & salary expenses comes under profit & loss A/c
8. ASB issued accounting standard.
9. Carriage paid for purchase is revenue expenditure.
10. Purchase of land is capital expenditure.

Q.2 A) The following particular have been attracted in respect of material X.

Prepare a store ledger account showing the receipts and issues, pricing the material issued on the basis of weighted average basis.

Receipts:

1/9/2014	Opening Stock	200 units	at Rs. 3.50 per unit
3/9/2014	Purchased	300 units	at Rs. 4.00 per unit
13/9/2014	Purchased	900 units	at Rs. 4.30 per unit
23/9/2014	Purchased	600 units	at Rs. 3.80 per unit

Issues:

5/9/2014	Issued	400 units
15/9/2014	Issued	600 units
25/9/2014	Issued	600 units

OR

B) From the following information, prepare the bills receivable account and total debtors account for the year ended 31st December, 2010. (15)

Particulars	Rs
Opening balance of debtors	1,80,000
Opening balance of bills receivable	55,000
Cash sales made during the year	95,000
Credit sales made during the year	14,50,000
Return Inwards	78,000
Cash received from debtors	10,25,000
Discount allowed to debtors	55,000
Bills receivable endorsed to creditors	60,000
Cash received (Bills matured)	80,500
Irrecoverable amount	10,000
Closing balance of bills receivable of 31/12/2010	75,500

Q.3 A) A fire occurred in the godown of make money ltd. on 15th April 2007. In the books of accounts and stock amounting to Rs.10,800 were saved. Company's average rate of gross profit is 33% on sales. The stock on hand on 31st December 2006 valued at 10% above cost was Rs.58,300. Purchases, Wages and sales were at Rs.45,000; Rs.18,000 and Rs.95,400 respectively. (15)

OR

B) A fire occurred in the godown of X ltd on 9th March, 2007; destroying the entire stock. The books and records were salvaged from which the following particulars were ascertained: (15)

Sales for the year 2006	10,00,000
Sales for the period 1/1/2007 to 8/3/2007	3,00,000
Purchase for the year 2006	8,00,000
Purchases for the period 1/1/2007 to 8/3/2007	1,25,000
Stock on 1/1/2006	3,30,000
Stock on 3/12/2006	3,85,000

The company has been following the practice of valuing the stock of goods at actual cost plus 10%. The rate of gross profit on the basis of valuation of stock was uniform. You are required to ascertain the value of the stock destroyed.

Q.4 A) The trial balance of Rajesh as on 31st December, 2011 was as follows.

(15)

Debit Balance	Rs	Credit Balance	Rs
Opening Stock		Sundry creditors	17,000
Raw material	23,000	Bills payable	8,500
Work in progress	10,000	Sale of scrap	1,500
Finished Goods	15,500	Commission	350
Sundry debtors	27,000	Provision for doubtful debts	1,650
Carriage on purchase	1,500	Capital Account	1,00,000
Bills receivable	18,000	Sales	2,00,000
Wages	12,000	Current account of Rajesh	9,700
Salaries	10,000		
Telephone Charges	500		
Portage	500		
Repairs to plant	1,200		
Repairs to office furniture	600		
Purchase	1,00,000		
Cash at bank	12,000		
Plant and Machinery	90,000		
Office furniture	9,000		
Rent	5,000		
Lighting	1,300		
General Expenses	1,600		
	3,38,700		3,38,700

The following additional information is provided to you

1. Closing Stock:

Raw material Rs.15, 800; Finished Goods Rs.18, 200; Semi-finished goods Rs.7, 000

- Salaries unpaid for December, 2011: Rs.1,000
- Wages unpaid for December, 2011: Rs.3,000
- Machinery is to be depreciated by 10%
- Office furniture is to be depreciated by 5%
- Provision for doubtful debts is to be maintained at 10 %
- Lightning is to be divided between office premises and factory lightning is to be charged to office premises for Rs.300 and remaining Rs.1000 are to be charged to factory.
- Factory premises occupy $\frac{1}{4}$ th of total area.

You are requested to prepare the manufacturing account, trading account, profit and loss account and the balance sheet relating to 2011.

OR

B) From the following trial balance of Abhay prepare manufacturing account, trading & profit and loss account for the year ending on 31st December 2012 and balance sheet as on the date. Show entries only for adjustment.

Particulars	Debit Rs	Credit Rs
Sales		250000
Sundry Debtors	65000	
Sundry Creditors		10000
General Trade Expenses	17000	
Factory Rent	2000	
Interest received		1500
Purchase returns		1500
Manufacturing Wages	22000	
Purchases	102000	
Discount received		2000
Provision for bad debts		3000
Furniture and fittings	6000	
Carriage and freight on raw materials	5000	
Capital		220000
Drawings	37000	
Stock 1/1/2012		
Raw Materials	21000	
Work in progress	9000	
Finished Goods	20000	
Sales Returns		3000
Plant and machinery		70000
Motor vehicles		20000
Freehold Offices		20000
Balance at bank		10000
Advance on mortgage (Dr.)		25000
Cash Balance		1000
Travelling Expenses		6000
Discount allowed		2000
Office Salaries		22,000
Rates, Taxes and Insurance		3000
	4,88,000	4,88,000

Adjustment:

- Closing Stock:
 Raw materials Rs.28, 000
 Work in progress Rs.13, 000
 Finished Goods Rs.35, 000 Rs. 76, 000
- In December 2012, the finished goods were destroyed by fire. The total claim was made for Rs.9000. However, the insurance company admitted a claim for Rs.6000. Amount of the claim has not been received as yet.
- Write off 10% from plant and machinery
- Write off 10% of Motor vehicle

5. Write off 5% of furniture & fittings
6. Increase provision for bad debts to Rs.3,500

Q.5 A) State whether the following expenses are capital or revenue. Give reasons

(15)

1. Cost of issue of debentures
2. Cost of building
3. Repairing old furniture
4. Expenses incurred for installation of new machine
5. Wages paid to workers
6. Expenses incurred for complete overloading of machine

OR

B) Write short note on (Any 3)

(15)

1. Capital Receipts
2. Revenue Receipts
3. Accounting standards any 2
4. Single Entry
5. Fix Insurance Avg clause