

Q.P. Code : 19751**[Time: 2½ Hours]****[Marks: 75]**

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory.
 2. Solve all questions after exercising Internal option.
 3. Figures to the right indicate full marks.
 4. Working notes should form a part of your answer.
 5. Use of simple calculator is allowed.

Q.1 A Fill in the blanks with suitable words and rewrite the sentence. (Any 8)**(08)**

- 1 According to AS-2 Inventories should generally be valued at lower of cost or _____ value.
(Replacement / Net Realisable)
- 2 Interest received is to be recognized on time basis under _____.
(AS-2 / AS-9)
- 3 Profit of 50% of cost is equal to profit of _____ on sales.
(33.33% / 25%)
- 4 Carriage Inward incurred for bringing machinery into the factory is _____ expenditure
(Capital / Revenue)
- 5 For Sugar Industry Sugarcane is _____.
(Raw Material / Finished goods)
- 6 Reserve for Discount on Debtors is debited to _____ Account
(Manufacturing / Profit & Loss A/c)
- 7 Power can be apportioned on the basis of _____.
(No. of employees / Horse Power of the machinery)
- 8 Hire Purchase transactions are governed by Hire Purchase Act, _____.
(1982 / 1972)
- 9 In Hire purchase agreement instalment consists of _____.
(Depreciation / Interest)
- 10 Loose Tools are _____ type of Assets.
(Current / Fixed)

Q.1 B Match the following and Rewrite both the sides: (Any 7)**(07)**

'A' Group	'B' Group
i) Consistency	a) Revenue Expenditure
ii) Inventory	b) Capital Receipt
iii) AS-9	c) Cost of Production
iv) Expenditure on Training	d) Value of Assets.
v) Issue of shares	e) Wages of each Department
vi) Manufacturing Account	f) Area occupied by each Department
vii) Repairs to Plant	g) After payment of last installment
viii) Contribution to P.F	h) Revenue Recognition
ix) Air Conditioning expenditure	i) Work In Progress
x) Right of Ownership	j) Fundamental Accounting Assumption

Q.P. Code : 19751**Q.2 The Trial Balance of Rahul as on 31st March, 2017 was as follows:****(15)**

Debit Balance	Amount	Credit Balance	Amount
Opening stock		Sundry Creditors	18,000
-Raw Material	20,000	Bank Loan	80,000
-Work In Progress	10,000	Sale of scrap	2,200
-Finished Goods	15,000	Interest Received	1,800
Sundry Debtors	30,000	Commission Received	1,650
Freight on purchase	1,700	Sales	2,60,000
Bill Receivable	28,000	Capital	77,450
Wages	12,000		
Salaries	10,000		
Coal, Water & Gas charges	4,500		
Printing & Stationary	500		
Factory Insurance	1,200		
Repairs to Factory Shed	600		
Purchase	2,00,000		
Cash at Bank	12,000		
Plant & Machinery	30,000		
Factory Shed	60,000		
Rent	3,000		
Factory Lighting	1,200		
Advertisement	1,400		
	4,41,100		4,41,100

The following additional information is provided to you:

- 1) Closing stock: Raw Material Rs. 26000, Work In Progress Rs. 28000 & Finished Goods Rs. 25000.
 - 2) Outstanding wages for the year end was Rs. 2000
 - 3) Advertisement prepaid for the next year Rs. 400
 - 4) Depreciate Plant & Machinery @ 7%, Factory Shed @ 3.5%
 - 5) Bills receivable dishonoured for the year end Rs. 4000
 - 6) Goods loss by fire worth Rs. 5000 and insurance company admitted claim worth Rs. 4000 only.
- Prepare Manufacturing A/c, Trading A/c, Profit and Loss A/c and Balance Sheet as on 31st March 2017.

OR**Q.2 State with reasons whether the following Expenses / Receipts are Capital or Revenue.****(02)**

- 1) A Delivery Van worth Rs. 7,00,000 is brought by proprietor for business activities. **(02)**
 - 2) Paid Audit Fees Rs. 10,000 **(02)**
 - 3) Legal expenses incurred in connection with the issue of capital **(02)**
 - 4) Additional capital of Rs. 2,00,000 introduced in business. **(02)**
 - 5) Recovery of Rs. 5000 as bad debts. **(02)**
 - 6) Furniture worth Rs. 20,000 destroyed by fire, which was not insured **(02)**
 - 7) Plant and Machinery which stood in the books at Rs. 1,50,000 included a machine at a book value of Rs. 3400. **(03)**
- This being obsolete, was sold off at Rs. 900 and was replaced by a new machine which cost Rs. 4800.

Q.P. Code : 19751

- Q.3** M/s Saket and Lokesh the General Provision Merchants have prepared the following Trial Balance as on **(15)**
31st March 2017. They have three departments A, B and C.

Particulars	Debit Rs.	Credit Rs.
Stock on 1 st April 2016		
A	56,000	
B	40,000	
C	42,000	
Purchases		
A	2,00,000	
B	1,28,000	
C	2,40,000	
Sales		
A		3,50,000
B		1,60,000
C		3,61,600
Wages of Department A	94,000	
Packing charges	14,000	
Rates & Taxes	4,500	
Electricity & Insurance	6,000	
Advertisements	11,000	
Bad Debts	20,000	
Sundry Expenses	16,000	
Salaries	90,000	
Interest on Loan	12,000	
Loan taken		4,00,000
Creditors		1,60,000
Debtors	2,40,000	
Furniture	20,000	
Freehold Property	3,48,000	
Cash	20,100	
<u>Capital Balance</u>		
-Saket		1,10,000
-Lokesh		1,10,000
<u>Drawing</u>		
-Saket	25,000	
-Lokesh	25,000	
	16,51,600	16,51,600

Adjustments:

- Prepaid expenses Insurance Rs. 1600 and Rates & Taxes Rs. 1500.
- Outstanding expenses Electricity Rs. 3600.
- 5% Reserve for Doubtful Debts to be made.
- $2\frac{1}{2}$ % Reserve for Discount to be provided on creditors.
- Interest on Capital to be allowed at 5% p.a.
- Depreciate Furniture by 10% p.a.

Q.P. Code : 19751

- vii) Closing stocks were valued at Department A : Rs. 60,000 Department B : Rs. 50,000 & Department C : Rs. 40,000

Apportionment of all items in A, B and C departments to be done in the ratio of 40%, 20% and 40% respectively.

Prepare Department Trading Profit & Loss Account for the year ended 31st March 2017 and the Balance Sheet as on that date.

OR

- Q.3** On 1st January 2014, Mahalaxmi Transport Ltd purchased a Truck from HMT Ltd on Hire Purchase basis. The (15) cash price of Truck was Rs. 5,96,000; Rs. 1,60,000 was to be paid on the date of purchase and the balance in three instalments of Rs. 1,60,000 on 31st December every year subject to interest @ 5% p.a. Depreciation was to be provided @ 10% on the Reducing Balance Method. Prepare the following accounts in the books of Mahalaxmi Transport Ltd.

- 1) Vendor A/c
- 2) Truck A/c
- 3) Interest A/c
- 4) Depreciation A/c

- Q.4 A** Roshan closes his books of accounts on 31st March every year. He was unable to take actual stock till (09) 15th April 2017, on which date the physical stock at cost was valued at Rs. 5,25,000.

Sales for the period 1st April to 15th April 2017 was Rs. 1,44,000. Profit was made at $\frac{1}{3}$ rd on cost.

- 1) Purchases for the next year included in stock amounted to Rs. 54,000 at cost less 10% trade discount.
- 2) Goods returned by customers were worth Rs. 1800 at selling price.
- 3) There were slow moving items costing Rs. 6,000 which could be estimated to be sold at Rs. 4,200.
- 4) Due to certain reasons some goods costing Rs. 7,500 were supplied late by supplier therefore the customer refused to accept the goods. As a result, the net realizable value was estimated to be Rs. 3,000 on 31st March 2017.

Compute the value of stock as on 31st March 2017.

- B** Satya Ltd have changed their method of Depreciation from Straight Line Method to Written Down Value (03) Method but not disclosed it in their accounts. Analyse and comment with respect to AS-1

- C** Mr. Vijay has invested in Shares of Tata Power Ltd. The company declared dividends on 28th March 2017, but (03) the dividend cheque was actually received on 5th April 2017. If Mr. Vijay closes his books on 31st March every year; can he consider income from dividend for the financial year ended 31st March 2017? Analyse and Comment with respect to AS-9.

OR

Q.P. Code : 19751

- Q.4** From the following data of Vashundhara Ltd for the month of February 2017 you are required to prepare the (15)
stores ledger by adopting FIFO Method:

Purchases

Date	Units	Rate in Rs.
1/2/2017 (Opening Stock)	5000	10
5/2/2017	3500	11
10/2/2017	4600	09
15/2/2017	4200	12
25/2/2017	3700	11

Issues

Date	Units
3/2/2017	4000
9/2/2017	3800
14/2/2017	3500
18/2/2017	3900
27/2/2017	3300

- Q.5** A) Explain the factors influencing the selection of Accounting Policies as per AS-1. (08)

- B) What are the features of Hire Purchase Transactions? (07)

OR

- Q.5** Write short notes on (Any three). (15)

1. Procedure of Issuing Accounting Standards in India.
2. Transactions excluded from AS-9.
3. Interdepartmental Transfers
4. Distinguish between FIFO and Weighted Average.
5. Deferred Revenue Expenditure with examples.
