

Q1. A) State whether the following sentence is True or False. (Any 8). (8 Marks)

1. Under hire purchase, instalment is treated as hire price.
2. Different firm follow different accounting policies.
3. Current Assets are short term assets.
4. Drawings are deducted from capital.
5. Wages paid to workers is a Revenue Expenditure.
6. AS2 defines inventory as current assets.
7. Rent of building is allocated on the basis of area occupied.
8. Cost of purchase include duties and taxes.
9. Manufacturing account always gives a debit balance.
10. AS is mandatory under the companies Act.

Q1 B). Match the column. (Any 7).

(7 Marks)

Column A	Column B
1. Cash at bank	A. Value of assets
2. Outstanding salary	B. Initial payment
3. Down Payment	C. Current liabilities
4. Insurance of assets	D. Current assets
5. Capital receipt	E. Manufacturing account
6. Cost of Production	F. Issue of shares
7. Cost of canteen	G. Revenue expenditure
8. Purchase of Raw material	H. No. Of workers
9. Revenue Recognition	I. AS 9
10. Inventory valuation	J. AS 2

Q2. A) The trial balance of ABC Ltd. as on 31<sup>st</sup> December, 2014 was as follows: (15 Marks)

Particulars	Rs	Particulars	Rs
Raw Material	23000	Creditors	17000
Work in Progress	10000	Bills Payable	8500
Finished Goods	15500	Sale of scrap	1500
Debtors	27000	Commission	400
Carriage Inward	1000	Provision for doubtful	1600
Carriage Outward	1000	debts	100000
Bills Receivable	16000	Capital	200000
Wages	12000	Sales	
Salaries	10000		
Repairs of Plant	1200		
Repairs of Office	600		
Furniture	100000		
Purchase	2300		
Cash at Bank	90000		
Plant and Machinery	9000		
Office Furniture	5000		
Rent	1800		
Lighting expenses	2000		
Factory Insurance	1600		
General Expenses			
	329000		329000

Following additional information is provided:



- (1) Closing stock as on 31<sup>st</sup> December, 2014 was: Raw Material Rs. 15,800. Finished Goods Rs. 18,200. Semi Finished Goods Rs. 7,000.
- (2) Salaries Rs. 2000 and Wages for December, 2013 was paid in January, 2014.
- (3) Lighting expenses were outstanding Rs. 600 whereas insurance was paid Rs. 500.
- (4) 25% of the lighting expenses and rent is to be charged to office premises and the remaining amount is to be charged to factory.
- (5) Depreciation is to be charged @ 10% on Machinery and 5% on Furniture.
- (6) Provision for doubtful debts is to be maintained @ 10%.

OR

Q2. B) From the following trial balance of XYZ Ltd. Prepare manufacturing account, trading account and profit and loss account for the year ended 31<sup>st</sup> December, 2013. And balance sheet as on that date.

(15 Marks)

Particulars	Rs.	Particulars	Rs.
Drawings	30000	Capital	500000
Managers salary	6000	Creditors	100000
Cash in hand	2000	Loan	80000
Cash at bank	35000	Reserve for Bad Debts	6000
Debtors	95000	Purchase return	7000
Patents	4000	Sales	264000
Plant & Machinery	100000		
Land & building	200000		
Extension to Building	20000		
Legal charges for acquisition of building	5000		
Purchases of Raw Material	100000		
Raw Material (1-1-2013)	40000		
Work-in-progress (1-1-2013)	75000		
Finished Goods (1-1-2013)	95000		
Carriage inward	8000		
Wages & Salaries	90000		
Factory expenses	8000		
Factory Rent	10000		
Office Expenses	5000		
Printing & Stationary	10000		
Discounts	6000		
Advertisement	5000		
Bad Debts	4000		
Goodwill	4000		
	<b>957000</b>		<b>957000</b>

Adjustments:

1. On 31<sup>st</sup> December 2013 the stock were valued as: Raw Material Rs. 50000. Work-in-progress Rs. 80000. Finished goods Rs. 100000.
2. Outstanding expenses – Advertisement Rs. 500 and Printing Rs. 300.
3. Stock of stationary on hand Rs. 1000 on 31<sup>st</sup> December 2013.
4. Depreciate plant & Machinery @ 10% and Patents @ 20%.



5. Manager is entitled for a commission of 5% on net profit before charging his commission.
6. Increase Reserve for Bad Debts by Rs. 3000
7. Interest on loan of Rs. 1000 is still unpaid.

Q3. A) From the following particulars, prepare stock record by FIFO and weighted average method. (15 Marks)

Date	Transaction	Units	Rate(Rs)
4 <sup>th</sup> Jan 2014	Purchase	40	30
17 <sup>th</sup> Jan 2014	Purchase	60	28
20 <sup>th</sup> Jan 2014	Sales	50	
22 <sup>nd</sup> Jan 2014	Purchase	80	29
25 <sup>th</sup> Jan 2014	Sales	80	
28 <sup>th</sup> Jan 2014	Sales	20	
30 <sup>th</sup> Jan 2014	Purchase	100	26
31 <sup>st</sup> Jan 2014	Sales	90	

The stock in hand on 1<sup>st</sup> January, 2014 was 50 units @Rs. 25 each.

OR

Q3. B) From the following information relating A to Z item, value closing stock on 31/12/2013 by applying : (a) FIFO (b) Weighted Average Method. (15 Marks)

Particulars	Units	Rate(Rs)
Stock on 1/12/2013	5000	14
Purchases		
(i) On 18/12/2013	4200	13
(ii) On 23/12/2013	3800	09
Sales		
(i) On 07/12/2013	1200	
(ii) On 16/12/2013	2600	
(iii) On 19/12/2013	1800	
(iv) On 30/12/2013	3400	

Q4. AB and co. Has two departments, department X and department Y. From the following information prepare departmental Trading and Profit and Loss account for the year ended 31<sup>st</sup> March 2020. (15 Marks)

Particulars	Department X	Department Y	Total
Opening stock	13400	11200	
Purchases	73600	71400	
Sales	110000	88000	
Salaries	8000	7000	
Interest on loan			2000
Carriage outward			2900
Discount received			1450
Depreciation			7500
Rent and Rates			5400
Advertisement			8100
Building insurance			1800
General expenses			4500
Discount allowed			2700

Adjustment:



1. Closing stock : Dept X – Rs. 20500 and Dept Y – Rs. 17600
2. The area occupied by the two departments is in ratio of 5:4
3. Depreciation and general expenses are allocated equally.

OR

Q4. On 1<sup>st</sup> January 2018, Mahalaxmi Transport Ltd. Purchased a Truck from HMT Ltd. On Hire Purchase basis. The cash price of truck was Rs. 596,000; Rs. 160,000 was to be paid on the date of purchase and balance in three installments of Rs. 160,000 on 31<sup>st</sup> December every year subject to interest @ 5% p.a. Depreciation was to be provided @ 10% on the Reducing Balance Method. (15 Marks)

Q5. State whether the following statement is capital or Revenue Income or Expenses with reason. (15 Marks)

1. Purchase of typewriter.
2. Salary paid Rs. 40000.
3. Sale of motor car worth Rs. 250000.
4. Renovation of factory building.
5. Received Rs. 200000 from sale of Investment.
6. Payment of electricity bill Rs. 3500.
7. Purchase of Raw material Rs. 20000.
8. Paid carriage Rs. 5000.
9. Commission received Rs. 2000 from sale of goods.
10. Loan taken from Bank worth Rs. 1000000.

OR

Q5. Short Notes. (Any 3)

(15 Marks)

1. Departmental accounting
2. Manufacturing account
3. Capital expenditures
4. AS 1
5. AS 9

Particulars	Dept X	Dept Y
Opening stock	1200	1100
Purchases	7500	7100
Sales	11000	8200
Interest on loan	200	300
Carriage outward	200	300
Discount received	100	100
Depreciation	100	100
Rent and rates	100	100
Advertising	100	100
Building expenses	100	100
General expenses	100	100
Discount allowed	100	100