

VCD - 22/11/2019

Q. 1 (A) Fill in the blanks with the given appropriate options (any 10)

(10)

1. Accounting Standard 9 deals with _____.
(Disclosure of Accounting Policies/Revenue Recognition/Inventory valuation)
2. The person who sells the goods on Hire Purchase basis is called a _____.
(Hire Purchaser/Hire Vendor/Consignor)
3. In case of manufacturer, Sale of Scrap appears on the credit side of _____ Account.
(Trading Account/Profit & Loss/Manufacturing)
4. In Departmental Accounts, Office Rent is allocated on the basis of _____ of each department. (Sales Turnover/Area Occupied/Purchases)
5. Wages paid for installation of new machinery is a _____.
(Capital Expenditure/Capital Receipts/Revenue Expenditure)
6. The inventory system keeping accounting records that continuously disclose the amount of inventory is called _____.
(Periodic / Perpetual / weighted)
7. Cost of Goods Sold = _____ + Purchase - Closing Stock.
(Opening stock / Sales / Gross Profit)
8. In Manufacturing Final A/c depreciation on Machinery is transferred to Debit side of _____
(Trading A/c / Profit & Loss A/c /Manufacturing A/c)
9. Amount received on sale of fixed asset is a _____.
(Capital Expenditure/Capital Receipt/Revenue Receipt)
10. Discount received is allocated on the basis of _____ of each department.
(Purchase ratio/ Sales ratio/ Time ratio)
11. Hire purchase installment = Part of principal amount + _____.
(Interest / Cash price /Installment / Selling price)
12. Balance from Manufacturing Account is known as _____.
(Gross Profit/Cost of Production/Net Profit)

Q. 1 (B) State whether the following statements are TRUE and FALSE.(any 10)

(10)

1. AS-1 deals with Disclosure of Accounting Policies.
2. Expenditure on acquisition of a permanent asset is a capital expenditure
3. Stocks are normally valued at cost or market price whichever is lower.
4. Under Hire Purchase System the seller is the owner of goods until the payment of last installment.
5. FIFO method is more suitable for perishable goods.
6. AS-2 is applicable to livestock.
7. Wages is allocated on the basis of purchase of the department.
8. Carriage inward cost should not be included in the cost of Raw material.
9. Repairs of Furniture are a capital expenditure.
10. In Departmental Accounts, Advertisement expenses is allocated on the basis of purchase of each department.
11. Revenue expenses are non-recurring expenses.
12. Income received in advance is shown on the asset side of the balance sheet.

Q2) From the following trial balance of M/s SCE Ltd. prepare Manufacturing A/c, Trading A/c, P & L A/c and Balance sheet for the year ended 31st December 2018. (20)

1) On 31st December 2018 stock were valued as:

Raw Material Rs.2,10,000 Work in Progress Rs.2,50,000 Finished Goods Rs.2,90,000

2) Depreciate Machinery @ 10% & furniture @ 5% p.a.

3) There were fire in a warehouse of M/s SCE, destroying goods costing Rs.12,000, out of which Rs.10,000 was Raw Material & Rs.2000 was Finish Goods. Insurance company admitted a claim of Rs.8000. This transaction was not recorded in the books.

4) Outstanding Expenses were Printing & Stationery Rs.5,000.

- 5) Provide reserve for doubtful debts @ 10% on Debtors.
6) During the year goods costing Rs.20,000 were distributed as free sample which remain unrecorded.

Particulars	Rs.	Particular	Rs.
Opening stock:		Sales	12,40,000
-Raw Material	1,70,000	Sale of scrap	8,000
-W-I-P	2,20,000	Discount Received	20,000
-Finished goods	2,80,000	Capital	10,00,000
Purchase of Raw Material	8,00,000	Sundry Creditors	4,50,000
Carriage inward	20,000	Bank Loan	1,50,000
Wages & salaries	1,50,000	Reserve for Bad Debts	12,000
Factory expenses	24,000		
Factory rent & rates	30,000		
Office expenses	16,000		
Printing & stationery	15,000		
Discount Allowed	11,000		
Bad Debts	9,000		
Drawing	72,000		
Goodwill	98,000		
Machinery	5,00,000		
Furniture	2,40,000		
Cash & Bank	74,000		
Sundry Debtor	1,18,000		
Salary to salesman	33,000		
	28,80,000		28,80,000

OR

Q2) The trial balance of Mr. CHRISTOPHER as on 31st December 2018 is as follows:

(20)

Particular	Rs	Particular	Rs
Opening stock:		Sundry creditors	31,000
-Raw Material	60,000	Bills payable	55,500
-work in progress	40,000	Sale of scrap	4,500
-finished goods	46,500	Commission	2,000
Sundry debtors	71,000	Provision for doubtful debts	5,000
Carriage inward	4,500	Capital Account	6,19,000
Bills receivable	64,000	Sales	10,00,000
Direct Wages	36,000		
Salaries	30,000		
Telephone charges	6,500		
Printing & stationery	1,800		
Purchases of Raw material	6,00,000		
Cash at bank	36,000		
Machinery	6,70,000		
Furniture	27,000		
Rent (factory 60%)	15,000		
Factory power	3,900		
General expenses	4,800		
	17,17,000		17,17,000

The following information is provided to you:

Closing stock: Raw Material Rs.37,400 Work in progress Rs.11,000 Finished goods Rs.44,600

1) Outstanding expenses : Salaries Rs.5,000 Direct Wages Rs.10,000

2 Machinery to be depreciated by 10% & Furniture by 5%

- 3) Debtors include 10,000 due from M/s Sona and an amount of Rs.6000 is due to her which is included in creditors, which needs to be adjusted.
 - 4) Finish goods costing Rs.10,000 were sold on sale or approval basis @ 20% on cost. It was not approved till 31st Dec, 2018. This need to be adjusted as the time of approval is not finished
 - 5) Provision for Doubtful Debts is to be maintained at 10%
- You are required to prepare Manufacturing Account, Trading account, Profit & Loss account and Balance sheet as on 31st December 2018.

Q3) From the following information prepare Departmental Trading and Profit & Loss account & General P&L A/c for two Departments X & Y for the year ended 31st March 2018 (20)

Particular	Dept. X	Dept. Y	Total
Opening stock			
Purchases	33,400	31,200	64,600
Sales	70,000	80,000	1,45,000
Salaries	1,10,000	88,000	1,98,000
Carriage outward	16,000	14,000	30,000
Rent			2,900
Discount received			9,000
General salaries			1,500
Advertisement			7,500
General expenses			8,100
Discount allowed			4,500
Audit fees			2,700
			10,500

Adjustment:

- 1) Closing stock was 'X' – Rs.40,500 & 'Y' – Rs.37,600.
- 2) Area occupied by both the Department is on the ratio of 2:1 respectively.
- 3) Carriage outward, Advertisement & Discount allowed should be distributed as per Sales Ratio whereas Discount Earned should be distributed as per Purchase Ratio.
- 4) General salaries and General expenses are to be allocated equally.
- 5) Good costing Rs.3000 was transfer to Dept. X to Dept. Y.

OR

Q3) From the following the balance prepare Departmental Trading and Profit & Loss account for the year ended 31st December 2016 .

Particulars	Dept. A	Dept. B	Dept. C
Opening stock			
Purchases	1,00,000	1,40,000	20,000
Wages	4,00,000	6,00,000	16,00,000
Sales	80,000	1,20,000	1,60,000
Return Outward	12,20,000	24,40,000	36,60,000
Return Inward	40,000	20,000	60,000
Closing stock	20,000	40,000	60,000
	1,60,000	1,00,000	80,000

Particulars	Amt
Goods transfer from Dept. A to: Dept. B	20,000
Dept. C	40,000
Goods transfer from Dept. B to: Dept. A	10,000
Dept. C	20,000
Goods transfer from Dept. C to: Dept. A	14,000
Dept. B	18,000

A. Following are the expenses which should be allocated equally:

- 1) Telephone charges 6,000
- 2) Insurance charges 12,000
- 3) Office expenses 18,000
- 4) General salaries 24,000

- B. Rent 48,000 is to be divided in the ratio of space occupied which was Dept. A $\frac{1}{4}$, Dept. B $\frac{1}{4}$, Dept. C $\frac{1}{2}$.
- C. Other expenses were: Discount allowed 36,000, Discount received 48,000, Bad debts 30,000, Carriage inward 18,000.

- Q4) Following is the information related to purchases and sales of goods made by M/s OMG Ltd in the month of March, 2018. Find out from the given information. (20)
- Closing Stock as on 31st March, 2018 using Weighted Average & FIFO Method.
 - Cost of Goods Sold for the month of March, 2018.
 - Sales and Gross Profit for the month of March, 2018.

Dates	Particulars	Unit	Rates
04-03-2018	Sales	45,000	60
08-03-2018	Purchases	1,05,000	50
14-03-2018	Sales	1,20,000	70
19-03-2018	Purchase Return from purchase of 8 th March	15,000	-
21-03-2018	Purchases	1,50,000	47
23-03-2018	Sales Return out of sale of 4 th March	45,000	-
26-03-2018	Sales	1,80,000	75
29-03-2018	Purchases	1,50,000	53
30-03-2018	Sales	1,20,000	70
31-03-2018	Purchase	90,000	55

Stock on 1st March, 2018 was 90,000 units @ 40 per unit.

OR

- Q4 a) State whether the following are Capital or Revenue expenditures or receipts. (10)
- Carriage paid for bringing new Machinery.
 - Sold old business Car.
 - Insurance premium paid for the insurance of Plant.
 - Loan repaid which was taken from BOI.
 - Paid tax consultancy fees to CA.
 - Repairs and maintenances of machinery.
 - Interest received on Investment.
 - Cost of increasing the seating capacity of a cinema hall.
 - A second hand car purchased.
 - Paid fees to the Association for membership.

- Q4) b) Mr Evans purchased a Car on Hire Purchase basis from BMW on 1st Jan, 2017. The cash price of the Car was Rs.50,00,000. An initial payment of Rs.15,00,000 was made on the date of purchase. The balance was paid in two annual installments excluding interest as follows: (10)

31.12.2017 Rs.20,00,000

31.12.2018 Rs.15,00,000

BMW charged interest @ 10% p.a. and Mr. Evans charged Depreciation @ 15% p.a. on Straight line Method. You are required to pass Journal entries in the books of Mr. Evans for two years.

- Q5) Answer the following:
- Explain Accounting Standards and Explain Benefits of Accounting Standards. (10)
 - Explain features of Hire Purchase Agreement. (10)

OR

- Q5) Write short notes on:- (any 4) (20)
- Manufacturing Account
 - Revenue Receipts
 - AS-1
 - Capital Expenditure
 - Interest & Installment
 - Allocation of Expenses