

Note : All the questions are compulsory.

Q.1. From the following Trial Balance of Shri Dattaguru prepare Manufacturing Account, Trading & Profit & Loss Account for the year ended 31st December, 2011 and the Balance Sheet as on that date.

Particulars	Dr. Rs.	Particulars	Cr. Rs.
Opening Stock		Sales	6,40,000
- Raw Material	70,000	Discount	7,500
- W.I.P.	1,20,000	Return Outward	12,000
- Finished Goods	1,80,000	Capital	9,00,000
Carriage Inward	20,000	Sundry Creditors	2,50,000
Wages & Salaries	1,50,000	Bank Loan	1,50,000
Factory Expenses	24,000	Reserve for Bad Debts	15,000
Factory Rent & Rates	30,000		
Office Expenses	16,000		
Printing & Stationery	15,000		
Discount	11,000		
Bad Debts	9,000		
Drawings	72,000		
Goodwill	80,000		
Plant & Machinery	4,00,000		
Land & Bldg.	2,40,000		
Cash & Bk balances	74,000		
Sundry Debtors	1,18,000		
Trade Marks	18,000		
Salary to Manager	32,000		
Purchase of Raw Material	3,00,000		
	19,79,000		19,79,000

The following additional information is available :

- On 31st December, 2011 stocks were values as :

Raw Materials	Rs. 1,10,000
Work in Progress	Rs. 1,50,000
Finished Goods	Rs. 1,90,000
- Depreciate : Plant & Machinery @ 10%p.a.
- Write off : Trade Marks @ 33 1/3%p.a.
- Outstanding Expenses : Printing & Stationery Rs. 3,000.
- Prepaid Expenses : Factory Rent & Rates Rs. 4,000.
- Manager is entitles to a Commission @2% of Net Profits before charging his commission.
- Increase Reserve for Bad Debts by Rs. 10,000.
- Interest on Bank loan still unpaid Rs. 2,400.

OR

The Trial Balance of M/s Ideal Store as on 31st December 2010 was as follows :

Debit Balance	Rs.	Credit Balance	Rs.
Sundry Debtors	54,000	Capital	2,00,000
Carriage Inward	2,000	Sales	4,00,000
Carriage Outward	2,000	Sundry Creditors	3,00,000
General Expenses	3,200	Bills Payable	1,00,000

Factory Insurance	4,000	Sale of Scrap	3,000
Lighting Expenses	3,600	Commission	800
Rent	10,000	Provision for Doubtful Debts	3,200
Office Furniture	18,000		
Plant & Machinery	1,80,000		
Cash at Bank	4,600		
Purchase	2,00,000		
Repairs of Office Furniture	1,200		
Repairs of Plant	2,400		
Salaries	20,000		
Wages	24,000		
Bills Receivable	32,000		
Opening Stock	46,000		
Raw Material	20,000		
WIP	31,000		
Finished Goods	6,58,000		6,58,000

Adjustments :

- Closing Stock :
Raw Material - Rs. 31,600
Finished Goods - Rs. 36,400
Semi-Finished Goods - Rs. 14,000
 - Provision for doubtful debts is to be maintained at 10%.
 - Salary Rs. 4,000 & wages for December 2010 Rs. 4,000 was paid in January 2011.
 - Outstanding lighting expenses Rs. 1,200 & Prepaid Insurance was Rs. 1,000.
 - Depreciation : On Machinery 10%p.a. & on furniture 5%p.a. is to be provided.
 - 25% of the lighting expenses is to be charged to office premises & the remaining amount is to be charged to factory.
 - Rent is to be divided in the ratio of 3:1 between factory & office.
- You are required to prepare Manufacturing Account, Trading, Profit & Loss Account for the year ended 31-12-2010 & Balance Sheet as on that date.

Q.2.

On 01-01-2008 Ram has purchased a machine from Bharat and paid Rs. 24,000 at the time of delivery. The cash price was Rs. 1,44,000.

The balance amount was paid in the following four installements on the 31st December every year with interest @5% on cash price : Rs. 36,000 on 31-12-2008; Rs. 34,500 on 31-12-2009; Rs. 33,000 on 31-12-2010; and Rs. 31,500 on 31-12-2011. Machinery was to be depreciated at 10% p.a. by reducing balance method.

Prepare Machinery A/c and Vendor's A/c in the books of Ram. Use Full Cash Price method.

OR

From the following balances prepare Departmental Trading & Profit & Loss Account for the year ended 31-12-2009.

Particulars	Dept. A Rs.	Dept. B Rs.	Total Rs.
Opening Stock	45,000	42,000	87,000
Purchases	1,05,000	90,000	1,95,000
Wages	18,000	12,000	30,000
Sales	1,80,000	1,50,000	3,30,000
Rent Rates Taxes & Insurance			6,000

Furniture & Fitting			15,000
Carriage Inwards			7,020
Advertising			11,040
Discount received			6,600
Discount Allowed			1,950
Lighting & heating			9,300
Salaries			28,170

The following information is also provided :

- 1) Stock on 31-12-2009.
Department A Rs. 51,000, Department B Rs. 45,000.
- 2) Advertising is to apportioned equally.
- 3) Depreciation at 10%p.a. on furniture & fittings to be charged 3/4 to Department A & 1/4 to Department B.
- 4) Internal Transfer of goods from Department A to Department B Rs. 6,000.
- 5) Rent, Rates & Insurance, Lighting & Heating, Salaries & Carriage Inward to be apportioned 2/3 to Department X & 1/3. to Department Y.

Q.3. A-1 departmental stores has two departments P & Q. The following particulars regarding the two departments are given :

Particulars	Dept. P Rs.	Dept. Q Rs.	Total Rs.
Opening Stock	16,000	20,000	36,000
Purchases	1,40,000	1,60,000	3,00,000
Sales	1,80,000	2,40,000	4,20,000
Salaries	8,000	11,800	19,800
Rent & Rates			12,000
General Salaries			24,400
Carriage Inward			30,000
Carriage Outward			5,600
Discount Allowed			2,800
Discount earned			3,000
Advertisement			8,400
Audit fees			1,200
Insurance & Goods			1,200

Additional Information :

- 1) Closing Stock :
Department P Rs. 40,000
Department Q Rs. 50,000
- 2) General Salaries are to be allocated equally.
- 3) Goods transferred from Department Q to Department P Rs. 30,000 were not recorded.
- 4) The area occupied is in the ratio of 2:1 between Department P & Q respectively.

OR

Q.3. A) State with reason whether the following statements are Capital or Revenue expenditure or receipts. [8]

- 1) Fees paid for renewal of licence of factory.
- 2) Commission of Rs. 5,000 received on Sales.
- 3) Sale of old machinery for Rs. 1,50,000.
- 4) Invested Rs. 2 lakhs on the purchase of 2,000 equity shares of Rs. 100 each of a subsidiary company.

B) From the following information relating to ABC Item, value closing stock on 31-12-2008 by applying FIFO method. [7]

Stocks (kgs) on 01-12-2008	2,500 units @Rs. 28
Purchases (kgs.)	
i) On 15-12-2008	2,100 units @Rs. 26
ii) On 22-12-2008	1,800 units @Rs. 18
Issues (kgs.)	
i) On 05-12-2008	600 units
ii) On 16-12-2008	1,300 units
iii) On 20-12-2008	900 units
iv) On 25-12-2008	1,700 units

Q.4. A) Fill in the blanks with appropriate words :

- 1) AS2 specifically lays down the rule that inventories should be valued at cost or net realisable value, whichever is _____
- 2) Accounting standards in India are issued by _____
- 3) AS9 deals with _____
- 4) _____ deals with Disclosure of Accounting policies.
- 5) Under _____ method, stock gets valued at the latest purchase cost.

B) State whether the following statements are True or False.

- 1) AS-2 deals with fixed assets.
- 2) AS-1 is Recommendaratory.
- 3) AS 9 does not deal with revenue arising from construction contracts.
- 4) AS 2 is not applicable to mineral oil.
- 5) Consistency is a fundamental accounting assumption.

C) Match the following columns :

Column A	Column B
1) Interest is recognised on time bases	a) Going concern
2) Accounting Assumption	b) Perpetual system
3) Accounting policy	c) FIFO method
4) Inventory valuation	d) AS-9
5) Weighted Avg. Cost Method	e) AS-2
	f) Materiality

OR

Q.4. Write Short Notes (any 3)

- 1) Weighted Avg. Cost Method.
- 2) Revenue Expenditure
- 3) AS-9
- 4) Departmental Accounting.

— THE END —