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. [15]

| Particulars | Dr. Rs. | Particulars | Cr. Rs. |
|---|---|---|---|
| Opening Stock | | Sales | 6,48,000 |
| - Raw Material | 70,000 | Discount | 7,000 |
| - W.I.P. | 1,20,000 | Return Outward | 13,000 |
| - 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 | 11,000 |
| 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 :

1) 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 |

2) Depreciate : Plant & Machinery @ 10%p.a.
3) Write off : Trade Marks @ 33 1/3%p.a.
4) Outstanding Expenses : Printing & Stationery Rs. 3,000.
5) Prepaid Expenses : Factory Rent & Rates Rs. 4,000.
6) Manager is entitles to a Commission @2% of Net Profits before charging his commission.
7) Increase Reserve for Bad Debts by Rs. 10,000.
8) 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 : [15]

| 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 | 34,000 |
| General Expenses | 3,200 | Bills Payable | 17,000 |

(P.T.O.)

| | | |
|---|---|---|
| Factory Insurance | 4,000 | Sale of Scrap |
| Lighting Expenses | 3,600 | Commission |
| Rent | 10,000 | Provision for Doubtful Debts |
| 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 | | |
| Raw Material | 46,000 | |
| WIP | 20,000 | |
| Finished Goods | 31,000 | |
| | 6,58,000 | 6,58,0 |

**Adjustments :**

1) Closing Stock :
   Raw Material - Rs. 31,600
   Finished Goods - Rs. 36,400
   Semi-Finished Goods - Rs. 14,000
2) Provision for doubtful debts is to be maintained at 10%.
3) Salary Rs. 4,000 & wages for December 2010 Rs. 4,000 was paid in January 2011.
4) Outstanding lighting expenses Rs. 1,200 & Prepaid Insurance was Rs. 1,000.
5) Depreciation : On Machinery 10%p.a. & on furniture 5%p.a. is to be provided.
6) 25% of the lighting expenses is to be charged to office premises & the remaining amount is to charged to factory.
7) 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 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. 33,0 on 31-12-2010; and Rs. 31,500 on 31-12-2011. Machinery was to be depreciated at 10% p.a. on reducing balance method.

Prepare Machinery A/c and Vendor's A/c in the books of Ram. Use Full Cash Price method. [1

OR

**From the following balances prepare Departmental Trading & Profit & Loss Account for the year ended 31-12-2009.** [15]

| 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 | | | 6,300 |

| | | | |
|---|---|---|---|
| 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 apportional 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 18-12-2008 | 2,100 units @Rs. 26 |
| ii) | On 22-12*2008 | 1,900 units @Rs. 18 |
| | Issues (kgs.) | |
| i) | On 06-12-2008 | 600 units |
| ii) | On 16-12-2008 | 1,300 units |
| iii) | On 20-12-2008 | 900 units |
| iv) | On 28-12-2008 | 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, 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 Recommendatory.
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. Wrie Short Notes (any 3)**

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

**— THE END —**