COLLEGE OF ARTS COMMERCE & SCIENCE
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VIRAR

Q.1. A) Multiple choice questions (Any 8) **(08)**

1. The following asset is not a depreciable.
   a) land b) mines c) machinery d) motor vehicles
2. What are the fundamental accounting assumptions?
   a) depreciation b) valuation of fixed assets
   c) conversion of foreign currency item d) going concern
3. Items of income not pertaining to any departments are
   a) allocated to the various departments on the basis of purchase
   b)charged to general profit & loss a/c
   c) charged to that department which shows more sales.
   d) shown in balance sheet as income
4. AS-2 defines inventory as
   a) current assets b) current liabilities
   c) fixed assets d) assets held for sale in the ordinary course of business
5. Revenue expenses is that expenses
   a) which is not recurring in nature b) Benefit of which is exhausted in one year
   c) which increases the useful life and productivity of the assets
   d) which is shown on the asset side of the balance sheet
6. The following asset is intangible asset
   a) freehold land b) mines c) goodwill d) motor vehicles
7. Under the hire purchase system the buyer becomes the owner of a goods immediately after
   a) receipt of goods b) signing the agreement
   c) Payment of 1st installment d) payment of last installment
8. Outstanding wages appearing in the Trial balance should be shown on
   a) credit side of trading account b) liability side
   c) Debit side of trading account d) asset side
9. AS-9 deals with
   a)disclosure of accounting policies b) recognition of revenue
   c) valuation of inventories d) depreciation accounting
10. Advertising is allocated among different departments on the basis of
    a) Sales b) number of employees c) purchases d) floor space area

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Q.1. B) state whether true or false (Any 7) **(07)**

1. Carriage outward should be allocated among the departments in the ratio of sales.
2. Manufacturing account gives us cost of production.
3. The cost of goods distributed as free samples should be credited to profit and loss account.
4. Cash price does not include interest.
5. Trading account is prepared to calculate Net Profit or Net Loss.

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6. AS -1 is not applicable to all enterprises.
7. Departmental accounts are necessary for evaluating departmental efficiency.
8. Outstanding expenses are shown on the asset side of the balance sheet.
9. Capital expenditure is recurring in nature
10. AS is mandatory under the companies Act

Q.2. Akbarali Departmental Stores has prepared the following Trading and Profit & Loss A/c for the year ended 31st March, 2014. (15)

Particulars	Rs	Particulars	Rs
To Opening stock		By Sales:	
- Dept : X	1,35,000	- Dept : X	9,07,800
- Dept : Y	1,80,000	- Dept : Y	13,61,700
- Dept : Z	83,400	- Dept : Z	4,53,900
To purchases		By closing stock	
- Dept : X	6,72,000	- Dept : X	1,05,000
- Dept : Y	10,65,000	- Dept : Y	1,92,000
- Dept : Z	4,62,000	- Dept : Z	2,25,000
To salaries	1,80,000		
To rent/taxes	1,35,000		
To Discount	36,000		
To Advertisement	1,03,500		
To Trade expenses	27,000		
To depreciation	45,000		
To electricity	54,900		
To carriage outward	19,800		
To Net profit	46,800		
	32,45,400		**32,45,400**

Prepare Departmental Trading and Profit & Loss a/c for the year ended 31st March 2014 after considering the following data:

a) Rent/ Taxes to be allocated in the ratio of area occupied which was 1:2:1 respectively.
b) Depreciation to be charged equally.
c) Of the 2 salesman employed one worked in Dept Y alone. The other works in Dept X and Z, his salary be allocated equally between Dept X and Dept Z. salary of each salesman is Rs. 7500 per month.
d) All other expenses except those mentioned in item (a) to (c) above, be allocated in the ratio of sales of the respective departments.

OR

Q.2. Prepare departmental Trading and profit & loss account and general profit and loss account from the following particulars: (15)

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Particulars	Dept A Rs	Dept B Rs	Total Rs
Purchases	1,80,000	90,000	
Sales	3,84,000	1,92,000	
Wages	72,000	60,000	
Closing stock	96,000	84,000	
Salaries	21,000	27,000	
Rent			21,000
Insurance			14,100
Motor van Expenses			13,200
Advertising			19,800
Travelling expenses			9,900
Carriage inward			36,000
Discount received			10,800
Bad Debts			3,300
Audit fees			2,400
Discount allowed			6,600

Additional Examination:

1. There was no opening stock
2. The floor space occupied by the two departments equally
3. The motor van expenses are to be divided between departments A and B in the ratio 3:1
4. The Insurance premium is on a comprehensive polices and cannot be allocated.

Q.3. A) from the following information of PQR item value closing stock on 31-03-2014 applying : weighted Average to PQR. **(07)**

Stock (Kgs) on 01-03-2014 12,000 @ Rs. 13

Purchases (Kgs)

i) on 11-03-2014 7,500 @ Rs. 14

ii) on 21-03-2014 6,000 @ Rs. 18

Sales (Kgs)

i) on 06-03-2014 7,500

ii) on 15-03-2014 6,000

iii) on 18-03-2014 3,900

iv) on 29-03-2014 5,100

Q.3. B) A Ltd purchases car on Hire purchase basis from S ltd. On 01/01/02 for Rs.2,60,000. He paid Rs. 20,000 on signing the contract and two yearly installment of Rs.1,20,000 each plus interest on 31st December every year. The cash price of the car was Rs. 2,10,000. S ltd charged interest @ 10% p.a. Depreciation @ 20% p.a. on W.D.V is charged on car.

Pass necessary Journal entries in the books of A Ltd for two years. **(08)**

OR

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Q.3. a) From the following information relating A to Z item, value closing stock on 31-12-2006 applying. FIFO method (07)

Stocks (Kgs) on 1-12-2006	15,000 units @ Rs. 14
Purchases (Kgs)	
i) On 18-12-2006	12,600 units @ Rs.13
ii) On 23-12-2006	11,400 units @ Rs.9
Sales (Kgs)	
i) On 7-12-2006	3,600 units
ii) On 16-12-2006	7,800 units
iii) On 19-12-2006	5,400 units
iv) On 30-12-2006	10,200 units

Q.3. b) A ltd purchases car on Hire purchase basis from S ltd. On 01/01/06 for Rs.5,20,000. He paid Rs. 40,000 on signing the contract and four half yearly installment of Rs.1,20,000 plus interest each on 30th June & 31st December every year. The cash price of the car was Rs. 4,20,000. S ltd charged interest @ 10% p.a.
Pass necessary Journal entries in the books of S Ltd for two years. (08)

Q.4. The Trial Balance of Mrs. Madhuri as on 31st December, 2013 was as follows: (15)

Debit balance	Rs.	Credit balance	Rs.
Raw material	69,000	Sundry Creditors	51,000
Work in progress	30,000	Bills payable	25,500
Finished goods	46,500	Sales of scrap	4,500
Sundry debtors	81,000	Commission	1,200
Carriage Inward	3,000	Provision for doubtful debts	4,800
Carriage outward	3,000	Madhuri's capital a/c	3,00,000
Bills Receivable	48,000	Sales	6,00,000
Wages	36,000		
Salaries	30,000		
Repairs of plant	3,600		
Repairs of office furniture	1,800		
Purchases	3,00,000		
Cash at Bank	6,900		
Plant and Machinery	2,70,000		
Office furniture	27,000		
Rent	15,000		
Lighting expenses	5,400		
Factory insurance	6,000		
General expenses	4,800		
	9,87,000		**9,87,000**

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Following additional information is provided to you:

a) Closing Stock as on 31st December, 2013 was: Raw Materials Rs.47,400, Finished goods Rs. 54,600, semi finished goods Rs. 21,000.
b) Salaries Rs.6,000 and wages for December, 2013 was Rs.6,000 was paid in January 2014.
c) Lightning expenses were outstanding Rs.1800 where as insurance was prepaid Rs.1500.
d) 25% of the lighting expenses and rent is to be charged to office premises and the remaining amount is to be charged to factory.
e) Depreciation is to be written off on machinery at 10% p.a. and on furniture at 5% p.a.
f) Provision for doubtful debts is to be maintained at 10%.

You are required to prepare Manufacturing account, trading account and profit and loss account for the year ended 31-12-2013 and balance sheet as on that date.

OR

Q.4. From the following Trial Balance of Smith Enterprises, prepare Manufacturing account, trading and Profit and loss account for the year ended 31st December, 2013 and Balance Sheet as on that date. **(15)**

Particulars	Rs	Particulars	Rs
Drawings	60,000	Capital	10,00,000
Managers salary	12,000	Sundry creditors	2,00,000
Cash in Hand	4,000	Loan	1,60,000
Cash at Bank	70,000	Reserves for Bad Debts	12,000
Sundry Debtors	1,90,000	Purchase Returns	14,000
Patents	8,000	Sales	5,28,000
Plant and Machinery	2,00,000		
Land & Building	4,00,000		
Extensions to Building	40,000		
Legal charges for acquisition of buildings	10,000		
Purchase of raw material	2,00,000		
Raw material (1-1-2013)	80,000		
Work-in-progress (1-1-2013)	1,50,000		
Finished goods (1-1-2013)	1,90,000		
Carriage Inward	16,000		
Wages & salaries	1,80,000		
Factory expenses	16,000		
Factory rent & rates	20,000		
Office expenses	10,000		
Printing & Stationary	20,000		
Discount	12,000		

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Advertisement	10,000		
Bad debts	8,000		
Goodwill	8,000		
	19,14,000		19,14,000

Adjustments:

a) On 31-12-2013 Stocks were valued as : Raw Material Rs. 1,00,000, Work In Progress Rs. 1,60,000 and Finished Goods Rs. 2,00,000.

b) Outstanding Expenses – Advertisement Rs. 1,000 and Printing Rs. 600.

c) Stock of Stationary on hand Rs. 2,000 on 31-12-2013.

d) Depreciate: Plant & Machinery at 10% and patents at 20%

e) Manager entitled for a commission of 5% on net profit before charging his commission.

f) Increase Reserve for Bad debts by Rs.6,000

g) Interest on loan of Rs. 2,000 is still unpaid.

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Q.5. Determine whether the following are capital or revenue – receipts or expenditure & give reasons for the same:-

1. Repayment of loan taken earlier.
2. Commission received on sales.
3. Amount paid to obtain a license.
4. Premium Rs. 25,000 on issue of new shares.
5. Expenditure incurred in preparing project report.
6. Old motor car sold for Rs. 50,000.
7. Cost of replacement of defective part of Machinery

Or

Q.5. Short Notes:

1. Departmental Accounts
2. Hire Purchase Agreement
3. AS-2
4. Manufacturing Account
5. Capital Expenditure

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