

KT  
FYB Com (I) / Accounts / (4)

Q.P. Code :00986

[Time: Three Hours]

[Marks:100]

Please check whether you have got the right question paper.

- N.B:
1. **Strictly avoid resorting to any unfair means during the examinations.**
  2. **Figures in brackets to the right indicate full marks allotted to the question.**
  3. **Working notes should form part of your answers.**
  4. **All six questions are compulsory, although, there are internal options in case of questions 2 to 6.**
  5. **Use of simple calculator is allowed**

Q1 **Fill in the blanks with the appropriate given options and rewrite the complete sentence. (10)**  
(Any 10)

1. Accounting Standard 2 (AS 2) deals with \_\_\_\_\_ . (Disclosure of Accounting policies/ Revenue Recognition/ Valuation of inventory)
2. Total amount payable by the purchaser in a Hire Purchase transaction is called \_\_\_\_\_ . (Hire Purchase Price/ Down Payment/ Cash Price).
3. In a Manufacturing Organization, Manufacturing Account is prepared to find out \_\_\_\_\_ . (Gross Profit/Cost of Production/Net Profit)
4. In Departmental Accounts, Rent is allocated on the basis of \_\_\_\_\_ of each department. (Sales Turnover/Area Occupied/Purchases)
5. Income received in advance is shown in the \_\_\_\_\_ . (Balance Sheet / Profit and Loss Account /Manufacturing Account)
2. Amount received on issue of Shares is a \_\_\_\_\_ . (Capital Expenditure/Capital Receipt/Revenue Receipt)
7. As per Accounting Standard-1, Accounting policies used to prepare the final accounts should \_\_\_\_\_ . (be scattered over the Final accounts / be disclosed at one place, forming a part of final account / not form a part of final account)
8. For a books manufacturing company, paper is a \_\_\_\_\_ (Raw Material/ Work-in progress / finished goods)
9. The person who receives goods under Hire Purchase System is called \_\_\_\_\_. (Hire Vendor/ Hirer Purchaser / Agent)

**Q.P. Code :00986**

10. In Departmental Accounts, Comprehensive Insurance (if ratio is not given) is taken in \_\_\_\_\_ (Departmental Trading Account/General Profit & Loss Account/Departmental profit & loss)
11. In a Manufacturing Organization, purchase of machinery spares will appear in the \_\_\_\_\_ (Balance sheet/ profit & loss Account/ Manufacturing Account)
12. Interest received under Hire Purchase System by the hire vendor is his \_\_\_\_\_ (Expenditure/ Income/Capital Receipt)

**B) State whether the following statements are TRUE or FALSE after rewriting the same. (10)**  
**(Attempt any 10)**

1. AS-1 deals with Disclosure of Accounting Policies.
2. For valuation of stock under FIFO method, the Cost of the latest items is compared with their Net realizable value.
3. As per AS-9, Revenue from interest is recognized only when it is actually received.
4. Profit and loss Account shows the financial position of a concern.
5. Expenditure that results in acquisition of a permanent asset is a capital expenditure
6. Loss by fire in a Departmental is charged to General P & L A/c in Departmental Accounting.
7. Under Hire Purchase System, Depreciation on Asset is charged by the Vendor until the payment of last installment.
8. Down payment includes interest.
9. Freight inward is allocated on the basis of purchase of the department.
10. Inventory is a current assets.
11. If the buyer fails to pay the installment, the seller has a right to repossess the asset sold under Hire purchase system.
12. Under FIFO Method, the stock includes goods held for resale.

Q.P. Code :00986

- Q.2 From the following Trial Balance of Mr. Shiva, Prepare Manufacturing Account, Trading Account, Profit and Loss Account for the year ended 31<sup>st</sup> March, 2016 and Balance sheet as on that date: (15)

Trial Balance of Mr. Shiva as on 31st March 2016 :-

Particulars	Dr. (Rs.)	Cr (Rs.)
Creditors		71,000
Machinery	80,000	
Opening Stock - Raw Material	26,000	
Opening stock - Work in Progress	2,000	
Opening Stock - Finished Goods	30,000	
Purchase of Raw Material	2,80,000	
Carriage Inward on Raw Material	5,000	
Direct Wages	56,000	
Factory Rent	27,000	
Drawings	30,000	
Sales		5,00,000
Cash at Bank	19,000	
Salaries	9,000	
Discount Allowed	7,000	
Capital Account		1,00,000
Sundry Debtors	1,00,000	
<b>Total</b>	<b>6,71,000</b>	<b>6,71,000</b>

Following further information is provided :

1. Closing stock as on 31<sup>st</sup> March, 2016:  
Raw Material Rs 32,000, Work-in-Progress Rs 4,000, Finished goods Rs 35,000.
2. Depreciate Machinery @ 10% p.a.
3. On 1<sup>st</sup> January, 2016, there was a fire in the godown of Mr. Shiva, destroying finished goods worth Rs 12,000, insurance company admitted the claim for Rs. 8,000. This transaction was not recorded in the books.
4. Provide Reserve for Doubtful Debts @ 5% on Sundry Debtors.

OR

Q.P. Code :00986

- Q.2 From the following Trial Balance of Mr. Neelkanth, prepare Manufacturing Account, Trading (15)  
Account, Profit and Loss Account for the year ended 31<sup>st</sup> March, 2016 & the Balance Sheet as  
on that date :-

Trial Balance of Neelkanth as on 31st March 2016:-		
Particulars	Dr. (Rs.)	Cr.(Rs.)
Carriage Inward	10,000	
Purchase of Raw Material	1,95,000	
Sales		3,70,000
Furniture	32,000	
Bills payable		10,000
Opening Stock - Raw Material	22,000	
Opening stock - Work in Progress	25,000	
Opening Stock - Finished Goods	30,000	
Capital		1,29,000
Direct Wages	60,000	
Factory Power and Fuel	18,000	
Machinery	1,00,000	
Office Salaries	20,000	
Cash at Bank	10,000	
Selling and Distribution Expenses	29,000	
Creditors		90,000
Provisions for Bad Debts		2,000
Sundry Debtors	50,000	
<b>Total</b>	<b>6,01,000</b>	<b>6,01,000</b>

Following further information is provided to you :

1. Closing stock as on 31<sup>st</sup> March, 2016 is:  
Raw Material Rs. 20,000, Work-in-progress Rs. 6,000 Finished Goods Rs. 39000.
2. Outstanding Factory, Power and Fuel is Rs 2,000.
3. Depreciate Machinery @ 5% p.a. and Furniture @ 5% p.a.
4. Provide Reserve for Doubtful Debts @ 5% on Sundry Debtors.

Q.P. Code :00986

Q.3

Following figures are extracted from the books of Swadeshi Stores Ltd. Prepare Departmental Trading & Profit and Loss Account for the year ended 31<sup>st</sup> December, 2016 in columnar form, of the three departments allocating the expenses indicating the basis on which they are allocated. (15)

	Department A Rs.	Department B Rs.	Department C Rs.
Purchases	2,00,000	3,00,000	8,00,000
Return outwards	20,000	10,000	30,000
Sales	6,10,000	12,20,000	18,30,000
Return Inward	10,000	20,000	30,000
Wages	40,000	60,000	80,000
Stock as on 01.01.2016	50,000	70,000	10,000
Stock as on 31.12.2016	80,000	50,000	40,000

Goods transferred from Department A to :	Dept.B	10,000
	Dept.C	20,000
Goods transferred from Department B to	Dept.A	5,000
	Dept.C	10,000
Goods transferred from Department C to :	Dept.A	7,000
	Dept B	9,000

[1] Following expenses are to be allocated equally :

- [a] Telephone charges Rs.3,000
- [b] Insurance charges Rs.6,000
- [c] Office Expenses Rs.9,000

[2] Rent Rs.24,000 is to be divided in proportion of space occupied : Department A  $\frac{1}{4}$ , Dept. B  $\frac{1}{4}$  and Dept. C  $\frac{1}{2}$

[3] Other Expenses were: Discount allowed Rs.18,000, and Bad Debts Rs.15,000.

OR

Q.3

Find out the value of Closing Stock as on 31<sup>st</sup> March, 2016 of M/s Shankar Traders using:-

- a) FIFO Method
- b) Weighted Average Method

Also find the Cost of Goods sold on FIFO Basis

(07)

(07)

(01)

Q.P. Code :00986

Date	Particulars	Unit	@ Rs.
01.04.15	Opening Stock	500	35
05.06.15	Purchases	1000	38
31.08.15	Sales	300	--
19.09.15	Sales	800	--
1.10.15	Purchases	1200	34
20.02.16	Sales	1000	--
31.03.16	Purchases	600	30

Q.4 Following is the information relating purchase and sale of cloth made by Jagjivan Textiles Ltd in the month of March 2016. Find out from the given information.

- A. The value of Closing Stock as on 31<sup>st</sup> March, 2016 applying FIFO Method. (09)
- B. The Cost of goods sold and profit if the selling price of goods sold is Rs. 1,20,000 (06)

Transaction	Date	Metres	Rs. Per metre
Opening Stock	01.03.2016	500	@ Rs. 80
Purchases	15.03.2016	420	@ Rs. 82
	25.03.2016	380	@ Rs. 89
	28.03.2016	150	@ Rs. 90
	30.03.2016	100	@ Rs. 92
Sales	19.03.2016	700	-
	21.03.2016	180	-
	27.03.2016	320	-

OR

Q.4 State whether the following expenditure and receipts are capital or revenue. Give reasons for your answers.

1. Sold Government Securities (held as Investment) for Rs. 10,00,000 and earned a profit of Rs. 20,000. (03)
2. Paid Rs. 1,20,000 as Customs Duty on machinery purchased from Germany. (02)
3. Paid Rs. 20,000 towards Factory Rent. (02)
4. Paid subscription charges of Rs. 6,000 for a trade journal. (02)
5. Paid Rs. 1,00,000 for obtaining business license. (02)
6. Loss of Rs. 10,000 was incurred on goods destroyed by fire. (02)
7. Cost of Rs. 30,000 was incurred for replacement of defective parts of machinery. (02)

Q.P. Code :00986

- Q.5 M/s. Presto Plast Company purchased Machinery from M/s. Kabra Ltd. on Hire Purchase System on 1<sup>st</sup> April 2013. The cash price of the machine was Rs. 10,00,000. An initial payment of Rs. 2,50,000 was made on the date of purchase. The balance was paid in 3 annual installments including interest @ 8% p.a as follows: (15)

31.3.2014	Rs. 3,10,000
31.3.2015	Rs. 2,90,000
31.3.2016	Rs. 2,70,000

M/s. Presto Plast Company charged Depreciation @ 10% p.a. on Written Down Value Method. You are required to Prepare Machinery Account and M/s. Kabra Ltd A/c. in the books of M/s. Presto Plast Company for 3 years ending 31.3.2014, 31.3.2015 and 31.3.2016

OR

- Q.5 Following figures are extracted from the books of Sadguru Electronics. Prepare Departmental Trading and Profit and Loss Account, of the Radio and Television Departments for the year ended 31st March, 2016 by allocating the income and expenses on appropriate basis:- (15)

	Radio Rs.	Television Rs.	Total Rs.
Opening Stock	65,000	50,000	1,15,000
Purchases	2,70,000	1,80,000	4,50,000
Carriage Inwards			6,000
Salaries	24,000	21,000	45,000
Discount received			4,500
Rent and Rates			28,000
Carriage Outwards			24,000
General Expenses			15,000
Advertising			36,000
Discount			4,500
Insurance			3,500
Selling and Distribution Expenses			1,500
Sales	3,20,000	2,80,000	6,00,000

Further information is given :

1. General Expenses and insurance are to be allocated equally
2. The areas occupied is Radios 4/5 and Television 1/5
3. The closing stock of the two departments were Radios Rs.1,10,000 and Television Rs.55,000
4. Other expenses and incomes are to be allocated between the two departments on suitable basis

**Q.P. Code :00986**

**Q.6 Answer the following:**

**(20)**

1. What are the main features or requirements of AS-2?
2. How would you allocate expenses on different basis in case of Departmental Accounts?

**OR**

**Q.6 Write short notes on Any Four of the following:**

**(20)**

1. Cost of production.
2. Interdepartmental transfers.
3. Factors influencing choice of Accounting Policy.
4. Distinguish between Capital Expenditure and Revenue Expenditure.
5. Importance of Stock Valuation.
6. Revenue as per AS-9.