

Subcom (S)

Q.P Code: 23651

[Time: Three Hours]

[Marks: 100]

N.B.

1. All questions are compulsory.
2. Q. No 1 and Q. No. 6 carry 20 marks each.
3. Q. No. 2, 3, 4 and 5 carry 15 marks each.
4. Use of simple calculator is allowed.

Q1. A. Choose the correct options from the bracket and rewrite complete sentences.
(Any 10)

1. As per Accounting Standard 2, the term Inventory covers _____
(Goods on consignment/ Goods for resale/ Spare parts)
2. _____ method of Inventory Valuation assumes that those items which have been purchased first are sold first.
(First In First Out (FIFO) / Last In First Out (LIFO)/ Weighted Average)
3. Capital Expenditure means an expenditure carrying probable _____ benefits.
(Present/ Past/ Present and future)
4. In Departmental Accounts, Salary is allocated on the basis of _____ of each department. (Sales Turnover/ Number of Machines/ Number of Employees)
5. The initial amount paid at the time of signing the Hire purchase agreement is called _____. (Cash Price/ Interest/ Down Payment)
6. Purchase of a Fixed Asset is a _____ Expenditure. (Capital /Revenue / Deferred Revenue)
7. The main objective of Accounting Standards is to _____ the different Accounting Policies and practices followed by different concerns. (Standardise/ Mandate/ Cancel)
8. Trade mark is a _____. (Current Asset/ Fixed Asset/ Investment)
9. _____ is an example of Accounting policy. (Entity/ Accrual/ Depreciation)
10. In Departmental Accounts, _____ is debited to General Profit & Loss Account. (Audit fees/ Rent/ Power and fuel)
11. Prepaid Expenses are shown on _____ .(Debit side of P&L Account/ Asset Side of Balance Sheet/ Liability side of Balance sheet)
12. Under Hire Purchase system, Depreciation is provided by _____. (The Hire Purchaser/ Hire Vendor / Both Purchaser and Vendor)

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B. State whether the following statements are TRUE or FALSE and rewrite the same. (Any 10)

(10)

1. As per AS-1, Disclosure is required if Fundamental Accounting Assumptions are not followed.
 2. Fixed Assets are stated in the Balance Sheet at their Present Values.
 3. Under FIFO method of Inventory valuation, Closing stock is valued at current cost.
 4. The Hire Purchaser becomes the owner of goods as soon as he pays the down payment.
 5. As per AS-9, Revenue from Sales is recognized only when the goods are invoiced and delivered.
 6. Capital Expenditure is shown as a Liability in the Balance Sheet.
 7. Accounting Standard- 2 applies to Agricultural Products.
 8. Gross profit is the excess of Sales over the Cost of Goods sold.
 9. The seller has a right to repossess the asset sold under Hire Purchase System if the Hire purchaser fails to pay any installment.
 10. In Departmental accounts Loss by fire is treated as general expenditure and charged to General Profit and Loss account.
 11. The Purchaser can mortgage the Asset purchased on hire purchase system.
 12. Trade discounts is deducted while determining the cost of purchases.
- Q2. From the following Trial Balance as on 31st March 2017 of Mr. Rudra Prepare Manufacturing Account, Trading Account and Profit and Loss Account for the year ended 31st March, 2017 and Balance Sheet as on that date.

(15)

Trial Balance as on 31st March, 2017

Particulars	Dr. (₹.)	Cr. (₹.)
Capital		80000
Drawings	10000	
Opening Stock - Raw Material	10000	
Opening Stock - Work in Progress	9000	
Opening Stock - Finished Goods	17000	
Purchase of Raw Material	108000	
Freight on Raw Materials	6000	
Direct Wages	44000	
Factory Rent	18000	
Factory Power and Fuel	9000	
Factory Supervisors Salary	10000	

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Machinery	70000	
Sales		345000
Office Expenses	24000	
Cash at Bank	5000	
Selling and Distribution Expenses	20000	
Interest	7000	
Insurance Premium	10000	
Creditors		18000
Bad Debts	1000	
Provisions for Bad Debts		2000
Sundry Debtors	70000	
Bills Payable		3000
Total	448000	448000

Following further information is provided to you :

1. Closing stock as on 31st March, 2017 was Raw material ₹ 10000, Work-in-progress ₹ 6000, Finished goods ₹ 15000.
2. Depreciate Machinery @10% p.a.
3. During the year finished goods destroyed by fire were ₹ 5000. Insurance company admitted the claim for ₹.3000.
4. Provide Reserve for doubtful debts @ 5% on debtors.
5. Factory rent outstanding is ₹ 2000.

OR

- Q2. From the following Trial Balance as on 31st March 2017 of Mr. Tridev Prepare Manufacturing Account, Trading Account, Profit and Loss Account for the year ended 31st March, 2017 and Balance Sheet as on that date.

(15)

Trial Balance as on 31st March 2017

Particulars	Dr.(₹.)	Cr.(₹.)
Machinery	70000	
Furniture	33000	
Capital Account		90000
Drawings	20000	
Opening Stock - Raw Material	14000	
Opening stock - Work in Progress	4000	
Opening Stock - Finished Goods	21000	
Purchase of Raw Material	250000	
Carriage Inward on Raw Material	4000	
Direct Wages	26000	
Factory Rent	8000	

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Factory Power and Fuel	11000	
Factory Electricity	8000	
Sales		405000
Postage & telephone	8000	
Cash at Bank	1000	
Travelling & conveyance	7000	
Salaries	34000	
Discount Allowed	6000	
Creditors		55000
Bad Debts	1000	
Provisions for Bad Debts		2000
Sundry Debtors	64000	
Bills Payable		30000
Commission received		8000
Total	590000	590000

Following further information is provided to you:

1. Closing stock as on 31st March, 2017 was Raw material ₹.20000, Work-in-progress ₹.10000, Finished goods ₹.30000.
2. Postage and Telephone expenses outstanding were ₹1000.
3. Depreciate Furniture @ 5% p.a. and Machinery @10% p.a.
4. Provide Reserve for doubtful debts @ 10% on debtors.
- 5 Debtors include ₹ 5000 due from Mr. Amal. An amount of ₹ 3000 is also due to him which is included in creditors, which needs to be adjusted.

Q.3 Following figures are extracted from the books of Swati Ltd. Prepare Departmental Trading and Profit & Loss Account in columnar form and General Profit & Loss Account for the year ended 31st March, 2017 of the following three departments.

(15)

Particulars	Dept. A ₹.	Dept. B ₹.	Dept. C ₹.
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 on 01/04/2016	50,000	70,000	10,000
Stock on 31/03/2017	80,000	50,000	40,000

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Particulars	₹.
Good transferred from Department A to : Department B	10,000
Department C	20,000
Good transferred from Department B to : Department A	5,000
Department C	10,000
Good transferred from Department C to : Department A	7,000
Department B	9,000

- Following expenses are to be allocated equally:
Telephone charges ₹ 3,000; Insurance charges ₹ 6,000 and Office expenses ₹ 9,000
- Rent 24,000 to be divided in proportion of space occupied which was as follows:
Department A $\frac{1}{4}$, B $\frac{1}{4}$ and C Dept. $\frac{1}{2}$.
- Other expenses were: Discount allowed ₹ 18,000, Legal Expenses ₹ 24,000,
Bad Debts ₹ 15,000

OR

Q. 3 A departmental stores carries on business through five departments A, B, C, D, E. (15)

- a) Following information for the year ended on 31st December 2016 is now available to you.

Particulars	₹
Salaries and Commission	11,020
Rent and Rates	2,900
Insurance	1,160
Miscellaneous Expenses	2,600

All the above expenses are chargeable to each department in proportion to the cost of goods sold in the respective departments.

- b) Following balance as on 31st December, 2016 were ascertained

Particulars	A ₹	B ₹	C ₹	D ₹	E ₹
Opening Stock (at cost)	10,000	6,000	15,000	8,000	9,000
Purchases	1,00,000	60,000	20,000	52,000	60,000
Sales	96,000	62,000	19,000	46,000	60,000
Closing Stock (at cost)	23,000	8,000	6,000	2,000	11,000

Prepare departmental Trading and Profit and Loss Account for the year ending 31st December, 2016.

Q. 4. M/s Amar Studio purchased a Smart-TV on hire-purchase basis from Vijay Sales on 1st January, 2014. They paid ₹ 10,000 on signing the contract and agreed to pay three yearly instalments excluding interest as follows. (15)

- On 31.12.2014 ₹ 30,000
On 31.12.2015 ₹ 30,000
On 31.12.2016 ₹ 30,000

The cash price of the smart TV was ₹. 1,00,000. Vijay Sales charged interest at 10% p.a. Depreciation @ 20% p.a. on W.D.V. method is charged on Smart TV.

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Prepare Smart-TV Account, Vijay Sales Account and Interest account in the books of M/s Amar Studio for the years 2014, 2015 and 2016 using Full Cash Price Method.

OR

Q4 State with reasons whether the following expenses or incomes are Capital or Revenue. (15)

(First sub- question carries 3 Marks and remaining carry 2 marks each)

1. Amount of ₹ 5000 realized from sale of old Computer and incurred a loss of ₹ 1000.
2. Repairs of machinery ₹.8,500.
3. Replacement of defective parts of a machinery costing ₹ 65,000.
4. Cost of increasing the seating capacity of a cinema hall ₹ 1, 50,000.
5. Legal charges paid for defending a legal suit ₹ 12,000.
6. A second hand car purchased for ₹ 2,00,000.
7. Paid fees ₹ 6,000 to the Association for membership.

Q.5 Sumit Ltd. has purchased and issued the materials in the following order:

(15)

Date	Particulars	Units	Cost Per Unit ₹
March, 2017			
1	Purchases	1000	60
4	Purchases	1000	70
6	Issue	1000	
10	Purchases	1500	80
15	Issue	1600	
20	Purchases	900	90
23	Issue	1200	

Ascertain the value of closing stock as on 31March, 2017 under the following methods.

(i) First in first out method, (ii) Weighted Average method.

OR

Q.5 Following is the record of transactions regarding purchase and sales of Mr. Vijay.

(15)

Date	Particulars	Units	Rate per unit in ₹
01.01.2017	Opening Balance	500	30
03.01.2017	Purchases	1000	36
10.01.2017	Sales	800	45
15.01.2017	Purchases	1400	40
20.01.2017	Sales	2000	50
25.01.2017	Purchases	1800	38
28.01.2017	Sales	800	45
29.01.2017	Sales	300	42
30.01.2017	Purchases	500	40

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Find the following from the above:

- a) Value of Stock using FIFO Method as on 31st January, 2017.
- b) Cost of Goods Sold for the month of January, 2017.
- c) Sales and Gross Profit for the month of January, 2017.

Q.6 Answer the following:

- a) Explain in brief the provisions of Disclosure of Accounting Policies and Fundamental Accounting Assumptions as per AS-1. (10)
- b) Define the term inventory. State the Items covered and excluded from the scope of AS-2. (10)

OR

Q.6 Write short notes on any four of the following:

(20)

- a) Weighted Average Method of Stock Valuation.
- b) Accounting for Hire Purchase Transactions.
- c) Basis of allocating common expenses amongst departments.
- d) Cost of Production.
- e) Capital Expenditure.
- f) Importance of Accounting Standards.
