

f4Bcom / 520

Q. P. Code : 23652

(3 Hours)

(Total Marks: 100)

- N. B. :**
1. All questions are compulsory.
  2. Q.1 and Q.6 carry 20 marks each.
  3. Q.2, Q.3, Q.4 and Q.5 carry 15 marks each.
  4. Use of simple calculator is allowed.

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

(Any 10) :

- 1) \_\_\_\_\_ item of inventory is excluded from the scope of Accounting Standard-2.  
(Finished Goods/ Goods for Resale/ Spare parts)
- 2) Payment of loan is a \_\_\_\_\_ Expenditure.  
(Capital/ Revenue/ Deferred Revenue)
- 3) Dividend is a reward received from investment in \_\_\_\_\_.  
(Gold/ Shares/ Real Estate)
- 4) Outstanding Expenses are recorded on the \_\_\_\_\_.  
(Debit side of P&L Account/ Asset Side of Balance Sheet/ Liability side of Balance sheet)
- 5) In Departmental Accounts, \_\_\_\_\_ is debited to General Profit & Loss Account. (Salaries / Rent / Interest on loan)
- 6) The title to goods sold on Hire Purchase passes on payment of \_\_\_\_\_.  
(Down payment / First instalment / Last instalment)
- 7) Under Perpetual Inventory System, Closing stock may be ascertained from quantity details recorded on \_\_\_\_\_. ( Bin Card/ Stock Ledger/ Sales Ledger)
- 8) Depreciation on the Asset taken on Hire Purchase is calculated on \_\_\_\_\_.  
(Full Cash price/ Hire purchase price/ Instalments paid)
- 9) \_\_\_\_\_ factor should be considered while selecting and applying an accounting policy. (Dual Aspect/ Prudence/ Consistency)
- 10) Stock reserve is \_\_\_\_\_ closing stock in the Balance Sheet under Departmental Accounts. (Added to / Deducted from / Not adjusted in)
- 11) Inventories are generally valued at \_\_\_\_\_.  
(Cost/ Net Realisable Value/ Lower of Cost or Net realizable Value)
- 12) \_\_\_\_\_ is the total amount payable by the hirer which is made up of cash price of the asset plus interest. (Hire purchase price / Down Payment/ Instalment)

TURN OVER

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

(Any 10) :

- 1) Disclosure of Accounting Policy cannot be a remedy for a wrong or improper accounting policy.
- 2) Hire vendor has a right to terminate the hire purchase agreement for non-payment of any installment.
- 3) Wages paid to a carpenter for making furniture is a Revenue Expenditure.
- 4) Revenue from Interest is recognized only when it is actually received.
- 5) Weighted Average Method of stock valuation is not recognised by AS- 2.
- 6) Reserve for Doubtful Debts is deducted from Creditors in the Balance Sheet.
- 7) Departmental Profit and Loss Account are useful to managers for evaluating the performance of each department.
- 8) Under FIFO method, Closing Stock is calculated at the latest Purchase Cost.
- 9) Over valuation of Inventory leads to higher profits and larger current assets.
- 10) As per AS-1 if in a year method of charging depreciation is changed it need not be disclosed.
- 11) Hire Purchase is an agreement between the vendor and the agent.
- 12) Fixed Assets are stated at their Historical Cost less depreciation in the Balance Sheet.

2. From the following Trial Balance as on 31<sup>st</sup> March 2017 of Mr. Gaurihar, Prepare Manufacturing Account, Trading Account and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2017 and Balance Sheet as on that date : (15)

**Trial Balance as on 31<sup>st</sup> March, 2017**

Particulars	Dr. (₹)	Cr. (₹)
Machinery	1,00,000	
Sales		3,28,000
Opening Stock - Raw Material	16,000	
Opening Stock - Work in Progress	3,000	
Opening Stock - Finished Goods	11,000	
Production Royalty	10,000	
Factory Rent	12,000	
Factory Power and Fuel	13,000	
Office Salaries	25,000	
Office Expenses	29,000	

Direct Wages	58,000	
Purchase of raw materials	1,23,000	
Cash at Bank	4,000	
Advertisement	18,000	
Interest	8,000	
Discount Allowed	6,000	
Creditors		30,000
Bad Debts	4,000	
Provisions for Bad Debts		2,000
Sundry Debtors	55,000	
Bills Payable		10,000
Capital		1,40,000
Drawings	15,000	
<b>Total</b>	<b>5,10,000</b>	<b>5,10,000</b>

Following future information is provided to you :

1. Closing stock as on 31<sup>st</sup> March, 2017 was Raw material ₹18,000, Work-in-progress ₹7,000, Finished goods ₹13,000.
2. Depreciate Machinery @5% p.a.
3. During the year finished goods were withdrawn by proprietor costing ₹8,000 for personal use.
4. Provide reserve for doubtful debts @ 10% on debtors.
5. Outstanding advertisement expense is ₹2,000.

OR

2. From the following Trial Balance as on 31<sup>st</sup> March, 2017 of Mr. Kailash Prepare (15) Manufacturing Account, Trading Account and Profit and Loss account for the year ended 31<sup>st</sup> March, 2017 and Balance Sheet as on that date :

**Trial Balance as on 31st March, 2017**

Particulars	Dr. (₹)	Cr. (₹)
Purchase of Raw Material	3,15,000	
Sales		5,00,000
Computer	32,000	
Opening Stock – Raw Material	32,000	
Opening Stock – Work-in-progress	6,000	
Opening Stock – Finished Goods	20,000-	
Capital		1,05,000

TURN OVER

Freight on Raw Material	3,000	
Direct Wages	24,000	
Factory Rent	20,000	
Factory Power and Fuel	18,000	
Factory Electricity	21,000	
Machinery	95,000	
Drawing	15,000	
Office Salaries	23,000	
Cash at Bank	5,000	
Selling and Distribution Expenses	13,000	
Bank Charges	7,000	
Discount Allowed	5,000	
Creditors		45,000
Bad Debts	2,000	
Provisions for Bad Debts		2,000
Sundry Debtors	49,000	
Bills Payable		46,000
Discount received		10,000
Sundry expenses	3,000	
<b>Total</b>	<b>7,08,000</b>	<b>7,08,000</b>

Following further information is provided to you :

- Closing stock as on 31<sup>st</sup> March, 2017 was Raw material ₹16,000, Work-in-progress ₹10,000 Finished goods ₹28,000.
  - Outstanding Factory Rent is ₹1,000.
  - Depreciate Machinery @ 5% p.a. and Computer @ 20% p.a.
  - Debtors include ₹15,000 due from Amir an amount of ₹8,000 is also due to him which is included in creditors, which needs to be adjusted.
  - Provide Reserve for doubtful debts @ 10% on debtors.
3. Samrat Enterprises is a Departmental Store having three departments A, B and C. The information about three departments for the year ended 31<sup>st</sup> March, 2017 are given below : (15)

Particulars	Dept A (₹)	Dept B (₹)	Dept C (₹)
Opening stock	72,000	48,000	40,000
Purchases	2,64,000	1,76,000	88,000
Sales	3,60,000	2,70,000	1,80,000
Closing stock	90,000	35,000	42,000
Floor space occupied [Square feet]	3,000	2,500	2,000
No. of employees	25	20	15

Balance of other revenue items and their basis of allocation is as follows :

Particulars	₹	Basis
Carriage Inward	6,000	Purchases
Carriage Outward	4,500	Sales
Salaries	81,000	No. of employees
Advertisement	5,400	Sales
Discount allowed	2,250	Sales
Discount received	1,800	Purchases
Rent, rates and taxes	7,500	Floor space occupied
Depreciation on Furniture	1,500	Equal

Prepare Departmental Trading and Profit and loss account for the year ended 31<sup>st</sup> March, 2017.

OR

3. Prepare Departmental Trading and Profit and Loss Account and General Profit and Loss Account of M/s Surekha from the following particulars for the year ending 31<sup>st</sup> March, 2017 : (15)

Particulars	Dept. A (₹)	Dept. B (₹)	Dept. C (₹)	Total (₹)
Purchases	90,000	60,000	30,000	
Sales	1,60,000	1,28,000	64,000	
Wages	30,000	24,000	20,000	
Closing stock	44,000	32,000	28,000	
Salaries	13,000	7,000	9,000	
Rent				7,000
Insurance				4,700
Motor Van Expenses				4,400
Advertising				6,600
Travelling Expenses				3,300
Carriage inwards				12,000
Discount received				3,600
Bad Debts				1,100
Discount allowed				2,200

Additional Information :

- There was no opening stock
  - The floor space occupied by the three departments A, B and C is in the ratio of 3:2:2.
  - The Motor Van Expenses are to be divided equally between departments B and C.
  - The insurance premium is on a comprehensive policy and cannot be allocated
4. Mr Murugan purchased a Machinery from Rallys Ltd. on hire purchase system on 1<sup>st</sup> April 2014. The cash price of the machine was ₹9,00,000. An initial payment of ₹3,00,000 was made on the date of purchase. The balance was paid in Three annual instalments of ₹ 2,00,000 plus interest @ 15% p.a. on outstanding principal amount. Depreciation is charged @ 10% p.a. on written down value. (15)

TURN OVER

Mr Murugan closes its books on 31<sup>st</sup> March every year. You are requested to draw Machinery Account, Rallys Ltd. Account and Interest Account in the books of Mr Murugan for the year, 2014-15, 2015-16 and 2016-17 using Full Cash Price Method.

OR

4. 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. A dealer in timber acquired wood worth ₹3,00,000 and made furniture out of it at a total cost of ₹3,75,000 and sold it to a customer for ₹4,50,000.
2. A plant worth ₹7,00,000 is bought by proprietor for business activities.
3. Incurred ₹1,00,000 on research of a new product, which did not materialize
4. Repairs to the roof of the building ₹1,00,000 for protection against rains
5. Carriage and freight paid for bringing machinery ₹12,000 to be used in factory.
6. Payment of legal fees to advocate for preparation of Purchase Agreement of Land and Building ₹20,000.
7. Wages paid to workers ₹10,500 for erection of new machinery in own plant

5. From the following information of M/s. ABC and M/s. XYZ, value closing stock on 31<sup>st</sup> March, 2017 as per the methods mentioned below : (15)

- a) By FIFO Method for M/s. "ABC"
- b) By Weighted Average Method for M/s. "XYZ "

Particulars	M/s. ABC	M/s. XYZ
Opening Stock (kgs) on 01.03.2017.	2000 @ ₹20	2000 @ ₹10
<b>Purchases (kgs)</b>		
(i) On 11.03.2017	1800 @ ₹22	1000 @ ₹20
(ii) On 21.03.2017	1700 @ ₹24	2000 @ ₹22
<b>Sales (kgs)</b>		
(i) On 06.03.2017	1,300	1,000
(ii) On 15.03.2017	1,500	1,200
(iii) On 18.03.2017	600	800
(iv) On 29.03.2017	1,100	1,700

OR

TURN OVER

5. Following is the record of transactions regarding purchase and sales of Mr. Ram : (15)

Date	Particulars	Units	Rate per unit in ₹
01.03.2017	Opening Balance	1500	50
06.03.2017	Purchases	2000	60
12.03.2017	Sales	2500	80
15.03.2017	Purchases	1500	65
21.03.2017	Sales	2000	90
25.03.2017	Purchases	1800	70
28.03.2017	Sales	1000	95
29.03.2017	Sales	500	100
30.03.2017	Purchases	1200	80

Find the following from the above :

- Value of Stock using FIFO Method as on 31<sup>st</sup> March, 2017.
- Cost of Goods Sold for the month of March, 2017.
- Sales and Gross Profit for the month of March, 2017.

6. Answer the following :

- 1) Explain the Provisions of AS-9 : Revenue Recognition. (10)
- 2) Explain in brief the main Features of Accounting for Hire Purchase and contents of the Hire Purchases Agreement. (10)

OR

6. Write short notes on any four of the following : (20)

- Manufacturing Account.
- General Profit and Loss Account, as prepared in Departmental Accounts.
- Periodic Inventory System.
- Importance of Accounting Standards.
- Inter departmental Transfer
- Capital Expenditure and Revenue Expenditure.

TURN OVER