

CODE- REIN

- Instructions : 1) All questions are to be solved after considering option.
2) Each question carries 15 Marks.
3) Maximum marks 60 marks.
4) Maximum time 2 Hours.
5) Neatness will be rewarded.

Q.1

(3 marks each)

- i) What is Money Measurement concept ?
- ii) What is Going Concern concept ?
- iii) What is Accrual concept ?
- iv) What do you mean by accounting Principles ?
- v) What are considerations in selection of Accounting policies as per As- 1 ?

OR

Q.1

(3 Marks each)

- i) What is Business Entity concept ?
- ii) What is Accounting Period concept ?
- iii) What is convention of Materiality ?
- iv) What are fundamental Accounting Assumptions as per AS - 1.
- v) What are Accounting Policies as per AS- 1. Give examples of 2 areas in which different Accounting Policies can be followed by a company ?

Q.2

(10 Marks)

- A) Happy Singh was carrying on business as a Garageowner repairing cars & Scooters. His transactions for the month of September 2006 are given below. You are required to pass Journal Entries in his books of Accounts. Opening Bank balance Rs. 25,000 & Autoparts bal. Rs. 6000 (1.09.06)
- i) Repaired Skoda Octavia of Jia Khan and got payment Rs. 15,000 in cash.
 - ii) Purchased Tyres from MRF & Co. on Credit for Rs. 10,000.
 - iii) Sold car accessories worth Rs. 10,000 to Shahnaz Husain on Credit basis.
 - iv) Paid Garage Rent for the month Rs. 15,000 to Shah & Co.
 - v) Paid Salary for the previous month Rs. 6,000 to Ram & Sham both (Rs. 3,000 each)
 - vi) Received Cheque from Shahnaz Husain for Rs. 9800/- & deposited in Bank. Discount allowed Rs. 200.
 - vii) Repaired Toyota Qualis of Mahindra Kapoor & received Rs. 6500 in Cash.
 - viii) Purchased auto spare parts from Bankim & Co. for Rs. 20,000 on Credit.
 - ix) Deposited in Bank Rs. 5,000.
 - x) Issued cheque to MRF & Co. for Rs. 9500 as full & final settlement.

- Q.2 B)** Describe the type of errors that can be committed while preparing Trial balance. **(5 marks)**

OR

- Q.2 A)** What are the objectives of providing depreciation ? Explain. **(5 marks)**
- B)** Ms. Priyanka Chopra keeps all records of Plant & Machinery purchased in one ledger A/c only. She purchased the following machinery during 2004-2005 and 2005 - 2006 **(10 marks)**

Date of Purchase	Value of plant & Machinery in Rs.
1.04.2004	5,12,000
1.07.2004	3,04,000
1.10.2004	6,40,000
1.04.2005	6,88,000
31.03.2006	8,00,000

The plant & Machinery purchased in April 2004 was destroyed in fire in 1st October 2004. The scrap value collected was Rs. 32,000.

The Plant & Machinery purchased in July 2004 was sold for Rs. 4,80,000.

On 31st March 2005. Depreciation is to be charged under straight Line Method @ 10% p.a. You are required to prepare Plant & Machinery A/c for both years.

- Q.3 A)** Distinguish between Capital Expenditure and Revenue Expenditure. **(5 Marks)**
- B)** State with reasons whether the following items are Capital, revenue, deferred revenue. **(10 Marks)**
1. Legal expenses incurred in connection with issue of Equity shares of the company.
 2. Cash received Rs. 50,000 by a dealer in Machinery from sale of machinery.
 3. Replacement of petrol engine of the car with diesel engine.
 4. Repairs to plant.
 5. Amount Spent on uniform for the staff.

OR

- Q.3 A)** Distinguish between straight line Method and written down value Method of charging depreciation. **(5 Marks)**

- B) Krish & Co. provides you with the information regarding their Plant & Machinery A/c.

(10 Marks)

Date	Particulars	Amount in Rs.
1.4.2003	Purchase of a Machinery	4,80,000
1.4.2003	Installation Expenses	1,20,000
1.10.2004	Purchase of additional Machinery	2,40,000
1.10.2004	Installation Expenses	60,000
1.01.2006	First machine totally damaged due to flood and Insurance company admitted claim for	1,20,000
1.01.2006	Purchased second - hand machinery	4,20,000
1.01.2006	Paid repair charges for above second hand machine	1,80,000

Depreciation is to be provided at 10 % p.a. on Reducing balance Method on 31st March every year.

Prepare Plant and Machinery A/c for the years 2003-2004, 2004-2005 & 2005 - 2006.

Q.4

(15 Marks)

The following is the trial balance of Mr. Rajveer Singh as on 31st March 2006.

You are required to prepare the Trading & Profit & Loss A/c and Balance Sheet after giving effect to the adjustments.

Particulars	Debit Rs.	Credit Rs.
Capital A/c.		50,000
Furniture	10,000	
Purchases	75,000	
Debtors	1,00,000	
Interest earned		2,000
Salaries	15,000	
Sales		1,60,500
Purchase Returns		2,500
Wages	10,000	
Rent	7,500	
Sales Returns	5,000	
Bad debts w/off	3,500	
Creditors		60,000
Drawings	12,000	
Provision for bad debts		4,000
Printing and stationery	4,000	
Insurance	6,000	
Opening stock	25,000	
Office Expenses	6,000	

Additional Information :

- 1) Depreciate Furniture by 10% p.a.
- 2) Provision for doubtful debts is to be created to the extent of 5% on debtors.
- 3) Salary for the month of March 2006 amounting to Rs. 1500 was unpaid which has to be provided for. However salaries included Rs. 1,000 paid in advance.
- 4) Insurance amounting to Rs. 1,000 is prepaid.
- 5) Provide for outstanding office expenses Rs. 4,000.
- 6) Stock withdrawn for personal use Rs. 3,000.
- 7) Stock in trade as on 31.03.2006 is Rs. 3,000.

OR

Q.4 Write short notes on any 3

(15 marks)

- 1) Objectives of Accounting.
- 2) Deferred Revenue Expenditure.
- 3) List down 5 methods of providing depreciation.
- 4) Distinguish between Journal and Ledger.
- 5) Procedure of issuing Accounting standard in India.
