

(2½ Hours)

[Total Marks : 75

- N.B. :** (1) All questions are compulsory.
 (2) Solve all questions after exercising Internal Option.
 (3) Figures to the right indicate full marks.
 (4) Working Notes should be a part of your answer.
 (5) Use of Simple Calculator is allowed.

1. (a) Fill in the blanks with suitable words and rewrite the sentence (Any Eight): 8
1. _____ issues accounting standards in India.
 (a) ICAI (b) ICSI
 2. _____ is non-recurring in nature.
 (a) Capital Expenditure (b) Revenue Expenditure
 3. Prepaid expenses are shown as _____ in Balance Sheet.
 (a) Current Liabilities (b) Current Assets
 4. Discount received is shown on the _____ side of Profit and Loss Account.
 (a) Debit Side (b) Credit Side
 5. Under _____ method it is assumed that goods issued are first units that were purchased.
 (a) Weighted Average (b) FIFO
 6. For a sugar mill, sugarcane is a _____.
 (a) Raw material (b) Finished good
 7. Advertising expenses are allocated on the basis of _____.
 (a) Purchases (b) Sales
 8. Initial payment made on signing the agreement is _____.
 (a) Down Payment (b) Cash Price
 9. Sale of scrap appears in _____ side of Manufacturing Account.
 (a) Credit (b) Debit
 10. Drawings are deducted from _____.
 (a) Capital (b) Creditors

TURN OVER

(b) Match the following and rewrite (Any Seven) :

Column 'A'	Column 'B'
(1) Going Concern Concept	(a) Current Liability
(2) Sundry Creditors	(b) Intangible Asset
(3) Delivery Van Expenses	(c) AS - 2
(4) Goodwill	(d) Current Asset
(5) Vehicles	(e) Deferred Revenue Expenditure
(6) Depreciation	(f) After payment of last Installment
(7) Loose Tools	(g) Apportioned the basis of Sales
(8) Right of Ownership	(h) Fundamental Accounting Assumption
(9) Preliminary Expenses	(i) Apportioned on the basis of asset value
(10) Retail Method	(j) Tangible Assets

2. Mr. Kavi purchased a motor car on hire purchase system on 1st January, 2012 from Mr. Ravi by paying ₹9,000 against delivery. The cash price was ₹51,000. He paid the balance in four instalments at the end of each year on 31st December, including interest @ 10%p.a. on cash price, as follows : ₹19,200, ₹14,700, ₹10,500, ₹6,600 respectively. He charged depreciation on motor car @ 10%p.a. on diminishing balance method. Show Kavi's A/c, Interest earned A/c in the books of the Hire vendor. The Hire vendor follows the credit sale method. 15

OR

2. State with reasons whether the following items are capital or revenue :
1. Cost of goodwill purchased. 2
 2. Import duty on raw material purchased. 2
 3. Legal Expenses incurred in raising a debenture loan. 2
 4. ₹2,00,000 received from the issue of further shares. 2
 5. Commission received on sale ₹2,000. 2
 6. Machinery valued at ₹1,20,000, sold for ₹90,000. 2
 7. Stock of ₹25,000 was destroyed by fire of which ₹15,000 was received from the insurance company. 3

TURN OVER

3. Following figures are extracted from the books of Amar Ltd. for the year ended 31st March, 2016. 15

Particulars	Department		
	A (₹)	B (₹)	C (₹)
Stock as on 01-04-2015	45,000	35,000	40,000
Purchases	4,40,000	5,20,000	1,10,000
Return Outwards	40,000	20,000	10,000
Sales	6,10,000	9,25,000	3,20,000
Return Inwards	10,000	25,000	20,000
Wages	8,000	5,000	7,000
Stock as on 31-03-2016	65,000	20,000	10,000

Additional Information :

- Good transferred from A to B ₹10,000 and to C ₹8,000.
- Good transferred from B to A ₹6,500 and to C ₹5,600.
- Good transferred from C to A ₹5,000 and to B ₹6,000.
- Telephone charges ₹15,800 to be apportioned in the ratio of 3:1:1 among departments A, B and C respectively.
- Rent ₹24,000 to be distributed as 1:2:1 among departments A, B and C respectively.
- Insurance of goods ₹8,600 to be apportioned in the ratio of closing stock.
- Discount allowed ₹18,000 and Bad debts ₹15,000 to be apportioned in the ratio of sales.
- Income Tax ₹58,000 and legal expenses ₹24,000.

All workings should form a part of your answer.

Prepare Department Trading and Profit and Loss account in columnar form and General Profit and Loss Account for the year ended 31st March 2016.

OR

TURN OVER

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3. From the following data of Bina Ltd. for the month of September 2016. You are required to prepare the stores ledger by adopting Weighted Average Cost Method : 15

Purchases :

Date	Quantity in kg	Rate per kg (₹)
01-09-2016	2,000	10
02-09-2016	300	12
10-09-2016	200	14
22-09-2016	300	11
27-09-2016	600	13

Issues :

Date	Quantity in kg
06-09-2016	1,200
11-09-2016	1,000
25-09-2016	200
29-09-2016	500

TURN OVER

4. From the following Trial Balance of Shivaay as on 31st Dec. 2015. You are required to prepared Manufacturing A/c, Trading and Profit & Loss A/c. for the year ended 31st Dec. 2015 and a Balance Sheet as at the date after making necessary adjustment. 15

Trial Balance

Particulars	Dr (₹)	Particulars	Cr (₹)
Opening Stock :		Capital of Shivaay	1,00,000
Raw Material	3,500	Sundry Cr.	10,000
Work in Progress	7,500	Sales	1,20,000
Finished Goods	4,000	Return Outward	1,000
Purchase of Raw Materials	82,000	Old R.D.D	400
Return Inwards	2,000	Discount	400
Sundry Debtors	20,600	Bad Debts Recovery	1,200
Furniture & Fixtures	5,000		
Power and Fuel	200		
Carriage Outward	500		
Office Rent and Taxes	4,600		
Printing & Stationery	800		
Factory Expenses	400		
Postage	800		
Insurance Charges	700		
Salaries to Staff	21,300		
Cash & Bank Balance	26,700		
Drawings	16,000		
Wages	11,400		
Plant & Machinery	25,000		
Total	2,33,000	Total	2,33,000

Adjustment :

- (a) Stock as on 31st December 2015 : Raw Material ₹2,000, Work in Progress ₹8,000 and Finished goods ₹4,600.
 (b) Prepaid Insurance ₹300.

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- (c) Provide Depreciation on Furniture and Fixture at 5% and on Plant and Machinery at 20%p.a.
- (d) Write off Bad-Debts ₹ 600 and maintain Reserve for doubtful debts at 5% on Sundry Debtors.
- (e) Good distributed as free samples worth ₹ 4,000 in order to increase the sales.

OR

4. (a) Determine the value of stock to be taken in the Balance Sheet as on 31st March, 2016 in the books of Sutlej Ltd. on the basis of information given below : **10**

The stock was physically verified on 27th March, 2016 and was valued at ₹ 6 lakh.

Between 27th March, 2016 and 31st March, 2016 following transactions occurred :

- (a) Purchases of ₹ 50,000 of this goods worth ₹ 20,000 were delivered on 3rd April, 2016.
- (b) Out of goods sent on consignment, goods worth ₹ 30,000 (at cost) were unsold.
- (c) Sales was of ₹ 1,70,000. This includes goods worth ₹ 40,000 sent on approval Half of these were returned before 31st March. As regards remaining, no intimation was received.
- (d) Normally, the firm sells goods on cost plus 25%. However, a lot of goods costing ₹ 30,000 was sold at ₹ 15,000.

- 4 (a) Sulekha Publishers Co. Ltd. supplied the books of ₹ 2,50,000 to Suraj Book Stores Ltd., as per their order. Suraj Book stores intimated to Sulekha Publishers Co. Ltd. that the books are as per their order. Comment on whether it should be recognised as revenue. **5**

TURN OVER

5. (a) What are the different basis of apportionment for distribution of different expenses amongst various departments? Explain the procedure by giving examples of expenses along with their appropriate basis. 8
- (b) What are the features of Hire Purchase System? Distinguish between Hire Purchase and Installment Sale. 7

OR

5. Write a Short Notes on (Three out of Five) : 15
- (a) Importance of Accounting Standards
- (b) Disclosure requirement as per AS - 1
- (c) Deferred Revenue Expenditure
- (d) Prepaid Expenses and Outstanding Expenses (Explain with examples)
- (e) Transactions excluded under AS - 9

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