



Date : 25/02/2020 SUB : A/C (New Pattern)

- 1) All questions are compulsory
- 2) Each question carries 20 marks.
- 3) Q. No. 2 to 5 has internal options. Please read each question fully as it may be spread over subsequent page.
- 4) Prepare neat working notes wherever required.

Time: 3 hours

Marks: 100

1.a) State whether the following statements are true or false without giving reasons (**Any ten**):

- a) LIFO method is very much recommended for use in India as per AS II.
- b) Purchase of a second-hand motor-car is a Revenue Expenditure.
- c) Expenses on Diwali gifts, is an example of Revenue Expenditure.
- d) Amount received by owner of land from the Government for construction of a Metro is a Revenue receipt.
- e) During rising prices, LIFO method always gives a higher value of stock.
- f) All capital expenditures result in long term benefit.
- g) Valuation of stock of petrol by a petrol pump can easily be done by Weighted Average Method.
- h) Sale of scrap by a factory is neither a Revenue nor a Capital receipt.
- i) Amount received on sale of a Motor Car by 'Navnit Motors' is a capital receipt.
- j) A 'Daily Stock Register' is prepared under 'Perpetual Inventory System.
- k) Electricity Charges can be allocated on the basis of Electrical Points..
- l) Cash price includes Cash price and interest.

1. b) Match the columns and **re-write** the sentences (**any ten**) :

AS -1	Liability side
AS - 9	Seller of goods
Going Concern Concept	Revenue receipt
Valuation of Closing Stock	Revenue recognition
Carriage Inwards	Cost of Production
Sales tax refund	General Profit & Loss Account
Goods destroyed by fire	AS - 2
Provision for doubtful debts	Significant Accounting Policies
Bank Overdraft	Added to cost price of goods purchased
Expenses not connected with departments	Cost or realizable value, whichever is lower
Hire Vendor	Fundamental Accounting Concept
Manufacturing Account	Deducted from Debtors

	Revenue loss
	Departmental Trading Account

2.) Following balances are extracted from the books of Mr. Ram Prasad for the year ending December 31, 2019. Prepare the Manufacturing, Trading, Profit & Loss account for the year and the Balance Sheet as on 31/12/2019.

Particulars	Dr Rs.	Cr Rs.
Bad debts	6,000	-----
Bank over draft	-----	6,000
Bills Receivable	26,000	-----
Capital	-----	3,00,000
Carriage Inwards	5,000	-----
Cash in hand	4,000	-----
Discount Received	-----	6,000
Drawings	48,000	-----
Factory Buildings	2,00,000	-----
Factory Electricity	24,000	-----
Office Rent	14,000	-----
Opening Stock: Finished goods	90,000	-----
Opening Stock: Raw Materials	60,000	-----
Plant and Machinery	1,50,000	-----
Printing And Stationery	6,000	-----
Purchases	5,25,000	-----
Provision for Doubtful Debts	-----	3,000
Salaries	36,000	-----
Sales	-----	9,90,000
Sundry Creditors	-----	92,000
Sundry Debtors	80,000	-----
Wages	1,23,000	-----
<b>Total Rs.</b>	<b>13,97,000</b>	<b>13,97,000</b>

**Adjustments:**

- Depreciate Factory Building @ 5 % p.a., Plant and Machinery @ 10% p.a.
- Additional Bad Debts incurred were Rs. 3,000. Provide for doubtful debts @ 1% on sales.
- Closing Stock on Dec 31, was as under :
 

Raw Materials	64,000
Finished Goods	1,00,000
- Outstanding Salary on 31<sup>st</sup> December 2019 was Rs. 3,000.

OR

2) From the following Trial Balance of Jogilal, prepare the Manufacturing, Trading and Profit and Loss Account for the year ending 31<sup>st</sup>. March., 2019 and a Balance Sheet as on that date.

Particulars	Dr. Rs.	Cr. Rs.
Jogilal's Capital Account		34,900
Sundry creditors		49,000

Cash in hand	4,250	
Sundry Debtors	40,500	
Provision for Bad Debts		1,000
Plant & Machinery	20,000	
Office Building	26,000	
Purchases of Raw Materials	35,000	
Raw materials - 1 <sup>st</sup> . April 2018	3,500	
Work In Process - 1 <sup>st</sup> . April 2018	4,000	
Finished Goods- 1 <sup>st</sup> .April 2018	18,000	
Carriage Inwards	1,100	
Wages	27,000	
Salary of Works Manager	5,600	
Factory Expenses	3,400	
Factory Rent and Taxes	2,500	
Royalties (paid on sales)	1,200	
Sales (less Returns)		1,23,400
Advertising	3,000	
Office Rent and Insurance	4,800	
Office Expenses	6,800	
Carriage outwards	600	
Discounts	1,400	1,100
Bad Debts	750	
	2,15,500	2,15,500

1. The Stock on 31<sup>st</sup>.March 2018 was as follows :  
Raw Materials Rs.4,000; Work in Progress Rs.4,500 and Finished Goods Rs.26,000.
2. Allow 5% interest on capital and a Salary of Rs.6,000 to Jogilal.
4. The salary of Jogilal is to be allocated 2/3 to factory and 1/3 to office.
5. Depreciate Buildings by 2% and Plant by 10%.
- 6) Write off further Bad debts Rs.500 and maintain a provision of 10% on debtors.
- 7) Debtors amounting to Rs.1,000 are wrongly included in Office Expenses.

**3.) Painterior** Hardware Stores submit the following particulars and information about their departmental stores, for the year ended 31<sup>st</sup> March 2019.

	Turpentine (Rs.)	Paints (Rs.)	Tools (Rs.)
Opening Stock	1,00,000	3,00,000	5,00,000
Purchases (Net)	9,00,000	7,60,000	11,00,000
Sales (Net)	12,05,600	9,04,200	15,07,000
Wages	75,000	45,000	---
Closing Stock	1,10,000	3,60,000	4,00,000
<b>Expenses Paid :</b>			<b>Rs.</b>
Salaries			3,00,000
Rent			1,20,000

Printing	36,000
Electricity	27,000
Sundry Expenses	28,800

Transfer from Tools Department to the Turpentine Department amounted to Rs.30,000 and to Paints Department Rs. 63,000 at normal market price. The closing stock of Turpentine Department contains stock worth Rs. 15,000 and Paints Department has stock worth Rs. 45,000 transferred from Tools department.

- Salaries Rs.2,40,000 were paid to 20 Salesmen on a uniform scale. The number of Salesmen in the three departments was 4, 5 and 11 respectively. Allocate the remaining salary equally.
- The space occupied by all the departments was equal.
- Printing expenses to be apportioned as 2:1:1 respectively.
- Sundry expenses to be allocated in the Sales Ratio.
- The electricity points in the three departments were 4:9:5 respectively.

Prepare the Departmental Trading and Profit & Loss Account for the year ended 31<sup>st</sup> March 2019.

OR

3.) From the following particulars prepare departmental trading and profit and loss account and general profit And Loss Account of the two departments X and Y for the year ended 31<sup>st</sup> March, 2019.

Particulars	Departments		Total
	X Rs.	Y Rs.	
Opening stock	17,000	8,000	25,000
Purchases	88,000	52,000	1,40,000
Carriage inwards	3,000	-----	3,000
Sales	180000	1,20,000	3,00,000
Purchase returns	1,000	500	1,500
Salaries (Departmental)	8,000	7,000	15,000

**Common Expenses:**

Salaries (General)	15,000
Discount received	1,385
General expenses	10,000
Rent and rates.	5,000
Advertising	10,000
Insurance	10,000
Discount allowed	1,500
Selling and distribution	500
Bank interest received	6,000

The following further information is relevant:

1. Salaries (General) are to be allocated in the ratio 4:2.
2. Other Expenses are to be allocated equally.
3. Goods transferred from Department X to Y were Rs. 5,000
4. The area occupied is X -  $\frac{3}{5}$  and Y -  $\frac{2}{5}$
5. Insurance charges being inconvenient are not to be allocated.
6. The closing stocks were Dept. X - Rs. 20,000 and Dept. Y - Rs. 15,000.

OR

3.) Prepare stock register as per FIFO method

2017		Units	Rate Per Unit
January	1 Opening Balance	1000	25.00
	11 Purchases	4000	28.00
	14 Purchases	1100	30.00
	21 Issued	1200	45.00
	25 Issued	1600	45.00
	26 Purchases	5000	33.00
	27 Issued	5000	48.00
	31 Issued	2000	47.00

4.) Marwad Machineries Ltd. purchased from Gujarat Automobiles Ltd., a Plant, the cash price of which was Rs.2,50,000. The payment was spread out as under

Down payment (1-1-2014)	Rs. 60,000
1st Installment (31-12-2014)	Rs. 70,000
2nd Installment (31-12-2015)	Rs. 80,000
3rd Installment (31-12-2016)	Rs. 90,000

Depreciation is charged at 20% p.a. on W.D.V. Show Gujarat Automobiles account, Interest Account and Plant account in the books of Marwar Machineries Ltd.

OR

4.) State **giving reasons** whether following are of Capital, or Revenue in nature.

**Answers without reasons shall not be assessed.**

- a) Rs. 2,25,00,000 paid to purchase land and Rs. 1,20,000 paid as brokerage.
- b) Rs. 4,50,000 paid for foreign business trip of managing director for purchase of Plant.
- c) Rs. 12,00,000 paid as Goods and service tax.
- d) Rs. 2,50,000 paid as income Tax.
- e) Rs. 14,500 bad debts recovered.
- f) Rs. 45,000 paid for purchase of new tyres for a truck.
- g) Rs. 12,500 discount received from customers.

- h) Purchase of a second hand motor car and expenditure incurred on refurbishing it.
- i) Amount received as Loan.
- j) Penalty paid Rs. 1000 for infringement of the Factory's Act

5.) Write short notes on:

- a) Capital Receipts (with three examples) (10)
- b) Provisions of Revenue Recognition as per AS – 9 (10)

OR

(20)

5.) Write short notes on: (any four)

- a) Principles of preparing a Profit and Loss Account.
- b) Convention of 'Materiality', 'Consistency' and 'Conservatism' in accounting.
- c) Why are Departmental Accounts prepared?
- d) Characteristics of a Hire Purchase transaction and the terms used in it.
- e) Weighted Average Cost method of valuation of stock and where is it best suited ?
- f) Stock Reserve.