

Q.P. Code:00000000

[Time:2.30 Hrs]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:**
1. All question are compulsory.
 2. Figures to the right indicate full marks.
 3. Working note should form part of main answer
 4. Use of simple calculators is allowed

Q. 1. A. Fill in the blanks with suitable words and rewrite the sentences. (ANY EIGHT)

08

1. Accounting Standard 2 (AS 2) deals with _____. (Disclosure of accounting policies/ Revenue recognition /Valuation of inventory)
2. Total amount payable by the purchaser in a Hire Purchase transaction is called _____. (Hire Purchase Price / Down Payment /Cash Price)
3. In a Manufacturing Organization, Manufacturing Account is prepared to find out _____. (Gross Profit / Cost of Production/ Net Profit)
4. In Departmental Accounts, rent is allocated on the basis of _____ each department. (Sales Turnover/ Area Occupied/ Purchases)
5. income received in advance is shown in the _____. (Balance Sheet / Profit and Loss Account/ Manufacturing account)
6. Amount received on issue of shares is a _____. (Capital Endorsement /Capital Receipt / Revenue Receipt)
7. _____ factor should be considered while selecting and applying an accounting policy. (Dual aspect / prudence/ consistency)
8. Stock reserve is _____ closing stock in the balance sheet under departmental accounts. (added to / deducted from/ not adjusted in)
9. Inventories are generally valued at _____ (cost / net realizable value/ lower of cost or net realizable value)
10. In Departmental Account _____ is debited o General Profit and Loss Account(Salaries/ Rent/Interest on Loan)

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Q.1 B. True or False (ANY SEVEN)

07

1. AS 1 deals with Disclosure of Accounting Policies.
2. For valuation of stock under FIFO method, the cost of the latest items is compared with their net realizable value.
3. As per AS 9, revenue from interest is recognized only when it is actually received.
4. profit and loss Account shows the financial position of a concern.
5. Expenditure that results in acquisition on asset is a capital expenditure.
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. Hire Purchase is an agreement between vendor and the agent.

Q.2. A. Trial Balance of Sanket as on 31st March 2023 was as follows:

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Debit Balance	Amount in Rs.	Credit Balance	Amount in Rs.
Opening Stock :		Sundry Creditors	18,000
- Raw Material	20,000	Bank Loan	80,000
- Work in Progress	10,000	Sale of Scrap	2,200
- Finished Goods	15,000	Interest received	1,800
Sundry Debtors	30,000	Commission received	1,650
Freight on Purchase	1,700	Sales	2,60,000
Bills Receivable	28,000	Capital	77,450
Wages	12,000		
Salaries	10,000		
Coal, Water and Gas charges	4,500		
Printing & Stationery	500		
Factory Insurance	1,200		
Repairs to Factory shed	600		
Purchase	2,00,000		
Cash at Bank	12,000		
Plant & Machinery	30,000		
Factory Shed	60,000		
Rent	3,000		
Factory Lighting	1,200		
Advertisement	1,400		
	4,41,100		4,41,100

The following additional information is provided to you:

1. Closing stock – Raw Materials ₹ 26,000, Work in Progress ₹ 28,000, Finished Goods ₹ 25,000.
2. Outstanding Wages for the year end was ₹ 2,000.
3. Advertisement prepaid for the next year ₹ 400.
4. Depreciate Plant and Machinery @7%, Factory Shed @3.5%.
5. Bills Receivable dishonored for the year end ₹ 4,000.
6. Goods lost by fire worth Rs. 5,000 and Insurance company admitted claim worth ₹ 4,000 only.

Prepare Manufacturing A/c, Trading A/c, Profit & Loss A/c and Balance Sheet as on 31st March 2023.

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- Q. 2. B.** M/s. Karan & Arjun the General Provision Merchants have prepared the following Trial Balance as on 31st March, 2023. They have three departments A, B and C. **15**

Particulars	Debit Rs.	Credit Rs.
<u>Stock on 1st April 2022:</u>		
A	56,000	
B	40,000	
C	42,000	
<u>Purchases:</u>		
A	2,00,000	
B	1,28,000	
C	2,40,000	
<u>Sales:</u>		
A		3,50,000
B		1,60,000
C		3,61,600
Wages of Department A	94,000	
Packing charges	14,000	
Rates & Taxes	4,500	
Electricity & Insurance	6,000	
Advertisements	11,000	
Bad debts	20,000	
Sundry Expenses	16,000	
Salaries	90,000	
Interest on Loan	12,000	
Loan Taken		4,00,000
Creditors		1,60,000
Debtors	2,40,000	
Furniture	20,000	
Freehold Property	3,48,000	
Cash	20,100	
<u>Capital Balances:</u>		
Karan		1,10,000
Arjun		1,10,000
<u>Drawings:</u>		
Karan	25,000	
Arjun	25,000	
	16,51,000	16,51,000

Adjustments:

1. Prepaid expenses: Insurance Rs. 1,600 and Rates & Taxes Rs. 1,500.
2. Outstanding expenses Electricity: Rs. 3,600.
3. 5% Reserve for Doubtful Debts to be made.
4. 2.5% Reserve for discount to be provided on creditors.
5. Interest on Capital to be allowed at 5% p.a.
6. Depreciate Furniture by 10% p.a.
7. Closing stocks were valued at Department A: Rs. 60,000, Department B.: Rs. 50,000 and Department C: Rs. 40,000.

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8. Apportionment of all items in A, B, C Departments to be done in the ratio of 40%, 20%, 40% respectively.

Prepare Department Trading, Profit & Loss for the year ended 31st March 2023 and the Balance Sheet as on that date.

- Q. 3. A.** Mr. Ram purchased a motor car on hire purchase system on 1st January 2020 from Mr. Shyam by paying Rs. 9,000 against delivery. The cash price was Rs. 51,000. He paid the balance in four installments at the end of each year on 31st December, including interest @10% p.a. on cash price, as follows: Rs. 19,200, Rs. 14,700, Rs. 10,500, Rs. 6,600 respectively. He charged depreciation on motor car @10% p.a. on diminishing balance method. Show Ram's A/c, Interest earned A/c in the books of the Hire vendor. The Hire vendor follows the credit sale method. **15**

OR

- Q. 3. B.** State with reasons whether the following items are capital or revenue: **15**
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. Rs. 2,00,000 received from the issue of further shares. (2)
 5. Commission received on sale Rs. 2,000. (2)
 6. Machinery valued at Rs. 1,20,000, sold for Rs. 90,000. (2)
 7. Stock of Rs. 25,000 was destroyed by fire of which Rs. 15,000 was received from the insurance company. (3)

- Q. 4. A.** (a) Abraham closes his books of accounts on 31st March every year. He was unable to take the actual stock till 15th April 2023, on which date the physical stock at cost was valued at Rs.5, 25,000. Sales for the period 1st April to 15th April 2023 was Rs.1, 44,000. Profit was made at 1/3rd on cost. **15**
1. Purchases for the next year included in stock amounted to Rs.54, 000 at cost less 10% trade discount.
 2. Goods returned by customers were worth Rs. 1, 800 at selling price.
 3. There were slow moving items costing Rs. 6, 000 which could be estimated to be sold at Rs. 4,200.
 4. Due to certain reasons some goods costing Rs. 7, 500 were supplied late by supplier therefore the customer refused to accept the goods. As a result, the net realizable value was estimated to be Rs. 3, 000 on March 31st 2023.
- Compute the value of stock as on 31st March, 2023. (09)
- (b) Gupta Ltd, have changed their method of depreciation from Straight Line Method to Written Down Value Method but not disclosed in their accounts. Analyze and comment to respect to AS-1. (03)
- (c) Mr. Manoj has invested in Shares of Tata Power Ltd. The company declared dividends on 28th March 2023, but the dividend Cheque was actually received on 5th April, 2023. If Mr. Manoj closes his books on 31st March every year, can he consider income from dividend for the financial year ended 31st March 2023? Analyze and comment with respect to AS-9. (03)

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- Q. 4. B.** From the following Arundhati Ltd. For the month of February 2023 you are required to **15**
prepare the stores ledger by adopting FIFO method:

Purchases :		
DATE	UNIT	RATE IN Rs.
1-2-2023(opening stock)	5,000	10
5-2-2023	3,500	11
10-2-2023	4,600	9
15-2-2023	4,200	12
25-2-2023	3,700	11
Issues		
DATE	UNITS	
3-2-2023	4,000	
9-2-2023	3,800	
14-2-2023	3,500	
18-2-2023	3,900	
27-2-2023	3,300	

- Q. 5. A.** Factors influencing the selection of Accounting Policies as per AS-1. **08**

- Q. 5. B.** Features of Hire Purchase Transactions . **07**

OR

- Q. 5. C** Attempt (Any 3 out of 5) **15**

1. Deferred Revenue Expenditure with Examples
2. Distinguish between FIFO and Weighted Average Method.
3. General Profit and Loss Account in Departmental Accounts.
4. Main requirements of AS-9.
5. Calculation of Interest in Hire Purchase .
