

[Time:3 Hrs]

[Marks:100]

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. Use of simple calculator is allowed.
 4. All workings should form part of main answer.

Q.1 A **Fill in the blank with appropriate option: (any 10)** 10

1. The Generally Accepted Accounting Principles are contained in _____.
(Accounting Regulations/Accounting Standards/ Accounting Frameworks)
2. Valuation of inventories is governed by Accounting Standard _____ by the ICAI. (AS 2,AS 9,AS 13)
3. Total amount payable by the purchaser in a Hire Purchase transaction is called _____. (Hire Purchase Price / Down Payment/ Cash Price)
4. In a Manufacturing Organization, Manufacturing Account is prepared to find out _____. (Gross Profit/ Cost of Production / Net Profit)
5. In Departmental Accounts, rent is allocated on the basis of _____ of each department. (Sales Turnover / Area Occupied / Purchases)
6. Income received in advance is shown in the _____.
(Balance Sheet/ Profit and Loss Account/Manufacturing Account)
7. Amount received on issue of shares is a _____.
(Capital Expenditure/Capital Receipt / Revenue Receipt)
8. As per Accounting Standard 1, Accounting policies used to prepare the final accounts should _____.
(be scattered over the final accounts/ be disclosed at one place, forming a part of final account/ not form a part of final account)
9. For a books manufacturing company, paper is a _____.
(Raw material/ Work-in-progress/ Finished goods)
10. The person who receives goods under Hire Purchase System is called _____. (Hire vendor/ Hire Purchaser / Agent)
11. In Departmental Accounts, Comprehensive Insurance (if ratio is not given) is taken in _____.
(Departmental Trading Account/ General Profit and Loss Account
Departmental Profit and Loss)
12. In a Manufacturing Organization, purchase of machinery spares will appear in the _____.
(Balance Sheet/ Profit and Loss Account/ Manufacturing Account)

Q.1 B **State whether the following statements are true or false : (any 10)** 10

1. Under Hire Purchase System, depreciation on asset is charged by the vendor until the payment of last installment.
2. Down payment includes interest.

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. AS 9 deals with Disclosure of Accounting Policies.
6. For valuation of stock under Weighted Average Cost method, the cost of the latest items is compared with their net realizable value.
7. Carriage inward is allocated on the basis of purchase of the department.
8. If the buyer fails to pay the installment, the seller has a right to repossess the asset sold under Hire Purchase System.
9. Expenditure that results in acquisition of a permanent asset is a capital expenditure.
10. Loss by fire in a department is charged to General P &LA/c in Departmental Accounting.
11. It is essential to standardize the accounting principles and policies in order to ensure consistency.
12. Cost due to abnormal wastage of material should not be included in cost if inventories.

- Q.2 A From the following Trial Balance as on 31st March 2022 of Mr. Ganesh, 20
prepare Manufacturing account, Trading and Profit and Loss Account for the year ended 31stMarch 2022 and a Balance Sheet as on that date.

Trial Balance as on 31stMarch 2022

Particulars	Debit Amt	Credit Amt
Opening Stock – Raw Material	8,000	
Opening Stock – Work in Progress	1,500	
Opening Stock – Finished Goods	9,000	
Purchases of Raw Material	1,35,000	
Royalties	3,000	
Direct Wages	24,000	
Factory Rent	2,500	
Computer	25,000	
Machinery	35,000	
Sales		2,30,000
Printing and stationery	12,500	
Cash at bank	5,000	
Creditors		15,000
Salaries	18,000	
Debtors	25,000	
Capital Account		58,500
Total	3,03,500	3,03,500

Adjustments:

1. Closing stock on 31stMarch 2022 was Raw Material ₹ 12,000, Work in

Progress ₹ 4,000, and Finished Goods ₹ 10,000.

2. Depreciation was to be provided on Machinery at 10% p.a. and on Computer 10% p.a.
3. Reserve for bad doubtful debts is 5% on debtors.
4. During the year, finished goods worth ₹ 4,000 were lost by fire and insurance claim was not received.

OR

- Q.2 B From the following Trial Balance as on 31st March 2022 of Mr. Siddhant, prepare Manufacturing account, Trading and Profit and Loss Account for the year ended 31st March 2022 and a Balance Sheet as on that date. 20

Trial Balance as on 31st March 2022

Particulars	Debit Amt	Credit Amt
Machinery	2,00,000	
Sales		6,56,000
Capital Account		2,80,000
Drawings	30,000	
Opening Stock – Raw Material	32,000	
Opening Stock – Work in Progress	6,000	
Opening Stock – Finished Goods	22,000	
Purchases of Raw Material	2,46,000	
Carriage Inward on Raw Material	20,000	
Direct Wages	1,16,000	
Factory Rent	24,000	
Factory Power and Fuel	26,000	
Office Electricity	50,000	
Interest Paid	58,000	
Cash at bank	8,000	
Travelling Expenses	36,000	
Salaries	16,000	
Discount Allowed	12,000	
Creditors		60,000
Bad Debts	8,000	
Provisions for Bad Debts		4,000
Debtors	1,10,000	
Bills Payable		20,000
Total	<u>10,20,000</u>	<u>10,20,000</u>

Adjustments:

1. Closing stock on 31st March 2022 was Raw Material ₹ 36,000, Work in Progress ₹ 14,000, and Finished Goods ₹ 26,000.
2. Outstanding Travelling Expenses were ₹ 4,000.
3. Depreciation was to be provided on Machinery at 5% p.a.

4. Reserve for bad doubtful debts is 10% on debtors.
5. During the year finished goods were withdrawn by proprietor costing ₹16,000 for personal use.

Q.3 A Following figures are extracted from the books of Varad Ltd. for the year 20 ended 31st March 2022:

Balance Sheet as on 31st March 2022			
Particulars	Dept. P (₹)	Dept. Q (₹)	Dept. R (₹)
Purchases	2,20,000	1,10,000	4,40,000
Sales	8,00,000	6,00,000	4,00,000
Stock on 01/04/2021	80,000	40,000	1,20,000
Stock on 31/03/2022	48,000	24,000	4,80,000

The following expenses are also incurred:

1. General expenses ₹ 12,000 to be allocated equally to all departments
 2. Rent ₹ 9,000 to be to be allocated equally to all departments.
 3. Interest Received ₹ 4,500 to be divided in the ratio of 3:2:1 between department P, Q and R
 4. Discount allowed ₹ 13,500
 5. Sales Promotion Expenses were ₹ 18,000.
 6. Advertisement ₹ 4,500.
 7. Discount Received ₹ 7,000.
 8. Goods worth ₹ 5,000 transferred from Department P to Department Q.
 9. Goods worth ₹ 2,500 transferred from Department R to Department Q.
- Prepare Departmental Trading and Profit & Loss Account allocating other expenses on appropriate basis.

OR

Q.3 B M/s Saraswati purchased a Car on hire purchase basis from Suzuki Ltd. On 1st 20 January, 2020. They paid ₹ 4,00,000 on signing the contract and agreed to pay three yearly installments including interest as follows.

On 31.12.2020 ₹ 2,60,000

On 31.12.2021 ₹ 2,40,000

On 31.12.2022 ₹ 2,20,000

The cash price of Car was ₹ 10,00,000. Suzuki Ltd. charged interest at 10% p.a. Depreciation @15% p.a. on Reducing Balance Method is charged on Car. Prepare Car Account, Suzuki Ltd. Account and Interest Account in the books of M/s Saraswati for the years 2020, 2021 and 2022 using Full Cash Price Method.

Q.4 A Following is the information related to purchases and sales of goods made by 20 Laxmi Enterprise in the month of March, 2022. Find out from the given information:

1. Value of closing stock using FIFO and Weighted Average Cost Method
2. Cost of Goods Sold

3. Sales and Gross Profit for the month of March.

Date	Particulars	Unit	Rupees
01-03-2022	Opening Stock	3,000	50
06-03-2022	Purchases	4,000	60
12-03-2022	Sales	5,000	80
15-03-2022	Purchases	3,000	65
21-03-2022	Sales	4,000	90
25-03-2022	Purchases	3,600	70
28-03-2022	Sales	2,000	95
29-03-2022	Sales	1,000	100
30-03-2022	Purchases	2,400	80

OR

Q.4 B State whether the following expenditure and receipts are capital or revenue. 20
Give reasons for your answers.

1. Sold Government Bonds for ₹ 2,00,000.
2. Paid ₹ 60,000 Custom duty on purchase of Machinery.
3. Paid ₹ 10,000 towards Factory power and fuel.
4. Paid ₹ 30,000 for subscription of trade journals.
5. Paid ₹ 50,000 for obtaining business license.
6. Loss of ₹ 5,000 incurred on goods lost by theft.
7. Cost of ₹ 15,000 was incurred for replacement of defective parts of Machinery.
8. A plant worth ₹ 5,00,000 is bought by proprietor for business activity.
9. Incurred ₹ 1,00,000 on research of new product, which did not materialize.
10. Repairs to the roof of the building ₹ 50,000.

Q.5 A Enumerate the steps involved in accounting standard setting process. 10

Q.5 B Explain the provisions of Revenue Recognition AS-9. 10

OR

Q.5 C **Short Notes (Any Four) (each 5 marks)** 20

1. Hire Purchase Accounting Method
2. Revenue Receipts
3. Inter- Departmental Transfers
4. Necessity of valuation of stock
5. Cost of Production
6. Balance Sheet