

### Instructions to Candidates :

1. All Questions are Compulsory carrying 15 marks each.
2. Questions No. 1 carries internal option, i.e. Questions No.1 of 15 marks, OR Sub-question No. 1(a) of 8 marks plus Sub-question No. 1(b) of 7 marks, out of which Any One Question totalling 15 marks is to be attempted.
3. Questions No. 2 carries internal option, i.e. Questions No.2 of 15 marks, or Question No. 2 of 15 marks, out of which Any One Question totalling 15 marks is to be attempted.
4. Questions No. 3 carries internal option, i.e. Questions No.3 of 15 marks, OR Question No. 3 of 15 marks out of which Any One Question totalling 15 marks is to be attempted.
5. Questions No. 4 carries internal option, i.e. Questions No.4 of 15 marks, OR Question No. 4 of 15 marks out of which Any One is to be attempted.
6. In all Four Questions are to be attempted.
7. Use of simple 12- digit non-programmable calculator is allowed.
8. Possession or use of Mobile Phones during the Examination is strictly Prohibited and will amount to copying.

**Q.1** In each of the following cases, state whether the given item is Capital Expenditure or Revenue Expenditure. Also give brief reasons for your answer.

[15]

- a) Cost of fans purchased for resale by a dealer in electrical goods.
- b) Cost of fans purchased by a dealer in electrical goods for installation in his shop.
- c) Wages paid to factory workers for production of goods.
- d) Cost of Diwali gifts given to staff.
- e) Cost of construction of extension to office building.
- f) Factory rent paid for the year.
- g) Depreciation on machinery for the year.
- h) Octroi duty paid on raw materials purchased.

**OR**

**Q.1 a)** The following balances were found in the Trial balance of MP Traders as on 31st March 2013 :-

[8]

Opening stock	90,000
Purchases	5,45,000
Purchase returns	5,000
Carriage Inward	10,000
Sales	8,47,000
Sales returns	7,000

**Additional information :**

- a. Closing stock on 31/3/2013 was valued at cost Rs. 80,000 and at net realisable value Rs. 1,20,000

You are required to :-

a) Pass Journal entries to record the closing stock and to close the above accounts on 31/3/2013

b) Prepare the Trading Account for the year ended 31/3/2013

**B)** A trader has a stock of 50 tables as on 31/3/2013. He had purchased these tables at a cost of Rs. 800 per table. The ruling M.R.P. of each table on 31/3/2013 was Rs. 1100, on which a standard discount of 20% was allowed to customers. Salesmen were entitled to a commission of 10% on the net price after discount. Average delivery expenses were Rs. 15 per table.

Calculate the net realisable value of the stock of 50 tables as on 31/3/2013.

[7]

**Q.2** The following information relating to Material VRX is available from the books of Essex & Co.

[15]

Date	Particulars	
1/3/2013	Opening balance :	2000 kgs @ Rs. 7.00
6/3/2013	Purchased	5000 kgs @ Rs. 8.00
12/3/2013	Issued to factory	3000 kgs
18/3/2013	Purchased	1000 kgs @ Rs. 9.00
24/3/2013	Issued to factory	3000 kgs
25/3/2013	Purchased	4000 kgs @ Rs. 8.00
26/3/2013	Purchased	1000 kgs @ Rs. 9.00
29/3/2013	Issued to factory	2000 kgs
31/3/2013	Issued to factory	3000 kgs

Prepare Stores Ledger Account of Material VRX using Weighted Average Method.

Weighted Average Rate should be taken correct to three decimals.

Amounts should be taken correct to the nearest rupee i.e. no decimals.

**OR**

**Q.2** On 1st January 2010, PRC purchased a machinery from SLR on hire-purchase basis. The following were the major terms of the hire-purchase agreement :-

[15]

a) The Cash price of the machinery was Rs. 22,573.

b) The buyer agreed to pay to the seller a down payment of Rs. 5,000 on 1st January, 2010 on signing the agreement.

c) The buyer will further pay three annual instalments of Rs. 6,000, Rs. 7,000 and Rs. 8,000 on 31/12/2010, 31/12/2011 and 31/12/2012 respectively.

d) The above three instalments are including interest. It was agreed that the seller will charge interest @ 9% p.a. on the outstanding cash price every year.

- b) The books of both the parties are closed on 31st December every year.  
 c) The buyer PRC charges depreciation on machinery @ 15% p.a. on the reducing balance method.

You are required to prepare the following for the three years 2010, 2011 and 2012 :-

- a) Machinery A/c in the books of PRC  
 b) Depreciation A/c in the books of PRC  
 c) PRC's Account in the books of SLR  
 d) Interest Account in the books of SLR

**Q.3** The following is the Trial Balance of PQR Manufacturing Co. as on 31/3/2013.[15]

Particulars	Dr. Rs.	Cr. Rs.
Amar's Capital		4,00,000
Amar's Drawings	30,000	
Machinery	3,00,000	
Furniture	24,000	
Opening Stock of Raw Materials	40,000	
Opening Stock of WIP	50,000	
Opening Stock of finished Goods	60,000	
Sundry Debtors	2,56,000	
Sundry Creditors		80,000
Cash and Bank	1,10,000	
Bank Loan		1,00,000
Sales		12,86,000
Sales Returns	6,000	
Purchases of Raw Materials	4,20,000	
Wages	1,50,000	
Factory Rent	80,000	
Office Rent	48,000	
Salaries	112,000	
Printing and Stationery	8,000	
Advertising	34,000	
Carriage outward	16,000	
Commission on sales	32,000	
Discount allowed	8,000	
Interest Paid	12,000	
Bank Charges	2,000	
Maintenance of Machinery	6,000	
Manufacturing Expenses	62,000	
<b>Total</b>	<b>18,66,000</b>	<b>18,66,000</b>

a) Stock on 31/3/2013 was valued as follows

Raw Materials	:	Rs. 50,000
Work-in Progress	:	Rs. 60,000
Finished goods	:	Rs. 70,000

b) Depreciate Machinery and furniture @ 10% p.a. on reducing balance method.

Prepare Manufacturing Account, Trading Account and Profit and Loss

Account for the year ended 31/3/2013, and also the Balance sheet as on that date.

**OR**

**Q.3** The following is the Trial Balance of MN Departmental stores having two departments M and N:-

[15]

Trial Balance as on 31st March 2013

Particulars	Dr. Rs.	Cr. Rs.
Opening Stock : Dept. M	60,000	
Dept N	90,000	
Purchases : Dept M	6,50,000	
Dept N	8,20,000	
Sales : Dept M		9,00,000
Dept N		12,00,000
Rent :	72,000	
Furniture : Dept M	30,000	
Dept N	40,000	
Salaries : Dept M	36,000	
Dept N	60,000	
Advertising	70,000	
Commission on sales @ 5%	1,05,000	
Carriage Outward	14,000	
Discount allowed	7,000	
General Expenses	21,000	
Sundry Debtors	2,40,000	
Cash	1,10,000	
Sundry Creditors		1,40,000
Capital Account of Sen		2,00,000
Drawings Account of Sen	15,000	

Additional Information :

- a) Closing Stock on 31/3/2013 : Dept M : Rs. 50,000 Dept. N : 70,000
- b) Total floor area is shared by dept. M and N in the ratio 5:4
- c) Provide depreciation for the year on furniture @ 10%
- d) Use sales Ratio for dividing General Expenses.
- e) Use suitable basis for dividing other expense items.

Prepare columnar Departmental Trading and Profit and Loss Account with Total Column for the year ended 31/3/2013 and also the Balance sheet as on that date.

**Q.4 State whether the following statements are TRUE or FALSE. Do not give reasons. Write your answers in the same order.**

[15]

- a) Accrual is a Fundamental Accounting Assumption as per AS - 1
- b) Method of stock valuation used must be disclosed in the notes to the financial statement.
- c) Stock of finished goods are shown in the Trading Account.
- d) Interest paid on loan is a Revenue Receipt.
- e) Manufacturing Account is prepared to find out cost of production.
- f) Sales are shown in the Manufacturing Account.
- g) Capital Expenditure is transferred to the Balance sheet.
- h) Stock purchased for resale is a Fixed Asset.
- i) Gross loss as per Trading Account is a capital loss.
- j) Depreciation on a Fixed Asset purchased on hire-purchase basis must be provided on the cash price.
- k) If entire business has made a net profit, it means both departments are also making a net profit.
- l) Sale price of fixed asset sold must be credited to the profit and loss account.
- m) The Balance sheet is a ledger account.
- n) When raw materials are issued to factory, it becomes work-in-progress.
- o) Accounting standards help to ensure uniformity and high quality in the preparation of financial statements.

**Q.4 a) Match the following :-**

[3]

Column A	Column B
AS - 1	Revenue Recognition
AS - 2	Disclosure of Accounting Policies
AS - 9	Valuation of Inventories.

**b) Calculate the amount of raw material consumed from the following :-** [4]

Opening stock of Raw materials	42,000
Opening stock of WIP	8,000
Purchases of Raw Materials	3,60,000
Purchase returns	2,000
Sales Returns	5,000
Closing stock of Raw Materials	50,000
Closing stock of WIP	10,000

**c) Find out value of stock as per relevant accounting standard from the following information :**

[2]

	Rs.
Stock at cost as per FIFO	3,72,000
Stock at net realisable value	3,56,000

**d) Write short notes on [Any Two] :**

[6]

a) AS - 1

b) Accounting Standards

c) FIFO Method.

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Cash

Sundry Creditors

Capital

Drawings

1,00,000

1,40,000

1,00,000

1,00,000