

Time : 2 hours

Marks : 60

Notes : 1) Q. 1 & Q. 2 is Compulsory.

2) Solve questions 3 & 4 after considering internal option.

3) Each question carries 15 Marks.

Q. 1 Explain the following. (15)

a) What is main objective of Accounting standard ? (02)

b) What is Revenue Expenditure ? (02)

c) Explain straight line method. (02)

d) State which account will be debited and which account will be credited,
Give reason.

Commenced business with Rs. 10,000. (02)

e) What is Trial balance ? (02)

f) Give rules for debiting & crediting Real and Nominal Accounts. (02)

g) What is the meaning of accounting standards ? (03)

Q.2 Laxmi Chemicals has the following Ledger Balances as on 31st March 2008. (15)

Particulars	Dr	Rs.	Cr	Rs.	Particulars	Dr	Rs.	Cr	Rs.
Goodwill		50,000			Net Sales				11,00,000
factory shed		20,000			Miscellaneous Income				4,000
Machinery		1,30,000			Bad debts reserve				5,000
Furniture		8,000			Purchase of Materials	8,60,000			
Investment		10,000			Freight on Material	50,000			
Capital			1,95,000		Factory Power	15,000			
Bank loan			3,00,000		Salaries & Wages				
Creditors			1,50,000		Factory	1,50,000			
Debtors	1,35,000				Office	65,000			
Stock on 1-4-2007					Repairs & Renewds	2,500			
Materials	1,30,000				Rent & Taxes	16,500			
Work in prog.	7500				Insurance	3,900			
Finished goods	82,500				General Expenses	18,100			
					Total	17,54,000			17,54,000

The following additional information is available.

1) Closing Stock : Materials Rs 2,10,000, Work - in-progress Rs. 12500, finished goods Rs. 207500.

2) Depreciation to be provided at 2 1/2 % on factory shed, 10% on Machinery and 15% on furniture.

- 3) Repairs and rent and taxes are to be apportioned between factory and office in the ratio of 3:2.
- 4) Reserve for bad and doubtful debts to be provided at 4% on debtors.
- 5) Insurance premium covers a period of one month in advance.

You are required to prepare Manufacturing, Trading, and Profit & Loss Account for the year ended 31st March 2008 and Balance as on that date.

- Q.3** From the following transactions, compile a single column cash book of Mahesh. Calculate the closing balance. Also post the entries in ledger accounts. (15)

Date	Particulars	Amount
2007		
Dec 1	Started business with cash	3000
3	Purchased goods for cash	400
4	Advertisement expenses paid	250
5	Sold goods for cash	575
11	Further capital introduced	1000
14	Paid to Vishnu, a Creditor	900
17	Received Commission from Brahma	600
19	Paid to Krishna on account	175
22	Received from Bheem, a debtor	2000
29	Paid Salary	1000

OR

- Q.3** Mr. Satyanarayan Furnishes you with the following information. (15)

- 1) Opening Balance In Machinery Account Rs. 100000 on 1st January 2007.
- 2) On 1st April 2007; he purchased machinery worth Rs. 50,000.
- 3) On 1st May 2007, Machinery purchased on 1st January 2006 for Rs. 50,000 was sold for Rs. 40,000.
- 4) On 1st October, Machinery purchased on 1st April 07 was sold for Rs. 47,500.
- 5) Depreciate machinery at 10% on W.D.V. basis. Machinery held for part of the year is depreciated for the time it is held.

Prepare Machinery Account for the year ended 31st December, 2007

- Q.4A)** M/s Ram Enterprises had a current account with the Indian Bank. Their Pass

Book showed a balance of Rs. 20,524 on 31st Dec 2007. The following transactions were

the following.

(07)

Prepare a Bank Reconciliation statement to find out the balance as per the Cash Book.

- 1) Cheques amounting to Rs. 15000 issued to their creditors were not presented For payment.
- 2) Cheques received from Mr. Jagdish for Rs. 6890 was sent to the Bank for Collection, on 29th June, it was collected on 2nd July, 2008.
- 3) The Bank had credited the Pass Book for Rs. 650 being the amount of dividend Collected. The intimation of the same was sent on 3rd July 2008.
- 4) Under the standing instruction, the Bank made the payment of Insurance Premium of Rs. 570 on behalf of the company. No corresponding entry was found in the Cash Book.
- 5) Cheque of Rs. 340 received from Arjun was entered twice in the cash book The cheque was collected on 28th June, 2008.

Q.4b) State whether the following expenditure is a capital, Revenue or deferred revenue expenditure or income. Give reasons.

(8)

- 1) Heavy expenditure incurred on advertisements. (02)
- 2) Sale of old machinery (02)
- 3) Purchase of a second hand computer (02)
- 4) Paid Audit fees (02)

OR

Q.4 Journalise the following transactions in the journal of Mr. Dhoni.

(15)

- 1) Mr. Dhoni Commenced business with cash Rs. 20,000.
- 2) Purchased goods for cash from sachin Rs. 200.
- 3) Paid commission in cash Rs. 20.
- 4) sold goods to Kartik on credit worth Rs. 200.
- 5) Invoiced goods to Peter for cash Rs. 300.
- 6) Paid Wages to worker Rs. 25.
- 7) Paid rent for office Rs. 50.
- 8) Purchased goods from Amre for cash Rs. 700
- 9) Vijay paid Rs. 300 on our behalf.
- 10) Dhoni drew for domestic use Rs. 100.
- 11) Dhoni took goods for Domestic use Rs. 300
- 12) He purchased a type writer from Kapil for Rs. 1300.
- 13) He purchased a computer equipment from Senior for cash Rs. 1000