

IJ12ACK

TIME : 2 hrs.

MARKS : 50

- N. B. :** 1) Q.1 carries 14 Marks and the remaining questions carry 12 Marks each.
2) Q. 1 and Q. 2 are Compulsory.
3) Q. 3 has internal option, carrying 12 Marks.
4) Q. 4 also has internal option, carrying 12 Marks.
5) In all, four questions as indicated above are to be attempted.

Q. 1 From the following Trial Balance of Mr. Ashok, a manufacturer, prepare manufacturing Account, Trading and Profit & Loss Account for the year ended 31st March 2009 and Balancesheet as on that date.

Trial Balance As on 31st March 2009

Particulars	Dr. Rs.	Cr. Rs.
Capital & Drawing	40,000	8,00,000
Opening stock		
Raw Materials	50,800	
WIP	25,800	
Finished Goods	2,18,000	
Purchase of Raw Materials	22,24,000	
Wages	79,200	
Power & Fuel	48,500	
Factory Rent	88,000	
Carriage outward	34,700	
Sales		48,74,000
Insurance	8,000	
Discount	5,000	19,000
Printing & Stationery	21,400	
Office Rent	64,600	
Bill Receivable & Bill payable	3,01,000	1,00,000
Debtors and Creditors	6,00,000	4,00,000
Plant and Machinery	16,00,000	
Motor Car	6,00,000	
Returns	24,000	30,000
Interest on Investment		22,000
Investment	2,00,000	
Bad debts	10,000	
Provision for Bad & Doubtful debts		6,000
Cash & Bank	8,000	
	62,51,000	62,51,000

Adjustment

- a) **Closing stock valued as under**
Raw Material Rs. 90,000/

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Adjustment

- a) **Closing stock valued as under**
Raw Material Rs. 90,000/

- b) Depreciate plant and machinery @ 15% p.a. and Motor Car @ 20% p.
- c) Provide for outstanding factory Rent Rs. 13,000/-
- d) Finished goods Costing Rs. 20,000/- was destroyed by fire. Insurance company admitted claim of Rs. 15,000/- which is receivable.
- e) Write off Rs. 8,000/- as further debts. Make new provision for doubtful debts Rs. 12,000/-
- f) Debtors includes Rs. 15,000/- receivable from Mr. Amar and Creditors includes Rs. 10,000/- Payable to Mr. Amar.

Q.2 Objective

State whether following statement are True or False (Reasons are not required.)

- 1) AS-10 related to Revenue recognition.
- 2) Depreciation on Fixed Assets is a Cash loss.
- 3) Under Fixed Installment Method Depreciation is charged on Original Cost of Assets.
- 4) From Manufacturing Account We can ascertain the profit or loss of organisation.
- 5) Closing stock is valued at Cost or Market price which ever is more.
- 6) Depreciation on plant and Machinery is transferred to manufacturing A/c.
- 7) Unexpired Insurance is a liability of Business Concern.
- 8) Income and Expenditure Account records the Actual Receipts and payments of Current Accounting period.
- 9) Excess of Income Over Expenditure is called surplus.
- 10) Wages paid on Installation of Machinery is a Revenue Expenditure.
- 11) AS-2 Relates to valuation of Inventories.
- 12) Receipt and payment Account is a summary of Cash Book.

Q.3 From the following Balancesheet and Receipt and Payment Account of M/s Social Welfare Club. Prepare Income and Expenditure A/c for year ended 31/12/2008 and Balancesheet as on date.

Balancesheet As on 1st Jan. 2008

Liabilities	Rs.	Assets	Rs.
Capital Fund	3,83,000	Cash	11,000
Salaries unpaid	2,000	Investment	1,50,000
Outstanding Expenses	1,500	Furniture	4,000
		Land & Bldg.	2,00,000
		Equipment	1,50,000
		Sub-scription due	5,000
		Interest Receivable	1,500

**Receipt and Payment Account
for year ended 31/12/2008**

Receipt	Rs.	Payment	Rs.
To Opening Bal	11,000	By Furniture	1,900
To Subscription	30,000	By Salaries	23,000
To Interest Received	5,000	By Equipment	7,500
To General Donation	4,300	By Office Exp.	4,700
To Life Membership fees	9,000	By Investment	5,500
To Entrance Fees	1,000	By Misc. Exp.	500
		By Cl. Bal.	17,200
	60,300		60,300

- 1) Life Membership fees to be capitalised
- 2) 50% of Entrance fees to be capitalised.
- 3) Subscription includes Rs. 1,500 for year 2009 Advance
- 4) Outstanding subscription as on 31st Dec. 2008 is Rs. 4,200/-
- 5) Unpaid Salary as on 31st Dec. 2008 is Rs. 2,500/-
- 6) Provide Depreciations on furniture @ 10%, on Land & Building @ 10%, on Equipment @ 20% including additions during year.

OR

Q.3 M/s SWASTIK ENTERPRISES purchased on 1st April 2007 a machinery costing Rs. 3,00,000/- It purchased additional machinery on 1st Oct. 2007 Costing Rs. 2,00,000/- and on 1st July 2008 costing Rs. 1,00,000/-.

On 1st January 2009, one third of the machinery installed on 1st April 2007 was damaged and was sold for Rs. 30,000/-.

Prepare Machinery Account and Depreciation Account for 2 years i.e. 2007-08 and 2008-09.

Depreciation to be charged at @ 10% p.a. under Diminishing Balance method. Accounting year of firm ends on 31st March every year.

Q.4 State with reasons which of the following items are capital or Revenue Expenditure / Receipt.

- 1) Custom duty paid on imported raw materials.
- 2) Custom duty paid on imported machinery
- 3) Heavy Expenditure incurred on the advertising of a new product. Market surveys at the year-end showed the new product was unsuccessful in the market.
- 4) Purchased furniture items by furniture dealer for resale.
- 5) Purchased furniture for office use.
- 6) ABC Machinery Manufacturing Co. paid Rs. 15,000/- wages to its workers for installation of machinery sold to its customer at the customer's factory as required by the purchase order of the customer.

OR

Q.4 Write Short Notes on (ANY THREE) :-

- 1) AS-10
- 2) Deferred Revenue Expenditure
- 3) Cost of Production
- 4) Original Cost of Fixed Assets.

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