

A1A1122

Duration: - 2 hrs 30 mins

Total Marks: - 75

- Notes: -**
1. All questions are compulsory subject to internal choice.
 2. Figures to the extreme right indicate full marks.
 3. Use of simple calculator only is allowed.
 4. Working notes should form part of main answer.

Q.1.A. Fill in the blanks with an appropriate option (Any 8)

08

1. _____ is not a depreciable asset. (Machinery / Cash / Motor Vehicle)
2. Electricity expenses are allocated among different departments on the basis of _____
(Number of employees / Purchases / Floor space area)
3. Stock is valued at cost or market value whichever is lower as per _____
(Principle of conservatism / Matching concept / Entity concept)
4. Carriage on sales is _____ cost of inventory. (added to / deducted from / multiplied by)
5. Gross Profit ratio 25% means Gross profit is 25% on _____ (purchases / sales / cost)
6. Repayment of bank loan is an example of _____ Expenditure
(Capital / Revenue / Deferred Revenue)
7. Hire Purchase Price = _____ (Cash Price + Down Payment / Cash Price – Interest /
Cash Price + Interest)
8. Prepaid Insurance A/c is _____ account. (Nominal / Real / Personal)
9. The system in which fluctuations in prices are averaged out is _____
(FIFO Method / Weighted average Method / LIFO Method)
10. AS-9 deals with _____ recognition. (Income / Profit / Revenue)

Q.1.B. State whether following statements are True or False. (Any 7)

07

1. Sale of scrap is credited to Manufacturing A/c.
2. Manufacturing account gives us gross profit.
3. Accounting standards are issued by University.
4. Depreciation is calculated on cash price of the asset.
5. Over valuation of closing stock results in overstatement of profit.
6. Installation expense of new machinery is debited to Machinery Account.

7. Interest is treated as hire charge in hire purchase system
8. FIFO method of stock valuation is recognized by AS-2
9. Fixed assets are those assets which are tangible or intangible.
10. Revenue expenses are non-recurring expenses.

Q.2. Following is the record of transactions regarding purchases & sales of Mr Guru.

Date	Particulars	Units	Rate per unit (Rs)
01/03/2021	Opening balance	1500	50
06/03/2021	Purchases	2000	60
12/03/2021	Sales	2500	80
15/03/2021	Purchases	1500	65
21/03/2021	Sales	2000	90
25/03/2021	Purchases	1800	70
28/03/2021	Sales	1000	95
29/03/2021	Sales	500	100
30/03/2021	Purchases	1200	80

Find the value of –

15

1. Value of stock using FIFO method as on 31/03/2021
2. Cost of goods sold for the month of March, 2021
3. Sales & gross profit for the month of March 2021

OR

Q.2. Following is the record of transactions regarding purchases & sales of Mr Balaram. Prepare stock record by weighted average method

15

Date	Particulars	Units	Rate
04/03/2021	Purchases	40	30
17/03/2021	Purchases	60	28
20/03/2021	Sales	50	35
22/03/2021	Purchases	80	29
25/03/2021	Sales	80	33
28/03/2021	Sales	20	34
30/03/2021	Purchases	100	26
31/03/2021	Sales	90	35

The stock on hand on 01/03/2021 was 50 units @ Rs 25/- each

Q.3. From the following Trial Balance of Mr Anurag, prepare Manufacturing A/c, Trading A/c, Profit & Loss A/c for the year ended 31st March, 2021 & Balance Sheet as on that date.

15

Trial Balance of Mr Anurag as on 31/03/2021

Particulars	Debit (Rs)	Credit (Rs)
<u>Opening Stock –</u>		
- Raw Material	12,000	
- Work-in-progress	7,000	
- Finished goods	20,000	
Purchase of raw material	1,05,000	
Carriage inward on raw material	4,000	
Direct wages	56,000	
Factory rent	8,000	
Factory power & fuel	11,000	

Machinery	80,000	
Sales		3,25,000
Office expenses	50,000	
Cash at bank	11,000	
Creditors		21,000
Bad debts	1,000	
Provision for bad debts		2,000
Sundry debtor	53,000	
Capital		82,000
Drawings	12,000	
Total	4,30,000	4,30,000

Further Information –

1. Closing stock as 31/03/2021 is –
Raw material – Rs 15,000/- Work-in-progress – Rs 8,000/- Finished goods – Rs 25,000/-
2. Depreciate machinery @ 10% p.a.
3. During the year, finished goods worth Rs 5000/- were distributed as free samples but were not recorded
4. Provide Reserve for Doubtful Debts @5% on debtors.

OR

Q.3. State whether following are revenue, or capital expenditure or receipt items with reason. 15

1. Legal expenses incurred for fighting misuse of trademark.
2. Profit realized on sale of investment.
3. Cost of formation of a new company.
4. Money raised by issue of equity shares.
5. Bank overdraft interest.
6. Cash received in respect of insurance claims for damage to cars used for instruction.
7. Custom duty paid on imported machinery.
8. Wages paid to workers.

Q.4. From the following particulars of Drum & Sticks, prepare Trading and Profit & Loss Account of the two departments Noodles & Pasta for the year ended 31/12/2021 15

Particulars	Noodles Dept.	Pasta Dept.	Total
Opening stock	58,600	46,800	1,05,400
Purchases	6,78,000	4,52,000	11,30,000
Carriage inwards	12,400	8,400	20,800
Salaries	46,800	31,200	78,000
Sales	9,60,000	7,20,000	16,80,000
Discount received			5,450

Rent & rates			18,600
Travelling expenses			35,700
Carriage outwards			7,280
General expenses			36,000
Advertising			28,350
Discount allowed			7,140
Insurance			4,600
Selling commission			16,800

Further information –

1. General expenses & insurance are to be allocated equally
2. The area occupied of Noodles Dept. 2/5 & Pasta Dept. 3/5
3. The closing stock of the two departments were Noodles – Rs 2,58,500/- Pasta – Rs 2,35,600/-
4. Apportion other expenses on suitable basis.

OR

Q.4. The Express Ltd. Purchased trucks from Bharat Benz Ltd. On hire purchase basis. The cash price of the trucks was Rs 3,20,000/- The amounts were payable as under –

Rs 1,00,000/- on the date of purchase, i.e. 01/01/2019

Rs 80,000/- on 31/12/2019

Rs 80,000/- on 31/12/2020

Rs 82,478/- on 31/12/2021

The Bharat Benz Ltd. charged interest at 5% p.a. on the unpaid amount. The purchasing company decided to write off as depreciation 20% on the diminishing balance each year. You are required to give Trucks A/c, Bharat Benz Ltd. A/c and Interest A/c in the books of The Express Ltd. according to Credit Purchase Method.

Q.5.A. What are the featured of Hire Purchase System? Distinguish between Hire Purchase & Instalment Sale

08

Q.5.B. Distinguish between Capital Expenditure & Revenue Expenditure

07

OR

Q.5. Write Short Notes (Any 3)

15

1. AS – 9
2. Prepaid Expenses & Outstanding Expenses
3. FIFO method of stock valuation
4. Interdepartmental Transfers
5. Calculation of interest in Hire Purchase