

- N.B. (1) All questions are compulsory.
(2) Figures to the right indicate full marks.
(3) Use of simple calculator is allowed.

Q.1. A) Fill in the blanks by choosing appropriate option from the following. (Any 10) [10]

- 1) A person who gives his goods on hire purchase system is known as _____.
(hirer, buyer, vendor, none of these)
- 2) For a Shirt Factory, cotton is _____.
(finished goods, work in progress, raw materials, assets)
- 3) Inventory valuation affects the _____.
(income statement only, balance sheet only, both of these, none of these)
- 4) Purchase ratio is used in departmental accounts for the allocation of _____.
(rent and electricity, work managers salary, discount received, depreciation)
- 5) Accounting standard deal with recognition of revenue is _____.
(AS1, AS2, AS10, AS9)
- 6) Full value of asset is called as _____.
(cash price, down payment, first payment, none of these)
- 7) At the end of the year, sales account is transferred to _____.
(profit and loss account, trading account, vendor account, hirer account)
- 8) In Departmental Accounts, salary is allocated on the basis of _____ of each department. (number of workers, turnover, light points, wages)
- 9) _____ method of inventory valuation assumes that those items which have been purchased first are sold first.
(FIFO, weighted average price, LIFO, NIFO)
- 10) _____ is the total amount payable by the hirer made up of cash price of the asset and interest.
(hire purchase price, down payment, full cash price, none of these)
- 11) The inventories cost comprises of purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition, as per _____. (AS10, AS2, AS9, AS6)
- 12) Transfer of goods by one department to another department is called _____. (departmental account, trading account, inter-department transfer, transferor department)

B) State whether the following statements are True or False. (Any 10) [10]

- 1) Purchase of a fixed asset is a Capital Expenditure.
- 2) Inventory includes investment held in shares, bonds etc.
- 3) There is need to disclose change in accounting policies.
- 4) Carriage inward cost should be included in the cost of stock.
- 5) Periodic inventory gives a continuous balance of stock in hand.
- 6) Discount received are allocated on the basis of purchase ratio of each department.

- 7) Stock must be calculated by FIFO method only.
- 8) Reserve for discount on creditors shows a credit balance.
- 9) Weighted average method of stock valuation is not accepted under AS-2.
- 10) Reserve for doubtful debts is deducted from creditors in the balance sheet.
- 11) All expenses are to be apportioned between the department on the basis of turnover.
- 12) Spare parts item of inventory is excluded from the scope of Accounting Standard 2.

Q.2. State with reasons whether following items are capital, revenue or deferred revenue. [20]

- 1) Paid for renewal of license – Rs. 450.
- 2) Paid Insurance of godown – Rs. 2000.
- 3) Amount realised from sale of old machinery.
- 4) Expenditure incurred for repairing cinema screen.
- 5) Paid Rs.70000 for construction of railway siding.
- 6) Cost of replacement of a defective part of the machinery.
- 7) Expenditure Incurred for training employees – Rs. 50,000.
- 8) Cost of registration and documentation of a newly formed company.
- 9) Imported goods worth Rs. 25000 confiscated by custom authority for non-disclosure of material facts.
- 10) Stores and materials consumed include Rs.20000 worth of material used for construction of a gallery to factory office.

OR

Q.2. The Trial Balance of Mr. Kamat as on 31st March 2019 was as follows: [20]

The Trial Balance of Mr. Kamat as on 31st March 2019 was as follows:			
Debit Balances	Amt.(Rs.)	Credit Balances	Amt.(Rs.)
Opening Stock		Sundry Creditors	50000
Raw Materials	32000	Bills Payables	15000
Work-in Progress	16000	Sale of Scrap	10000
Finished Goods	28000	Commission	8000
Sundry Debtors	60000	R.D.D.	1500
Carriage on materials	2000	Capital Account	150000
Wages	16000	Sales	220000
Salaries	24000	Current Account	10500
Telephone Charges	2000	of Mr. Kamat	
Repairs to Plant	10000		
Repairs to Office Furniture	3000		
Purchase of materials	70000		
Cash at Bank	8000		
Plant & Machinery	120000		
Office Furniture	60000		
Rent	6000		

Lighting	3000		
General Expenses	5000		
	465000		465000
The following additional information is provided to you:			
1	Closing Stock: Raw materials Rs. 25000, Work in progress Rs. 18000, Finished goods Rs.30000.		
2	Salaries and Wages are outstanding Rs. 1000 and Rs. 1500 respectively for the month of March 2019.		
3	Machinery is to be depreciated by 10% and office furniture depreciated by 5%.		
4	Provision for doubtful debts is to be maintained at 10%.		
5	Lighting is to be divided between office premises and factory. Lighting is to be charged		
	to office premises for Rs.1000 and remaining Rs.2000 are to be charged to factory.		
6	Factory premises occupy 1/4 of the total area.		
	You are required to prepare :1) Manufacturing Account, 2) Trading and Profit and Loss Account and 3) The Balance Sheet as on that date.		

- Q.3.** From the following details of stores receipts and issues of material "EXE" in manufacturing unit, prepare Store Ledger Account for the month of July 2019, using FIFO Method of valuing the issue. [20]

Date	Transactions
1 st July 2019	Balance – 1000 units @ Rs.24 each.
3 rd July 2019	Purchased 2000 units @ Rs.27 each.
4 th July 2019	Issued 1500 units.
7 th July 2019	Purchased 3000 units @ Rs.23 each.
8 th July 2019	Issued 2000 units.
11 th July 2019	Purchased 2800 units @ Rs.24 each.
12 th July 2019	Issued 1800 units.
13 th July 2019	Issued 2000 units.
14 th July 2019	Purchased 3500 units @ Rs.34 each.
15 th July 2019	Issued 1000 units.
18 th July 2019	Issued 1500 units.
19 th July 2019	Purchased 3800 units @ Rs.31 each.
20 th July 2019	Issued 2300 units.
23 rd July 2019	Purchased 2500 units @ Rs.44 each.
26 th July 2019	Issued 3000 units.
27 th July 2019	Purchased 4500 units @ Rs.52 each.
28 th July 2019	Issued 2000 units.
29 th July 2019	Issued 3500 units.
30 th July 2019	Purchased 5000 units @ Rs.21 each.
31 st July 2019	Issued 2500 units.

OR

- Q.3.** From the following particulars relating to material Y, prepare Store Ledger Account [20]
under Weighted Average Method for the month of August, 2019.

Date	Transactions
1 st August 2019	Balance – 50 units @ Rs.66 each.
2 nd August 2019	Purchased 60 units @ Rs.55 each.
3 rd August 2019	Issued 50 units.
4 th August 2019	Purchased 65 units @ Rs.35 each.
5 th August 2019	Issued 40 units.
6 th August 2019	Purchased 68 units @ Rs.56 each.
8 th August 2019	Issued 43 units.
9 th August 2019	Purchased 70 units @ Rs.51 each.
10 th August 2019	Issued 80 units.
12 th August 2019	Purchased 75 units @ Rs.37 each.
13 th August 2019	Issued 50 units.
15 th August 2019	Purchased 90 units @ Rs.45 each.
16 th August 2019	Purchased 80 units @ Rs.45 each.
17 th August 2019	Issued 100 units.
19 th August 2019	Issued 145 units.
20 th August 2019	Purchased 70 units @ Rs.57 each.
24 th August 2019	Issued 50 units.
26 th August 2019	Purchased 75 units @ Rs.52 each.
28 th August 2019	Issued 70 units.
31 st August 2019	Issued 30 units.

- Q.4.** On 1st January 2015, Mr. Tejas purchased Motor Bike from Hero Honda Ltd. on hire purchase system. The cash price of Motor Bike was Rs. 100000. An initial payment of Rs.16000 was made on the date of purchase. The balance was paid in five instalments of Rs. 20000, payable annually on 31st December. The vendor company charges 6% interest per annum on yearly balances. Provide depreciation @ 10% on written down value method. [20]

In the books of Mr. Tejas, you are required to prepare:

- Motor Bike Account
- Hero Honda Ltd. Account
- Interest Account
- Depreciation Account

OR

Q.4. Rathod & Co. has two departments X and Y. From the following figures, prepare the Departmental Trading and Profit and Loss Account for the year ended 31st March, 2019 and the Balance Sheet as on that date. **[20]**

Particulars	Dept. X (Rs.)	Dept. Y (Rs.)	Total (Rs.)
Opening Stock	40000	35000	75000
Purchases	400000	320000	720000
Sales	540000	420000	960000
Salaries	24000	20000	44000
Closing stock	35000	42000	77000
Other Information: (Amounts are in Rupees)			
Carriage Outward	26000	Plant and Machinery	100000
Advertising	32000	Leaseholds	36000
Rent and Rates	24000	Buildings	80000
Office Expenses	40000	Furniture and Fitting	24000
Capital	232000	Sundry Debtors	42000
Bills Payable	28000	Cash in hand and in bank	12000
Sundry Creditors	35000		

Plant and Machinery is to be depreciated by 12%, Building by 3%, Furniture and fitting by 5%, Leaseholds are to be written off by Rs.4000. Depreciation and leaseholds written off are to be apportioned on the basis of sales of each department. Area occupied by the two departments is in the ratio of 2:1.

Q.5. A) Explain the objectives of departmental accounting. **[10]**

B) Define the term inventory. State the items covered and excluded from the scope of AS-2. **[10]**

OR

Q.5. Write short notes (Any 4) **[20]**

- a) Cost of Production
- b) Capital Expenditure
- c) Manufacturing account
- d) Features of Balance Sheet
- e) Objectives of stock valuation
- f) Basis of allocating common expenses amongst departments

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