

Time : 2 hrs.

CODE -SEGMENT

Marks : 50

Instructions :

- 1) Question No. 1 carries 14 marks and the remaining questions carry 12 marks each.
- 2) Question No. 1 and Question No. 2 are compulsory.
- 3) Question No. 3 Contains internal option, i.e. Q. No. 3 OR Q. No. 3, Out of which any one is to be attempted.
- 4) Question No. 4 contains internal option i.e. Q. No. 4 OR Q. No. 4, out of which any one is to be attempted.
- 5) In all, four questions are to be attempted i.e. Q. Nos. 1,2,3 and 4.

Q.1 Shri. Arvind K. Gupta is the proprietor of a small manufacturing business "Arvind Plastic Products". The following Trial Balance as on 31st March, 2007 has been extracted from the books of the business :

Account	Dr. Rs.	Cr. Rs.
Purchases of Raw Materials	11,08,000	
Purchases of Traded Goods	2,16,000	
Sales		21,33,200
Factory Building	4,14,000	
Power and Fuel	72,600	
Plant & Machinery	6,12,000	
Opening Stock of Raw Materials	1,14,000	
Opening Stock of WIP	52,000	
Opening Stock of Finished Goods	1,80,000	
Wages	1,92,000	
Maintenance of Factory Building	3,790	
Maintenance of Machinery	7,810	
Office Rent	30,000	
Carriage Inwards	14,600	
Factory Expenses	12,800	
Office Expenses	6,700	
Salaries	1,34,000	
Furniture	42,000	
A.K. Gupta's Capital		8,00,000
A. K. Gupta's Drawings	30,000	
Loan From SBI (@ 12%p.a.)		4,00,000
Interest on SBI Loan	48,000	
Printing and Stationery	2,900	
Sundry Debtors & Sundry Creditors	140,000	1,37,000
Cash	9,000	
Bank	28,000	
	34,70,200	34,70,200

Additional Information :

- a) Stock on 31/3/2007 was as follows :
- | | |
|---------------|-------------|
| Raw Materials | Rs. 112,000 |
| WIP | 46,000 |
| Finished | 160,000 |
- b) Depreciate fixed Assets as follows :
- | | |
|-------------------|------------|
| Factory Building | @ 5% p.a |
| Plant & Machinery | @ 15% p.a. |
| Furniture | @ 10% p.a. |
- c) Office Rent outstanding as on 31/3/2007 was Rs. 6000.
You are required to prepare the Manufacturing Account and Trading and Profit and Loss Account of Arvind Plastic Products for the year ended 31st March 2007, and also the Balance Sheet as on that date :

Q.2 Objective:

In each of the following twelve Multiple-choice sub-questions carrying one mark each, rewrite the final sentence for the most appropriate choice. i.e. a or b, or c, or d, or e Working Notes or explanations are not required.

- i) The Manufacturing Account is prepared to ascertain :-
- the gross profit.
 - the cost of production.
 - the net profit.
- ii) Opening stock of stationery : Rs. 12,000
Purchases of stationery 56,000
Closing stock of stationery 7,000
Hence stationery consumed will be :-
- Rs. 56,000
 - Rs. 61,000
 - Rs. 75,000
 - Rs. 7,000
- iii) AS-2 deals with :-
- Disclosure of Accounting Policies
 - Valuation of Inventories.
 - Depreciation Accounting
 - Revenue Recognition
 - Accounting for Fixed Assets.
- iv) A dealer in furniture has an unsold stock of furniture costing Rs. 4,40,000 as on the balance sheet date 31/3/2007.
this stock of furniture will be valued as follows :

- a) at written down value as per straight Line Method.
b) at written down value as per straight Line Method or Reducing Balance Method.
c) at cost or net realisable value whichever is less.
- v) On 1st April 2006, Motor Cars A/c. showed a balance of Rs.16,20,000 Dr., and Provision for Depreciation on Motor Cars A/c. showed a balance of Rs. 6,48,000 Cr. There was no purchase or sale of motor-cars during the year ended 31.3.2007. Depreciation for the year 2006-07 provided on motor-cars @ 20% p.a. on straight Line method will require cash payment of :
- a) Rs. 324,000
b) Rs. 1,94,400
c) Rs. Nil.
- vi) The Accounting Standards in India are issued by
- a) the Central Government.
b) the State Government.
c) the Institute of Chartered Accountants of India.
d) the Institute of Cost and Works Accountants of India.
- vii) The Fundamental Accounting Assumptions underlying the preparation and presentation of financial statements are :-
- a) Real A/c, Personal A/c and Nominal A/c
b) Going Concern, consistency and Accrual
c) Prudence, Substance over form, and Materiality.
d) Debit and credit.
- viii) Amar Nath runs a consultancy business rendering the services of installation of specialised machinery and technical equipment. The installation fees received by the constancy business during the financial year :-
- a) is capital expenditure
b) is revenue expenditure
c) is revenue receipt.
d) is capital receipt.
- ix) Inventories should be valued
- a) at cost.
b) at net realisable value.
c) at the lower of cost and net realisable value
- x) Fixed Assets are held
- a) With the intention of being used for the purpose of producing or providing goods or services.
b) for sale in the

- xi) Revenue from sale of goods should be recognised :
- When advance is received from the customer.
 - When the property in the goods is transferred from the seller to the buyer for a consideration
 - When collection of the sale price becomes uncertain.
- xii) When depreciation for the year is credited to a separate Provision for Depreciation Account, the balance in the fixed Asset Account represents :
- the original cost.
 - the written down value.
 - the accumulated depreciation.

Q.3 Shri Hariprasad carried on a proprietary business under the name of "Pioneer Engineering Works".

The following closing balances appeared in the books of the business as on 31st March , 2004 :-

Machinery A/c.	Rs. 8,20,000	Dr.
Provision for Depreciation on Machinery A/c	Rs. 2,60,000	Cr.

The Fixed Assets Register showed that there were 5 Machines in use as on 31/3/2004, whose details were as follows :-

As on 31/3/2004	Machine A	Machines B,C,D & E	Total
No. of machines	1	4	5
Original Cost	Rs. 42,000	Rs. 7,78,000	Rs. 8,20,000
Accumulated Depreciation	12,000	2,48,000	2,60,000
Wdv	<u>30,000</u>	<u>5,30,000</u>	<u>5,60,000</u>

The following further information is available :

- Depreciation on all machinery is provided every year @ 15% p.a. on the Reducing Balance Method.
- Machine A was sold for Rs. 25,000 on 1st April 2004.
- A new machine F costing Rs. 100,000 was purchased on 1st July 2006, and was installed on the same day at an additional cost of Rs. 6,000.
You are required to prepare the following ledger accounts :-
 - Machinery Account for three years from 1/4/2004 to 31/3/2007.
 - Provision for Depreciation on Machinery Account for three years from 1/4/2004 to 31/3/2007.
 - Machinery sale Account for the year ended 31/3/2005 only.

OR

Q.3 The following is the Balance Sheet of Shaan Sports Club as on 31st March, 2006.
Balance Sheet as on 31/3/2006

Liabilities	Rs.	Assets	Rs.
Capital Fund	80,68,000	Land	6,20,000
Advance Subscriptions (For 2006-2007)	72,000	Building	35,40,000
		Sports Ground	8,70,000
		Furniture	3,40,000
		Sports Equipments	23,20,000
		Bank	4,50,000
Total	81,40,000	Total	81,40,000

The Receipts and Payment Account of the club for the year ended 31/3/2007 was as follows :

Receipts	Rs.	Payments	Rs.
To bal. b/f.	4,50,000	By Salaries	9,17,000
To Entrance Fees	5,60,000	By Furniture	1,14,000
To Subscriptions	22,16,000	By Sports Materials	3,42,000
To Bank Interest	39,000	By Sports Equipments	11,40,000
To Tournament Receipts	9,63,000	By Printing & Stationery	1,67,000
		By Ground Maintenance	72,000
		By Sundry Expenses	97,000
		By Tournament Expenses	6,42,000
		By Bal c/f.	7,37,000
Total	42,28,000	Total	42,28,000

Additional Information :

- Subscriptions outstanding on 31/3/2007 : Rs. 78,000
- 40% of Entrance Fees received is to be created as capital receipt and credited to capital Fund.
- Salaries outstanding as on 31/3/2007 : Rs. 23,000
- Depreciation to be provided for full year on the following fixed assets :-
 - On Building @ 2 ½ % p.a.
 - On Furniture @ 10% p.a.
 - On Sports Equipments @ 15% p.a.
- The Club follows accrual method of accounting.
You are required to prepare the following :
 - Income and Expenditure Account of the for the year ended 31/3/2007, and
 - Balance Sheet of the Club as on 31/3/2007.

- Q.4** State whether each of the following items are Capital or Revenue or Deferred Revenue in nature. Also give brief reasons for your classification.
- a) Purchased a new computer for Rs. 27,000.
 - b) Purchased new files for office use Rs. 700
 - c) Depreciation on machinery for the year Rs. 16,000.
 - d) Paid Rs. 300,000 for constructing a concrete road within the factory compound.
 - e) Sold investments at a profit of Rs. 6000.
 - f) Received Rs. 60,000 being loan taken from Bank.

OR

- Q.4** Write short notes on (any three):-
- a) Accounting Policies.
 - b) Consistency
 - c) Income and Expenditure Account
 - d) Factors causing depreciation.
- *****