



**F.Y.Bcom**  
**Sem – I**

**Financial Accounts Test**

**Marks:- 100**  
**Time:- 2 ½ hrs.**

**Note:** (1) All question are compulsory. (2) Figures to the right indicate full marks allotted to the question.

**Q. 1 a) State whether the following statements are True or False (Any Ten): (10)**

1. Change in the Method of Depreciation on Fixed Assets needs to be disclosed as per AS-1.
2. Valuation of stock of goods in trade is done at cost only.
3. Interest on asset purchased on hire purchase basis is charged by the vendor.
4. Revenue expenditure includes cost of improving the storage capacity of a computer by charging the hard disk.
5. Trading expenses are debited to Profit and Loss A/c.
6. Balance Sheet shows the profitability of the organisation.
7. Departmental accounting helps to determine profit or loss of each department.
8. When Department A transfers goods to Department B, Department A A/c is debited and Department B A/c is credited.
9. Lighting is allocated on the basis of horse power of equipments installed by each department.
10. Under hire purchase system, depreciation is charged on the hire purchase price of the asset.
11. The disclosure of significant accounting policies is mandatory as per AS-1.
12. Dividend received on shares is a Capital Receipts.

**Q. 1 b) Match the Column A with most appropriate answers in Column B (Any Ten): (10)**

Column A	Column B
1. Method of Stock Valuation	(a) Allocated on the basis of sales
2. Accounting Standard – 9	(b) FIFO Method
3. Drawing by Proprietor	(c) Added to purchases in manufacturing account
4. Capital Expenditure	(d) Evaluation of performance of each department
5. Basic Rule for Valuation of Stock	(e) Fundamental Accounting Assumptions
6. Weighted Average Method	(f) Purchase of Fixed Assets
7. Accounting Standard – 1	(g) Financing Activities
8. Import duty on purchase of Raw Material	(h) Initial Payment at the time of hire purchase agreement
9. Selling Expenses	(i) Lower of cost or Net Realisable Value
10. Down Payment	(j) Revenue Recognition
11. Departmental Accounting	(k) Debited to Capital Account
12. Capital Receipt	(l) Total Cost of Inventory / Total Units of Inventory

**P.T.O.**

- Q. 2** From the following Trial Balance of Mr. Shivprasad, prepare Manufacturing Account, Trading Account and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2018 and Balance Sheet as on that date: **(10)**

**Trial Balance of Mr. Shivprasad as on 31<sup>st</sup> March, 2018**

Particulars	Dr. (₹)	Cr. (₹)
Sales		25,00,000
Debtors	1,86,000	
Opening Stock – Raw Material	59,000	
Opening Stock – Work in Progress	70,000	
Opening Stock – Finished Goods	1,00,000	
Purchase of Raw Materials	16,00,000	
Carriage Inward on Raw Material	89,000	
Direct Wages	1,48,000	
Rent (75% for Factory)	80,000	
Drawings	18,000	
Creditors		2,00,000
Cash at Bank	75,000	
Salaries	1,58,000	
Discount Allowed	17,000	
Capital Account		11,00,000
Machinery	12,00,000	
<b>Total</b>	<b>38,00,000</b>	<b>38,00,000</b>

**Following further information is provided:**

- Closing Stock as on 31<sup>st</sup> March, 2018:  
Raw Material ₹ 60,000, Work-in-Progress ₹ 70,000, Finished Goods ₹ 1,05,000.
- Depreciate Machinery @ 5% p.a.
- During the year goods costing ₹ 30,000 were distributed as free samples which remained unrecorded.
- On 3<sup>rd</sup> September 2017, there was a fire in the godown of Mr. Shivprasad, destroying goods worth ₹ 10,000 which includes ₹ 4,000 raw material and ₹ 6,000 finished goods, insurance company admitted the claim for ₹ 8,000. This transaction was not recorded in the books.
- Provide reserve for doubtful debts @ 5% on Sundry Debtors.

**OR**

- Q. 2** From the following Trial Balance of Mr. Girija, prepare Manufacturing Account, Trading Account and Profit and Loss Account for the year ended 31<sup>st</sup> March 2018 and Balance Sheet as on that date: **(15)**

**P.T.O.**

**Trial Balance of Mr. Girija as on 31<sup>st</sup> March, 2018**

Particulars	Dr. (₹)	Cr. (₹)
Goodwill	4,42,000	
Purchase of Raw Material	11,24,000	
Capital		16,80,000
Carriage Inward	31,000	
Bills Receivable / Bills Payable	1,00,000	1,10,000
Opening Stock – Raw Material	50,000	
Opening Stock – Work in Progress	56,000	
Opening Stock – Finished Goods	1,19,000	
Sales		18,32,000
Direct Wages	3,42,000	
Factory Power and Fuel	53,000	
Machinery	9,60,000	
Office Salaries	99,000	
Cash at Bank	1,60,000	
Selling and Distribution Expenses	29,000	
Creditors		86,000
Sale of Scrap		7,000
Sundry Debtors	1,50,000	
	<b>37,15,000</b>	<b>37,15,000</b>

**Following further information is provided to you:**

- Closing Stock as on 31<sup>st</sup> March, 2018 is :  
Raw material ₹ 85,000; work-in-Progress ₹ 58,000 & Finished Goods ₹ 90,000.
- On 28<sup>th</sup> March, 2018, Finished Goods costing ₹ 10,000 were sent on sale or approval basis @ 20% on cost. These goods were not approved till 31<sup>st</sup> March, 2018. The effect for the same needs to be given as the time for approval has not expired.
- Depreciate Machinery @ 5% p.a.
- Included in Debtors Account an amount of ₹ 12,000 receivable from one customer Mr. Harshad. He is also our supplier for ₹ 10,000 which was included in Creditors Account. It was decided to adjust Mr. Harshad's Accounts against each other.

**Q. 3** M/s. Spandan Transport purchased a bus on hire purchase basis from M/s. Volvo Ltd. on 1<sup>st</sup> January, 2015. The cash price of the bus was ₹ 30,00,000. An initial payment of ₹ 12,00,000 was made on the date of purchase. The balance was paid in 3 annual installments excluding interest as follows: **(15)**

31-12-2015	₹ 6,50,000
31-12-2016	₹ 6,00,000
31-12-2017	₹ 5,50,000

M/s. Volvo Ltd. charged interest @ 10% p.a. and M/s. Spandan Transport charged Depreciation @ 15% p.a. on Written Down Value Method. You are required to prepare Bus Account and M/s. Volvo Ltd. A/c in the books of M/s. Spandan Transport for 3 years ending 31-12-2015, 31-12-2016 and 31-12-2017.

**OR****P.T.O.**

**Q. 3** From the following information prepare Departmental Trading and Profit and Loss Account for the year ending 31<sup>st</sup> March, 2018 in the books of Ganesh Super Market:

**(15)**

Particulars	Dept. A (₹)	Dept. B (₹)	Total (₹)
Opening Stock	2,50,000	4,00,000	6,50,000
Purchases	10,00,000	8,00,000	18,00,000
Sales	22,50,000	15,00,000	37,50,000
Wages	1,50,000	1,00,000	2,50,000
Office Salaries			12,00,000
Discount Allowed			2,20,000
Discount Received			72,000
Rent Paid			16,000

**Additional Information:**

1. Stock in hand as on 31<sup>st</sup> March, 2018 – Department A ₹ 8,50,000; Department B ₹ 7,00,000.
2. Office staff appointed by Department A 10 persons and Department B 5 persons.
3. Area occupied by Dept. A 1000 Sq. Ft. and Dept. B 600 Sq. ft.
4. Depreciation on furniture was ₹ 13,000 which was allocated in Dept. A and B equally.
5. Goods transferred from Dept. A to Dept. B was ₹ 4,00,000.

**Q. 4** Following is the information related to purchases and sales of goods made by Jai Enterprise in the month of March, 2018. Find out from the given information. **(15)**

- a) The value of Closing Stock as on 31<sup>st</sup> March, 2018 using Weighted Average Price Method.
- b) Cost of Goods Sold for the month of March, 2018.
- c) Sales and Gross Profit for the month of March, 2018.

Date	Particulars	Units	Rate
03-03-2018	Sales	1,500	600
06-03-2018	Purchases	3,500	500
13-03-2018	Sales	4,000	700
18-03-2018	Purchase Returns from Purchase of 6 <sup>th</sup> March	500	
20-03-2018	Purchases	5,000	470
22-03-2018	Sales Return out of Sale of 3 <sup>rd</sup> March	1,500	
25-03-2018	Sales	6,000	750
27-03-2018	Purchases	5,000	530
30-03-2018	Sales	4,000	700
31-03-2018	Purchases	3,000	550

Stock on 1<sup>st</sup> March, 2018 was 3,000 units @ ₹ 400 per unit.

**OR**

**P.T.O.**

- Q. 4** From the following particulars of Chaitanya Garments prepare Trading and Profit and Loss Account of two departments' i.e. Garment & Cosmetics for the year ended 31<sup>st</sup> March, 2018: **(15)**

Particulars	Garment Dept. (₹)	Cosmetic Dept. (₹)	Total (₹)
Opening Stock	65,000	50,000	1,15,000
Purchases	2,40,000	1,60,000	4,00,000
Sales	3,20,000	2,80,000	6,00,000
Salaries	12,000	10,000	22,000
General Expenses			15,000
Rent & Rates			30,000
Carriage Inward			6,000
Carriage Outward			12,000
Discount Allowed			9,000
Discount Received			4,500
Travelling Expenses			15,000
Insurance Charges			5,000

**Additional Information:**

- General Expenses and Insurance are to be allocated equally.
  - Area occupied by Garment & Cosmetics department are in the ratio of 4 : 1.
  - Closing Stock of Garment Dept. is ₹ 1,20,000 and that of Cosmetic Dept. is ₹ 60,000.
- Other expenses and Income to be allocated between two departments on suitable basis.

- Q. 5** State whether the following expenditures and receipts are Capital or Revenue and give reason for your answer: **(15)**

- Carriage paid for bringing new machinery ₹ 25,000.
- Sold old business car for ₹ 2,50,000.
- Insurance premium paid for ₹ 25,000 to General Insurance Company for insurance of Plant.
- Loan repaid ₹ 1,25,000 which was taken State Bank of India.
- Paid tax consultancy fees ₹ 40,000 to CA Deshpande for the year ended 31<sup>st</sup> March, 2018.
- Cost of improving seating capacity of cinema hall ₹ 7,00,000.
- A manufacturer purchased raw material of ₹ 1,50,000 and produced goods worth ₹ 3,00,000 and sold 50% of the same for ₹ 2,00,000 to M/s. Raj Traders.

**OR**

- Q. 5** Find out the value of closing stock of M/s. Max Ltd. using FIFO and Weighted Average Methods from the following data: **(15)**

**P.T.O.**

<b>Date</b>	<b>Particulars</b>	<b>Units</b>	<b>@ ₹</b>
08-03-2018	Sales	500	750
20-03-2018	Sales	1,000	800
31-03-2018	Sales	1,500	850
12-03-2018	Purchases	1,200	550
15-03-2018	Purchases	1,000	600
23-03-2018	Purchases	1,500	700

Opening Stock on 1<sup>st</sup> March, 2018 was 800 units @ 500 per unit.

**Q. 6 Answer the following:**

- (a) Explain Accounting Standards and State the advantages of Accounting Standards. **(10)**
- (b) Explain features of Hire Purchase Agreement. **(10)**

**OR**

**Q. 6 Write short notes on any four of the following: (20)**

- (a) Limitations and Advantages of Weighted Average Method of Stock Valuation.
- (b) Revenue Expenditure
- (c) Adjustment Entries in Final Accounts
- (d) Trading Account and Profit & Loss Account
- (e) Main features of AS-9 Revenue Recognition
- (f) Fundamental Accounting Assumptions as per AS-1.

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**F.Y.Bcom**  
**Sem – I**

**Financial Accounts**  
**Pre Final Exam (Solution)**

**Marks:- 100**  
**Time:- 2 ½ hrs.**

**Solution 1 (a) :**

1. Change in the Method of Depreciation on Fixed Assets needs to be disclosed as per AS-1. - **True**
2. Valuation of stock of goods in trade is done at cost only. - **False**
3. Interest on asset purchased on hire purchase basis is charged by the vendor. - **True**
4. Revenue expenditure includes cost of improving the storage capacity of a computer by changing the hard disk. - **False**
5. Trading expenses are debited to Profit and Loss A/c. - **False**
6. Balance Sheet shows the profitability of the organisation. - **False**
7. Departmental accounting helps to determine profit or loss of each department. - **True**
8. When Department A transfers goods to Department B, Department A a/c is debited and Department B a/c is credited. - **False**
9. Lighting is allocated on the basis of horse power of equipments installed by each department. - **True**
10. Under hire purchase system, depreciation is charged on the hire purchase price of the asset. - **False**
11. The disclosure of significant accounting policies is mandatory as per AS-1. - **True**
12. Dividend received on shares is a Capital Receipt. - **False**

**Solution 1 (b) :**

Column A	Column B
1. Method of Stock Valuation	(a) FIFO method
2. Accounting Standard - 9	(b) Revenue Recognition
3. Drawing by Proprietor	(c) Debited to Capital Account
4. Capital Expenditure	(d) Purchase of Fixed Assets
5. Basic Rule for Valuation of Stock	(e) Lower of Cost or Net Realisable Value
6. Weighted Average Method	(f) Total Cost of Inventory/Total Units of Inventory
7. Accounting Standard - 1	(g) Fundamental Accounting Assumptions
8. Import duty on purchase of Raw Material	(h) Added to purchases in manufacturing account
9. Selling Expenses	(i) Allocated on the basis of sales
10. Down Payment	(j) Initial payment at the time of hire purchase agreement
11. Departmental Accounting	(k) Evaluation of performance of each department
12. Capital Receipt	(l) Financing Activities

**Solution 2 :**

**In the Books of Mr. Shivprasad**

**Dr. Manufacturing Account for the year ended 31st March 2018 Cr.**

Particulars	₹	Particulars	₹
To Raw Material		By Closing Stock -	
- Opening Stock	59,000	Work-in-Progress	70,000
- Add : Purchase of		By Raw Materials Destroyed	
Raw Material	16,00,000	by Fire	4,000
	16,59,000	By Trading Account	19,52,000
- Less : Closing Stock		(Cost of Production	
of Raw Material	60,000	transferred)	
	15,99,000		

To Opening Stock - Work-in-Progress	70,000		
To Carriage Inward on Raw Material	89,000		
To Direct Wages	1,48,000		
To Factory Rent	60,000		
To Depreciation on Machinery	60,000		
	<u>20,26,000</u>		<u>20,26,000</u>

**Dr. Trading Account for the year ended 31st March 2018 Cr.**

Particulars	₹	Particulars	₹
To Opening Stock - Finished Goods	1,00,000	By Sales	25,00,000
To Manufacturing Account (Cost of Production tfd.)	19,52,000	By Finished Goods destroyed by fire	6,000
To Profit and Loss A/c (Gross Profit tfd.)	5,89,000	By Goods distributed as Free Samples	30,000
	<u>26,41,000</u>	By Closing Stock - Finished Goods	1,05,000
			<u>26,41,000</u>

**Dr. Profit and Loss Account for the year ended 31st March 2018 Cr.**

Particulars	₹	Particulars	₹
To Office Rent	20,000	By Trading Account (Gross Profit transferred)	5,89,000
To Salaries	1,58,000		
To Discount Allowed	17,000		
To Reserve for Doubtful Debts	9,300		
To Loss by Fire	2,000		
To Advertisement	30,000		
To Net Profit transferred to Capital A/c	3,52,700		
	<u>5,89,000</u>		<u>5,89,000</u>

**Balance Sheet as at 31-3-2018**

Liabilities	₹	₹	Assets	₹	₹
Capital Account	11,00,000		Machinery	12,00,000	
Add : Net Profit	<u>3,52,700</u>		Less : Depr. @ 5%	<u>60,000</u>	11,40,000
	14,52,700		Sundry Debtors	1,86,000	
Less : Drawings	<u>18,000</u>	14,34,700	Less : RDD @ 5%	<u>9,300</u>	1,76,700
Creditors		2,00,000	Raw Materials -		
			Closing Stock	60,000	
			Work-in-Progress -		
			Closing Stock	70,000	
			Finished Goods -		
			Closing Stock	<u>1,05,000</u>	2,35,000
			Cash at Bank		75,000
			Insurance Claim		
			Receivable		8,000
		<u>16,34,700</u>			<u>16,34,700</u>

OR

**Solution 2 :**

**In the Books of Mr. Girija**

**Dr. Manufacturing Account for the year ended 31st March 2018 Cr.**

Particulars	₹	Particulars	₹
To Raw Material - Opening Stock	50,000	By Closing Stock - Work-in-Progress	58,000



- Add : Purchase of Raw Material	11,24,000		By Sale of Scrap	7,000
	11,74,000		By Trading Account (Cost of Production transferred)	15,54,000
- Less : Closing Stock of Raw Material	85,000	10,89,000		
To Opening Stock - Work-in-Progress		56,000		
To Carriage Inward on Raw Material		31,000		
To Direct Wages		3,42,000		
To Factory Power and Fuel		53,000		
To Depreciation on Machinery		48,000		
		16,19,000		16,19,000

**Dr. Trading Account for the year ended 31st March 2018 Cr.**

Particulars	₹	Particulars	₹
To Opening Stock - Finished Goods	1,19,000	By Sales	18,32,000
To Manufacturing Account (Cost of Production tfd.)	15,54,000	Less : Sale on Approval at 20% GP on Cost	12,000
To Profit and Loss A/c (Gross Profit tfd.)	2,47,000	By Closing Stock - Finished Goods	90,000
		Add : Closing stock with Customer on Approval basis at cost	10,000
	19,20,000		1,00,000
			19,20,000

**Dr. Profit and Loss Account for the year ended 31st March 2018 Cr.**

Particulars	₹	Particulars	₹
To Salaries	99,000	By Trading Account (Gross Profit transferred)	2,47,000
To Selling and Distribution Expenses	29,000		
To Reserve for Doubtful Debts	6,400		
To Net Profit transferred to Capital A/c	1,12,600		
	2,47,000		2,47,000

**Balance Sheet as at 31-3-2018**

Liabilities	₹	₹	Assets	₹	₹
Capital Account	16,80,000		Goodwill		4,42,000
Add : Net Profit	1,12,600	17,92,600	Machinery	9,60,000	
Bills Payables		1,10,000	Less : Dep. @ 5%	48,000	9,12,000
Creditors	86,000		Sundry Debtors	1,50,000	
Less : Adjustment with Debtors for Harshad	10,000	76,000	Less : Adjustment with Creditors	10,000	
			Less : Goods sent on Approval	12,000	
				1,28,000	
			Less : RDD @ 5%	6,400	1,21,600
			Bills Receivables		1,00,000
			Closing Stock - Raw Material		85,000
			Closing Stock - Work-in-Progress		58,000
			Closing Stock - Finished Goods		1,00,000
			Cash at Bank		1,60,000
		19,78,600			19,78,600

**Solution 3 :****Working Notes :****1. Interest and Installments**

Rate of Interest - 10% p.a.

Cash Price - 30,00,000

1-1-2015	Cash Price	30,00,000		
	Down Payment	<u>12,00,000</u>		
		18,00,000		
31-12-2015	Add : Interest Payable	<u>1,80,000</u>		
		19,80,000	P	I
31-12-2015	Less : I Instalment	<u>8,30,000</u>	6,50,000	1,80,000
	Balance Payable	11,50,000		
31-12-2016	Add : Interest Payable	<u>1,15,000</u>		
		12,65,000	P	I
31-12-2016	II Instalment	<u>7,15,000</u>	6,00,000	1,15,000
	Payable	5,50,000		
31-12-2017	Add : Interest Payable	<u>55,000</u>		
		6,05,000	P	I
31-12-2017	Less : III Instalment	<u>6,05,000</u>	5,50,000	55,000
	Payable	<u>0</u>		

**2. Depreciation by WDV Method (Rate - 15%)**

Cash Price	30,00,000
Less : Depreciation for 2015	<u>4,50,000</u>
WDV	25,50,000
Less : Depreciation for 2016	<u>3,82,500</u>
WDV	21,67,500
Less : Depreciation for 2017	<u>3,25,125</u>
WDV	<u>18,42,375</u>

**In the Books of Spandan Transport****Dr. Bus Account Cr.**

Date	Particulars	₹	Date	Particulars	₹
1-1-15	To Volvo Ltd. A/c	30,00,000	31-12-15	By Depreciation	4,50,000
			31-12-15	By Balance c/d	25,50,000
		<u>30,00,000</u>			<u>30,00,000</u>
1-1-16	To Balance b/d	25,50,000	31-12-16	By Depreciation	3,82,500
			31-12-16	By Balance c/d	21,67,500
		<u>25,50,000</u>			<u>25,50,000</u>
1-1-17	To Balance b/d	21,67,500	31-12-16	By Depreciation	3,25,125
			31-12-16	By Balance c/d	18,42,375
		<u>21,67,500</u>			<u>21,67,500</u>

**Dr. M/s Volvo Ltd. Account Cr.**

Date	Particulars	₹	Date	Particulars	₹
1-1-15	To Cash/Bank (Down Payment)	12,00,000	1-1-15	By Bus A/c	30,00,000
31-12-15	To Cash / Bank	8,30,000	31-12-15	By Interest A/c	1,80,000
31-12-18	To Balance c/d	11,50,000			
		<u>31,80,000</u>			<u>31,80,000</u>
31-12-16	To Cash / Bank	7,15,000	1-1-16	By Balance b/d	11,50,000
31-12-16	To Balance c/d	5,50,000	31-12-16	By Interest	1,15,000
		<u>12,65,000</u>			<u>12,65,000</u>

31-12-17	To Cash / Bank	6,05,000	1-1-17	By Balance b/d	5,50,000
			31-12-17	By Interest	55,000
		<u>6,05,000</u>			<u>6,05,000</u>

OR

**Solution 3 :**

**Departmental Trading and Profit & Loss Account For the Year Ended 31st March, 2018**

Particulars	Dept. A ₹	Dept. B ₹	Particulars	Dept. A ₹	Dept. B ₹
To Opening Stock	2,50,000	4,00,000	By Sales	22,50,000	15,00,000
To Purchases	10,00,000	8,00,000	By Transfer (B)	40,000	-
To Wages	1,50,000	1,00,000	By Closing Stock	85,000	7,00,000
To Depreciation (A)	-	4,00,000			
To Gross Profit c/d	21,00,000	5,00,000			
	<u>35,00,000</u>	<u>22,00,000</u>		<u>35,00,000</u>	<u>22,00,000</u>
To Salaries (2 : 1)	8,00,000	4,00,000	By Gross Profit	21,00,000	5,00,000
To Discount Allowed (SR)	1,32,000	88,000	By Discount Received (P/R)	40,000	32,000
To Depreciation	6,500	6,500			
To Rent	10,000	6,000			
To Net Profit	11,91,500	31,500			
	<u>21,40,000</u>	<u>5,32,000</u>		<u>21,40,000</u>	<u>5,32,000</u>

**Solution 4 :**

**Stores Ledger Account (Weighted Average Method)**

Date	Purchases			Issues			Balance		
	Qty.	Rate	Total	Qty.	Rate	Total	Qty.	Rate	Total
1-3-2018							3,000	400	12,00,000
3-3-2018				1,500	400	6,00,000	1,500	400	6,00,000
6-3-2018	3,500	500	17,50,000				1,500	400	6,00,000
							3,500	500	17,50,000
							5,000	470	23,50,000
13-3-2018	-	-	-	4,000	470	18,80,000	1,000	470	4,70,000
18-3-2018	-	-	-	500	470	2,35,000	500	470	2,35,000
20-3-18	5,000	470	23,50,000	-	-	-	500	470	2,35,000
							5,000	470	23,50,000
							5,500	470	25,85,000
22-3-18	1,500	400	6,00,000	-	-	-	5,500	470	25,85,000
							1,500	400	6,00,000
							7,000	455	31,85,000
25-3-18	-	-	-	6,000	455	27,30,000	1,000	455	4,55,000
27-3-18	5,000	530	26,50,000	-	-	-	1,000	455	4,55,000
							5,000	530	26,50,000
							6,000	517.50	31,05,000
30-3-18	-	-	-	4,000	517.50	20,70,000	2,000	517.50	10,35,000
31-3-18	3,000	550	16,50,000	-	-	-	2,000	517.50	10,35,000
							3,000	550.00	16,50,000
							5,000	537.00	26,85,000
<b>Total</b>	<b>18,000</b>	<b>-</b>	<b>73,50,000</b>	<b>16,000</b>	<b>-</b>	<b>75,15,000</b>			

Closing Stock on 31st March, 2018 was 5,000 units of ₹ 26,85,000.



### Calculation for Sales

Date	Qty.	Rate	Amount
3-3-2018	1,500	600	9,00,000
13-3-2018	4,000	700	28,00,000
25-3-2018	6,000	750	45,00,000
31-3-2018	4,000	700	28,00,000
<b>Total Sales</b>	<b>15,500</b>		<b>1,10,00,000</b>
Less : Returns	1,500	600	9,00,000
Less : COGS	-	-	75,15,000
<b>Gross Profit</b>			<b>25,85,000</b>

OR

### Solution 4 :

#### Departmental Trading and Profit & Loss Account For the Year Ended 31st March, 2018

Particulars	Dept. Garments ₹	Dept. Cosmetics ₹	Particulars	Dept. Garments ₹	Dept. Cosmetics ₹
To Opening Stock	65,000	50,000	By Sales	3,20,000	2,80,000
To Purchases	2,40,000	1,60,000	By Closing Stock	1,20,000	60,000
To Carriage Inward (PR)	3,600	2,400			
To Gross Profit	1,31,400	1,27,600			
	<u>4,40,000</u>	<u>3,40,000</u>		<u>4,40,000</u>	<u>3,40,000</u>
To General Expenses	7,500	7,500	By Gross Profit	1,31,400	1,27,600
To Insurance	2,500	2,500	By Discount Received	2,700	1,800
To Rent	25,000	5,000	(PR 3 : 2)		
To Carriage Outward (8:7)	6,400	5,600			
To Discount Allowed (8:7)	4,800	4,200			
To Travelling Expenses	8,000	7,000			
To Salaries	12,000	10,000			
To Net Profit	67,900	87,600			
	<u>1,34,100</u>	<u>1,29,400</u>		<u>1,34,100</u>	<u>1,29,400</u>

### Solution 5 :

- Capital Expenditure** : It increases the cost of machinery it is capitalised as per AS 10.
  - Capital Receipt** : Money received on sale of asset.
  - Revenue Expenditure** : It is incurred in the normal course of operation.
  - Capital Expenditure** : Non-recurring in nature.
  - Revenue Expenditure** : Payment of such expenses is for operating business activity.
  - Capital Expenditure** : Non-recurring in nature and result in increasing in earning capacity.
  - Revenue Expenditure** : Purchased of raw material is expenses incurred for operating business activity.
- Revenue Receipt / Income** : Money received from sale of goods is operating business activity.

OR

### Solution 5 :

#### Stores Ledger Account (FIFO Method)

Date	Purchases			Issues			Balance		
	Qty.	Rate	Amount	Qty.	Rate	Amount	Qty.	Rate	Amount
01-03-2018	-	-	-	-	-	-	800	500	4,00,000
08-03-2018	-	-	-	500	500	2,50,000	300	500	1,50,000
12-03-2018	1,200	550	6,60,000	-	-	-	300	500	1,50,000
							1,200	550	6,60,000

15-03-2018	1,000	600	6,00,000	-	-	-	300	500	1,50,00
							1,200	550	6,60,000
							1,000	600	6,00,000
20-03-2018	-	-	-	300	500	1,50,000	500	550	2,75,000
				700	550	3,85,000	1,000	600	6,00,000
23-03-2018	1,500	700	10,50,000	-	-	-	500	550	2,75,000
							1,000	600	6,00,000
							1,500	700	10,50,000
31-03-2018	-	-	-	500	550	2,75,000	1,500	700	10,50,000
				1,000	600	6,00,000			
<b>Total</b>	<b>3,700</b>		<b>23,10,000</b>	<b>3,000</b>		<b>16,60,000</b>			

Closing Stock on 31st March, 2018 was 1,500 units of ₹ 10,50,000.

**Stores Ledger Account (Weighted Average Method)**

Date	Purchases			Issues			Balance		
	Qty.	Rate	Amount	Qty.	Rate	Amount	Qty.	Rate	Amount
01-03-2018	-	-	-	-	-	-	800	500	4,00,000
08-03-2018	-	-	-	500	500	2,50,000	300	500	1,50,000
12-03-2018	1,200	550	6,60,000	-	-	-	300	500	1,50,000
							1,200	550	6,60,000
							1,500	540	8,10,000
15-03-2018	1,000	600	6,00,000	-	-	-	1,500	540	8,10,000
							1,000	600	6,00,000
							2,500	564	14,10,000
20-03-2018	-	-	-	1,000	564	5,64,000	1,500	564	8,46,000
23-03-2018	1,500	700	10,50,000	-	-	-	1,500	564	8,46,000
							1,500	700	10,50,000
							3,000	632	18,96,000
31-03-2018	-	-	-	1,500	632	9,48,000	1,500	632	9,48,000
<b>Total</b>	<b>3,700</b>		<b>23,10,000</b>	<b>3,000</b>		<b>17,62,000</b>			

Closing Stock on 31st March, 2018 was 1,500 units of ₹ 9,48,000.

**Solution 6 :**

**(a) ACCOUNTING STANDARDS AND THE ADVANTAGES OF ACCOUNTING STANDARDS :**  
*Refer Chapter 1, Para 1.*

**(b) FEATURES OF HIRE PURCHASE AGREEMENT :** *Refer Chapter 8, Para 1.2.*

**OR**

**Solution 6 :**

**(a) LIMITATIONS AND ADVANTAGES OF WEIGHTED AVERAGE METHOD OF STOCK VALUATION :** *Refer Chapter 4, Para 6.*

**(b) REVENUE EXPENDITURE :** *Refer Chapter 5, Para 3.*

**(c) ADJUSTMENT ENTRIES IN FINAL ACCOUNTS :** *Refer Chapter 6, Para 2.*

**(d) TRADING ACCOUNT AND PROFIT & LOSS ACCOUNT :** *Refer Chapter 6, Para 5-7.*

**(e) MAIN FEATURES OF AS-9 REVENUE RECOGNITION :** *Refer Chapter 3, Para 1 (15).*

**(f) FUNDAMENTAL ACCOUNTING ASSUMPTIONS AS PER AS-1 :** *Refer Chapter 1, Para 3 (5).*

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