M.K.G CA EDUCATION

9811429230 / 9212011367

WEBSITE : WWW.MKGEDUCATION.COM
EMAIL : MKCAEDUCATION@GMAIL.COM
Youtube channel: MKG CA EDUCATION
Facebook Page : https://www.facebook.com/mkgcaeducation/
Instagram : https://www.instagram.com/mkguptacaeducation/?hl=en

MOCK TEST -2

CA INTER

(01-05-2022)

PAPER 1 – ACCOUNTING

TOPICS COVERED

1. HIRE PURCHASE TRANSACTION
2. ACCOUNTING FOT BRANCHES INCLUDING FORIEGN BRANCH
3. DEPARTMENTAL ACCOUNTS

Roll No …010522………

Total No. of Question: 6	**Total No. of Printed Pages: 7**
Time allowed: 3 hours	**Maximum Marks: 100**

Question No. 1 is compulsory.

Candidates are required to **answer any four questions from the remaining five questions.**

Working notes should from part of the answer.

Whenever necessary, suitable assumptions may be made and indicated in the answer by the candidates.

Question 1 (a) **(10 Marks)**

Happy Valley Florists Ltd. acquired a delivery van on hire purchase on 01.04.2017 from Ganesh Enterprises. The terms were as follows:

Particulars	Amount (₹)
Hire Purchase Price	180,000
Down payment	30,000
1st installment payable after 1 year	50,000
2nd installment payable after 2 year	50,000
3rd installment payable after 3 year	30,000
4th installment payable after 4 year	20,000

Cash price of van ₹ 150,000.

You are required to:

(i) Calculate Total Interest and Interest included in each installment

(ii) Prepare Van A/c., Ganesh Enterprises A/c. in the books of Happy Valley Florists Ltd. up to 31.03.2021

Question 1 (b) **(10 Marks)**

Following is the information of the Jammu branch of Best New Delhi for the year ending 31st March, 2020 from the following:

(1) Goods are invoiced to the branch at cost plus 20%.

(2) The sale price is cost plus 50%.

(3) Other information:

	₹
Stock as on 01.04.2019 (invoice price)	2,20,000
Goods sent during the year (invoice price)	11,00,000
Sales during the year	12,00,000
Expenses incurred at the branch Ascertain	45,000

(i) The profit earned by the branch during the year.

(ii) Branch stock reserve in respect of unrealized profit.

Question 2 **(20 Marks)**

M/s Omega is a departmental store having three departments X, Y and Z. The information regarding three departments for the year ended 31st March, 2020 are given below:

	X	Y	Z
	₹	₹	₹
Opening stock	36,000	24,000	20,000
Purchases	1,32,000	88,000	44,000
Debtors at end	15,000	10,000	10,000
Sales	1,80,000	1,35,000	90,000
Closing stock	45,000	17,500	21,000
Value of furniture in each department	20,000	20,000	10,000

Floor space occupied by each department (in sq. ft.)	3,000	2,500	2,000
Number of employees in each Department	25	20	15
Electricity consumed by each department (in units)	300	200	100

The balances of other revenue items in the books for the year are given below:

	Amount (₹)
Carriage inwards	3,000
Carriage outwards	2,700
Salaries	48,000
Advertisement	2,700
Discount allowed	2,250
Discount received	1,800
Rent, Rates and Taxes	7,500
Depreciation on furniture	1,000
Electricity expenses	3,000
Labour welfare expenses	2,400

You are required to prepare Departmental Trading and Profit and Loss Account for the year ended 31st March, 2020 after providing provision for Bad Debts at 5%.

Question 3 (a) **(10 Marks)**

M/s A bought six Scooters from M/s B on 1st April, 2016 on the following terms:

Down payment	₹ 3,00,000
1st instalment payable at the end of 1st year	₹ 1,59,000
2nd instalment payable at the end of 2nd year	₹ 1,47,000
3rd instalment payable at the end of 3rd year	₹ 1,65,000

Interest is charged at the rate of 10% per annum.

M/s A provides depreciation @ 20% per annum on the diminishing balance method. On 31st March, 2019 M/s A failed to pay the 3rd instalment upon which M/s B repossessed two Scooters. M/s B agreed to leave the other four Scooters with M/s A and adjusted the value of the repossessed Scooters against the amount due. The Scooters taken over were valued on the basis of 30% depreciation per annum on written down value. The balance amount remaining in the vendor's account after the above adjustment was paid by M/s A after 5 months with interest@ 15% per annum.

M/s B incurred repairing expenses of ₹15,000 on repossessed scooters and sold scooters for ₹1,05,000 on 25th April, 2019.

You are required to :

(1) Calculate the cash price of the Scooters and the interest paid with each instalment.

(2) Prepare Scooters Account and M/s B Account in the books of M/s A.

(3) Prepare Goods Repossessed Account in the books of M/s B.

Question 3 (b) **(10 Marks)**

Department P sells goods to Department S at a profit of 25% on cost and to Department Q at a profit of 15% on cost. Department S sells goods to P and Q at a profit of 20% and 30% on sales respectively. Department Q sells goods to P and S at 20% and 10% profit on cost respectively.

Departmental Managers are entitled to 10% commission on net profit subject to unrealised profit on departmental sales being eliminated. Departmental profits after charging Manager's commission, but before adjustment of unrealised profits are as below:

	₹
Department P	90,000
Department S	60,000
Department Q	45,000

Stock lying at different Departments at the end of the year are as below:

			Figures in ₹
	DEPARTMENTS		
	P	**S**	**Q**
Transfer from P	-	18,000	14,000
Transfer from S	48,000	-	38,000
Transfer from Q	12,000	8,000	-

Find out correct Departmental Profits after charging Managers' Commission.

Question 4(a) **(10 Marks)**

Pass necessary Journal entries in the books of an independent Branch of a Company, wherever required, to rectify or adjust the following:

(i) Expenses of Rs. 2,800 allocated to the Branch by Head Office but not recorded in the Branch books.

(ii) Provision for doubtful debts, whose accounts are kept by the Head Office, not provided earlier for Rs.1,000.

(iii) Branch paid Rs. 3,000 as salary to a Head Office Manager, but the amount paid has been debited by the Branch to Salaries Account.

(iv) Branch incurred travelling expenses of Rs. 5,000 on behalf of other Branches, but not recorded in the books of Branch.

(v) A remittance of Rs. 1,50,000 sent by the Branch has not received by Head Office on the date of reconciliation of Accounts.

(vi) Head Office allocates Rs. 75,000 to the Branch as Head Office expenses, which has not yet been recorded by the Branch.

(vii) Head Office collected Rs. 30,000 directly from a Branch Customer. The intimation of the fact has been received by the Branch only now.

(viii) Goods dispatched by the Head office amounting to Rs. 10,000, but not received by the Branch till date of reconciliation. The Goods have been received subsequently.

Question 4(b) **(10 Marks)**

Define the following:

1. Hire Vendor
2. Hire Purchaser
3. Cash Price
4. Hire Purchase Instalment
5. Hire purchase price

Question 5 **(20 Marks)**

M & S Co. of Lucknow has a branch in Canberra, Australia (as an integral foreign operation of M & S Co.). At the end of 31st March 2020, the following ledger balances have been extracted from the books of the Lucknow office and the Canberra.

	Lucknow office (₹ In thousand)		**Canberra Branch (Aust. Dollars in thousand)**	
	Dr.	**Cr.**	**Dr.**	**Cr.**
Capital		2,000		
Reserves & Surplus		1,000		
Land	500			
Buildings (Cost)	1,000			
Buildings Dep. Reserves		200		
Plant and Machinery (Cost)	2,500		200	
Plant and Machinery Dep. Reserves		600		130
Debtors/Creditors	280	200	60	30
Stock as on 01-04-2019	100		20	
Branch Stock Reserve		4		
Cash & Bank Balances	10		10	
Purchases/Sales	240	520	20	123
Goods sent to Branch		100	5	
Managing Partner's Salary	30			
Wages and Salary	75		45	
Rent			12	
Office Expenses	25		18	
Commission Receipts		256		100
Branch/HO Current Account	120			7
	4,880	4,880	390	390

The following information is also available:

(i) Stock as at 31st March, 2020

Lucknow ₹1,50,000

Canberra A$ 3125 (all stock are out of purchases made at Abroad)

(ii) Head Office always sent goods to the Branch at cost plus 25%

(iii) Provision is to be made for doubtful debts at 5%

(iv) Depreciation is to be provided on Buildings at 10% and on Plant and Machinery at 20% on written down value. You are required to:

(1) Convert the Branch Trial Balance into rupees by using the following exchange rates:

Opening rate	1 A $ = ₹ 50
Closing rate	1 A $ = ₹ 53
Average rate	1 A $ = ₹ 51.00
For Fixed Assets	1 A $ = ₹ 46.00

(2) Prepare Trading and Profit and Loss Account for the year ended 31st March 2020 showing to the extent possible H.O. results and Branch results separately.

Question 6(a) **(10 Marks)**

ABC Ltd. has several departments. Goods supplied to each department are debited to a Memorandum Departmental Stock Account at cost plus a fixed percentage (mark-up) to give the normal selling price. The amount of mark-up is credited to a Memorandum Departmental Markup account. If the selling price of goods is reduced below its normal selling prices, the reduction (mark-down) will require adjustment both in the stock account and the mark-up account. The mark-up for department X for the last three years has been 20%. Figures relevant to department X for the year ended 31st March, 2020 were as follows:

Stock as on 1st April, 2019, at cost	₹ 1,50,000
Purchases at cost	₹ 4,30,000
Sales	₹ 6,50,000

It is further ascertained that:

(1) Shortage of stock found in the year ending 31.3.2020, costing ₹ 4,000 were written off.

(2) Opening stock on 1.4.2019 including goods costing ₹ 12,000 had been sold during the year and had been marked - down in the selling price by ₹ 1,600. The remaining stock had been sold during the year.

(3) Goods purchased during the year were marked down by ₹ 3,600 from a cost of ₹ 30,000. Marked-down stock costing ₹ 10,000 remained unsold on 31.3.2020.

(4) The departmental closing stock is to be valued at cost subject to adjustment for mark-up and mark-down.

You are required to prepare for the year ended 31st March, 2020:

(i) Departmental Trading Account for department X for the year ended 31st March, 2020 in the books of head office.

(ii) Memorandum Stock Account for the year ended 31st March, 2020.

(iii) Memorandum Mark-Up account for the year ended 31st March, 2020.

Question 6 (b) **(10 Marks)**

Explain Difference between Hire Purchase and Instalment system.

SPACE FOR ROUGH WORK