

Times International college

Dillibazar, Kathmandu.

Class:-XII

Subject:-Accountancy. Model Question Set-I

1. Define the meaning of a company and write any three features of the company. 3
2. What do you mean by equity share capital? Explain. 2
3. Define briefly financial statement and financial statement analysis. 3
4. Write briefly importance of ratio analysis. 2
5. Define briefly job order costing and process costing. 3
6. Define direct material and indirect material with suitable examples. 2
7. Write the meaning of material control 2
8. What do you mean by allocation of overhead? Define apportionment of overhead. 3
9. ABC Company Limited issued 5000 shares of Rs. 100 each at 10% premium payable as Rs. 30 on application, Rs. 40 (including premium) on allotment and balance in first and final call. Application received for 10000 shares. Allotment of shares was made as follows:
 2000 applications were rejected in full.
 3000 shares applicants were rejected &
 remaining shares were allotted on pro-rata basis.
 Mr. Sandesh holding 200 shares of pro-rata group failed to pay first and final call.
 His shares were forfeited after first and final call.
 Required: entries for
 - a) Share allotment 3
 - b) Share first and final call 2
 - c) Share forfeiture 1
10. ABC Ltd forfeited 200 shares of Rs. 100 each issued at 10% premium due to non-payment of allotment of Rs. 20 per share. Calls of Rs. 40 were not made yet. Out of these shares, 150 shares were re-issued at Rs. 50 per share as Rs. 60 paid up.
 Required: Entries for share forfeiture, share re-issue and transfer entry. 3
11. Khusbu Trading House purchased following assets and liabilities of XYZ Company by issuing 5000 shares of Rs. 100 each at 10% discount:
 Land and Building Rs.110000
 Machinery Rs.100000
 Debtors Rs.30000
 Stock Rs.200000
 Creditors Rs.30000
 The company also issued 3000 shares at 10% premium for cash.
 Required: a) Journal entries 3
12. B Ltd issued 5000, 10% debenture of Rs. 100 each at 10% discount. The debentures will be redeemed at 5% premium after 10 years.
 Required: Journal entries at the time of issue and on redemption of debentures 4
13. Trail balance of Maitidevi Trading Company as on December 31, 2008 provides you the following information:

	Dr.	Cr.	
Particulars	Amount	Particulars	Amount
Opening stock	1,00,000	Sales	12,00,000
Purchase	6,50,000	Purchase return	5,000

Goodwill	75,000	Share Capital	2,00,000
Land & Building	2,00,000	Bills payable	45,000
Plant & Machinery	3,00,000	General reserve	55,000
Investment s	5,00,000	8% debenture	2,00,000
Carriage	10,000	10% preference share	2,00,000
Salaries	20,000	Profit & loss app. account	46,000
Wages	5,000	Bank Loan (unsecured)	37,000
Cash at bank	45,000	Commission received	5,000
Calls in arrear	5,000	Call-in advance	7,000
Trade Expenses	8,000		
Preliminary expenses	16,000		
Tax paid for last year	6,000		
Interim dividend	4,000		
Debtors	56,000		
	20,00,000		20,00,000

Additional Information:

- Closing stock was Rs. 60000 at the end of the year
- Salary to be paid Rs. 5000 and prepaid wages Rs 2000
- Depreciate Plant & Machinery & building by 10% each.
- Write off 10% of preliminary expenses
- Director proposed 10% dividend on paid up capital
- Provision for bad debt was 5% of sundry debtors
- Create general reserve Rs. 10000

Required:

- Trading account
- Profit & loss account
- Profit & loss appropriation account
- Balance sheet

2
4
2
4

14. Following is the trial balance of a company as on 31st Chaitra, last year.

Particulars	Debit(Rs)	Credit(Rs)
Share capital		50000
Sales revenue		40000
Bank loan		30000
Creditors		30000
Cash in hand	18000	
Debtors	40000	
Fixed assets	60000	
Selling expenses	12000	
Bad debts	5000	
Salaries	10000	
Prepaid expenses	5000	
Total	150000	150000

Additional information:

- Outstanding salaries Rs 5000
- Prepaid expenses was expired to the extent of Rs 2000
- Depreciate fixed assets by 10%

Required:

- Adjustment entries
- Ten-column work sheet.

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15. Following is the balance sheet of a company

Liabilities	Amount	Assets	Amount
-------------	--------	--------	--------

Share Capital	20000	Inventory	20000
Debenture	40000	Debtors	30000
General Reserve	30000	Cash in hand	5000
Profit & loss app. account	10000	Fixed assets	50000
Creditors	20000	Account receivable	25000
Bills payable	20000	Preliminary expenses	10000
	140000		140000

Additional Information:

- a) Debtors turnover ratio was 5 times
b) Gross profit was Rs. 25000

Required:

- a) Current ratio 1
b) Quick ratio 1
c) Debt-equity ratio 1
d) Amount of sales 1
e) Gross profit margin 1

16. The following information is provided:

- Stock decreases by Rs 32,000
Debtors decreases by Rs 48,000
Cash decreases by Rs 2, 20,000
Creditors increases by Rs 8,000
Provision for bad debts increases by Rs 4,000

	Year I	Year II
Land and building (Cost)	1, 00,000	2, 99,000
Plant and machinery (net)	4, 80,000	6, 40,000
Provision for taxation	10,000	15,000

Additional Information:

- (i) Tax paid during thr year Rs 5000.
(ii) Depreciation of land & building Rs 20,000
(iii) Depreciation of Plant and machinery Rs 40,000
(iv) Net profit during the year Rs 35000

- Required:**
i. Funds from operation 3
ii. Funds flow statement 2

17. Following were the comparative balance sheet of a company

Liabilities	2007	2008	Assets	2007	2008
Share capital	5,00,000	7,00,000	Fixed assets	7,00,000	9,00,000
Share premium	1,00,000	1,20,000	Stock	1,50,000	50,000
Profit and loss account	1,00,000	1,20,000	Bank	100,000	1,50,000
10%, Debenture	150,000	1,00,000	Debtors	50,000	1,00,000
Outstanding expenses	50,000	40,000			
Creditors	1,00,000	1,20,000			
	10,00,000	12,00,000		10,00,000	12,00,000

Additional Information:

- a) Sales for the year Rs 6, 00,000.
b) Cost of goods sold Rs 4, 00,000
c) Operating expenses Rs 90,000
d) Debentures were redeemed at 10 % premium.

- e) Plant costing Rs 20,000 (accumulated depreciation Rs 8000) was sold for Rs 15,000
 f) Depreciation for the year Rs 80,000
 g) Dividend distributed was Rs 8000
Required: Cash flow statement using direct method 10
18. Following information are given to you by a manufacturing company:

January 1	Opening inventory	400 units @ Rs. 10 each
January 3	Purchased	800 units @ Rs. 11 each
January 4	Issued	600 units
January 10	Purchased	300 units @ Rs. 13 each
January 12	Issued	650 units
January 18	Returned to vender	150 units
January 25	Refund of surplus from work order	15 units
January 29	Purchased	200 units @ 14 each

Required: Store ledger under FIFO method 5
19. Following information are given to you

Maximum stock level	30000 units
Delivery period	10 to 20 days
Consumption per day	1500 to 2000 units

Required: Reorder quantity 2
20. The following particulars are given:

Wages rate	Rs 20 per hour
Normal time	30 minutes per unit
Production per worker: Anish	20 units
Manish	30 units

Required: Total wages earned by workers under piece rate system 2
21. The account of a factory shows the following information in 100 units of output:
 Material Rs 100000 Wages Rs 200000 Factory overhead Rs 40000
 Office overhead Rs 30000 Selling and distribution overhead Rs 30000
 The company receives a tender for 250 units. It is estimated that:
 i) Price of material will increase by 10% and price of wages by 5%.
 ii) Factory overhead will increase by 10%
 iii) Office overhead will rise in the proportion of output.
 iv) 40% selling expenses will be fixed and remaining will be variable
Required: (a) Cost sheet b) Tender sheet if profit is 20% on selling price (2+8=10)
22. Following information are given:
 a. The profit shown by cost accounting Rs 12300.
 b. Interest on investment not included in cost Rs 3260
 c. Work overhead overcharged in cost accounting Rs 1500
 d. Preliminary expenses written off during the year Rs 4200
 e. Closing stock over valued in financial accounting Rs 2000
 f. Depreciation charged in financial accounting Rs 9000 but Rs 11000 in cost accounting.
Required: Cost reconciliation statement. 5

Model Question Set-I I

1. What do you mean by articles of association (AOA)? List out main contents of AOA. 3
2. Define calls in arrears and calls in advance of shares. 3
3. Write objectives and importance of financial statement. 3
4. What do you mean by ratio analysis 2
5. Write any three limitations of cost accounting. 2
6. What do you mean by controllable and uncontrollable cost? Explain. 2
7. What do you mean by bin cards? Explain. 2
8. Differentiate between allocation and apportionment of overhead. 3
9. XYZ Company invited applications for 20000 equity shares of Rs 100 each at a discount of Rs 10 per share payable as under:

On application	Rs 20		
On allotment	Rs 50		
Balance on first & final call.			

The public applied for 25000 equity shares. Applications for 2000 shares were rejected and allotment of shares was made among the remaining applicants on pro-rata basis. It was decided to utilize excess application money in part payment of allotment. One shareholder, holding 100 shares, failed to pay the money due on allotment. His shares were forfeited.

Required: Journal entries for:

 - (a) Share allotment 3
 - (b) Share first and final call. 2
 - (c) Share forfeiture 1
10. A Company forfeited 300 shares of Rs. 100 each issued at 10% discount for non-payment of final call of Rs. 20 per share. These shares were reissued at Rs 60 per share as fully paid.

Required: Journal entries for: (i) Forfeiture (ii) Re- issue & (iii) Transfer entry 3
11. Nikon Company Limited purchased the following assets and liabilities at an agreed purchase price of Rs. 150000.

Sundries debtors	Rs 60000	Stock in trade	Rs 35000
Machinery	Rs 90000	Cash & bank	Rs 5000
Sundry Creditors	Rs 10000		

The Company issued fully paid equity shares of Rs 100 each at Rs 120 per share for the payment of purchase consideration amount.

Required: Journal entries 3
12. ABC Company issued 2000, 10% debentures of Rs 100 each at a discount of 10% and redeemable at par at the end of 10 years by conversion into equity shares of Rs 100 each at a premium of 5%.

Required: Journal entries for the conversion of debentures into equity shares. 4
13. Trail balance of Dillibazar Trading Company as on December 31, 2008 provides you the

following information:

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
Opening stock	2,00,000	Sales	13,00,000
Purchase	6,00,000	Purchase return	10,000
Sales return	5,000	Share Capital	3,00,000
Preliminary expenses	10,000	10% preference share	2,00,000
Land and building	5,00,000	Profit & loss app. account	90,000
10% Investment in bond	1,00,000	Interest on investment	5,000
Carriage	48,000	Provision for taxation	35,000
Debtors	52,000	Pension fund	30,000
Bills receivable	2,00,000	Sinking fund	20,000
Cash and bank	4,00,000	Transfer fees	10,000
Prepaid Insurance	5,000	8% debentures	2,00,000
Wages	40,000		
Interim dividend	10,000		
Interest on debenture	20,000		
Calls in arrear	10,000		
	22,00,000		22,00,000

Additional Information:

- Closing stock was Rs. 140000 at the end of the year
- Insurance was expired to the extent of Rs. 2000
- Provision for bad debt was 5% of the debtors after writing off bad debt of Rs 2000.
- Write off 20% of preliminary expenses
- BOD proposed 10% dividend on paid up capital
- Appreciate land and building by 10%
- Provide 30% income tax

Required: a) Trading account b) Profit & loss account c) Profit & loss appropriation account and d) Balance sheet (2+4+2+4 =12)

14. Following is the trial balance of a company as on 31st Chaitra, last year.

Particulars	Debit(Rs)	Credit(Rs)
Share Capital		1,00,000
Sales revenue		2,50,000
Purchase	1,30,000	
Creditors		50,000
Debtors	40,000	
Cash at bank	20,000	
Machinery	1,20,000	
Sundry expenses	5,000	
Wages	10,000	
Interim dividend	4,000	
Salaries	16,000	
P/L appropriation account		60,000
Insurance	12,000	
Advance rent		5,000
Building	1,43,000	
General reserve		35,000
Total	5,00,000	5,00,000

Additional information:

- Depreciate building & machinery by 10%

- ii. Accrued salaries Rs 1000
- iii. Provision for taxation Rs 4000
- iv. Proposed dividend is 10% of the paid up capital
- v. Closing inventory Rs 20000

Required: Twelve-column work sheet.

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15. The balance sheet of XYZ Company as on 31st December 2006 is given below:

Liabilities	Amount	Assets	Amount
Share Capital	200000	Fixed assets	200000
Retained earning	100000	Bills receivable	20000
10% debentures	50000	Sundry debtors	80000
Sundry Creditors	50000	Inventory	100000
General reserve	100000	Preliminary expenses	20000
		Other fixed assets	80000
Total	500000	Total	500000

Additional Information:

- (i) Fixed assets turnover 2 times
- (ii) Net profit Rs 40000

Required: a. Sales amount b. Return on assets c. Debtors turnover ratio
d. Debt - Capital Ratio e. Net profit margin

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16. The following details are provided:

Profit for the year	Rs 22000
Depreciation on fixed assets	Rs 6000
Purchase of fixed assets	Rs 24000
Dividend paid	Rs 10000
Issue of share capital	Rs. 20000
Goodwill written off	Rs 10000

Additional Information:

A part of fixed assets having book value Rs 20000 was sold for Rs 22000

- Required:** i. Funds from operation
 ii. Funds flow statement

3

2

17. The Company's Balance Sheet for two years has given below:

Liabilities	2007	2008	Assets	2007	2008
Share Capital	1100000	1300000	Plant & Machinery	1100000	1500000
Share Premium	100000	150000	Stock	200000	300000
Retained Earnings	200000	290000	Debtors	500000	350000
Bills Payable	100000	200000	Cash	190000	50000
Creditors	200000	10000	Preliminary expenses	10000	-
Debentures	300000	250000			
	2000000	2200000		2000000	2200000

Additional Information:

- Sales for the year Rs 1000000
- Cost of goods sold Rs. 600000
- Operating expenses Rs 100000
- Machinery having book value Rs 40000 has been sold for Rs. 70000.
- 10% discount on redemption of debentures.
- Depreciation for the year Rs. 190000.
- Dividend paid for the year Rs 45000.

Required: Cash Flow Statement by applying Direct Method.

10

18. The following are the store transaction of a certain material during the month of April:

April 1:	Opening stock	500 units @ Rs. 10 per unit.
April 4:	Receipts from vendor	400 units @ Rs. 12.per unit

April 10:	Issued	700 units.
April 12:	Return from work order	40 units.
April 15:	Receipt from vendor	1200 units @ 14 per unit
April 24:	Issued	500 units
April 30:	Stock verification found surplus	20 units
Required: Store ledger under LIFO method.		5

19. Annual consumption of a material per year 2000 units.
 Ordering costs per order Rs.2
 Price per unit of material Rs. 10.
 Interest on investment 10%
 Rent, rates and taxes per unit Rs. 1.

Required: Cost at EOQ

2

20. Following information is given:
 Wages rate per unit Rs. 5
 Normal time per unit 15 minutes
 Production per worker: Manoj 30 units
 Aasish 50 units

Required: Total earnings of each workers using time rate system.

2

21. A factory supplies the following cost information relating to the production of a standard product for the year ended 2008.

Cost of materials	Rs 50000	Direct wages	Rs30000
Office Overheads	Rs 10000	Selling & distribution OH	Rs 5000
Factory Overheads	Rs 20000 (based on prime cost)		

The factory desires to quote for the supply of the same type of product in 2009 which increase the rate of factory overheads by 10% and to decrease selling overheads by 20%. Office overhead will remain unaffected by the rise in output.

Required: i. Cost sheet ii. Tender sheet if profit on sales is 10%. (3+7=10)

22. The financial books of a company show a net profit of Rs. 55000 for the year ended 31st December 2008. On reconciliation the following details are ascertained:

	Cost Account	Financial Account
Factory overhead	Rs. 5000	Rs.4000
Depreciation	Rs.1800	Rs.1200
Selling overhead	Rs. 1400	Rs.2000
Closing stock	Rs.5000	Rs.9000
Income tax	—	Rs.9000
Interest on investment	—	Rs.3000

Required: Cost Reconciliation Statement.

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Model Question Set-III

1. Write the meaning of Memorandum of Association and list out its contents. 3
2. Give any two points of difference between equity share capital and preference share capital. 2
3. What are the limitations of financial statement? 2
4. Write any three objectives of funds flow analysis. 3
5. What do you mean by cost accounting? How it differs from financial accounting? 3
6. Classify overhead on the basis of variability. 2
7. Write advantages and disadvantages of centralized purchasing policy. 2
8. What do you mean by fixed and variable overheads? 3
9. ABC Company Limited issued 5000 shares of Rs. 100 each at 10% premium payable as Rs. 40 on application and Rs. 70 (including premium) on allotment. Applications were received for all the shares and all the shares were duly received.
Required: entries for share application and share allotment 3
10. ABC Company Limited issued 8000 shares of Rs. 100 each at 10% discount payable as Rs. 40 on application, Rs. 30 (including premium) on allotment and balance in first and final call. Application received for 15000 shares. Allotment of shares was made as follows:
 3000 applications were rejected in full.
 4000 shares applicants got shares in full &
 remaining shares were allotted on pro-rata basis.
 Mr. X, holding 200 shares of pro-rata group, failed to pay first and final call. His shares were forfeited after first and final call. Mr Y, holding 300 shares of the group applying for 4000 shares, paid full amount with allotment.
Required: entries for:
 - a) Share allotment 3
 - b) Share first and final call 2
 - c) Share forfeiture 1
11. XYZ Trading House purchased following assets and liabilities of ABC Company by issuing shares of Rs. 100 each at 10% premium:
 Land and Building Rs.100000
 Machinery Rs.150000
 Stock Rs.220000
 Creditors Rs.30000
 The company also issued 1000 shares at 10% discount for cash.
Required: a) Journal entries 3
12. Q Ltd secured a loan of Rs. 130000 from the Nepal Bank Ltd. by the issue of 1600, 10% debentures of Rs 100 each as a collateral security.
Required: (a) Entries for issue of debenture (b) Effect on balance sheet. 4

13. Trail balance of D Company as on December 31, 2008 provides you the following information:

	Dr.		Cr.
Particulars	Amount	Particulars	Amount
Purchase	1,20,000	General reserve	20,000
Investment	1,00,000	Provident fund	40,000

Plant & Machinery	1,30,000	Profit & loss app. account	1,20,000
Discount on issue of shares	13,000	Creditors	40,000
Coal & water	7,000	Outstanding wages	12,000
Salaries	27,000	Sales	3,00,000
Wages	33,000	Return outward	4,000
Debtors	50,000	Unearned commission	6,000
Cash at bank	60,000	Provision for taxation	7,000
Goodwill	1,00,000	Debenture	1,20,000
Tax paid for last year	5,000		
Patent right	27,000		
	6,69,000		6,69,000

Additional Information:

- Provide depreciation on plant & machinery by 10%
- Closing stock was Rs. 200000 at the end of the year
- Write off 1/3 rd of patent right
- Unearned commission was earned to the extent of Rs 2000
- Provision for taxation was Rs. 4000 during the year
- Create general reserve of Rs 4000
- Provide Rs 20000 pension fund to staff.

Required: a) Trading account b) Profit & loss account c) Profit & loss appropriation account and d) Balance sheet

(2+4+2+4 =12)

14. An unadjusted Trial Balance of ABC Co. is given below:

S.N.	Particulars	Debit (Rs)	Credit (Rs)
1	Land and building	100000	
2	Wages	20000	
3	Debtors	50000	
4	Creditors		60000
5	Salaries	30000	
6	Furniture	50000	
7	Cash at Bank	100000	
8	Prepaid insurance	12000	
9	Capital		400000
10	Sales		200000
11	Purchases	300000	
12	Purchase Return		7000
13	Sales Return	5000	
	Total	667000	667000

Additional Information:

- Outstanding wages Rs 1000
- Appreciate land and building by 10 %
- Bad debt written off Rs 2000
- Closing stock Rs. 10000
- Insurance was expired to the extent of Rs. 2000

Required: work sheet and adjustment entries.

(6+2)

15. The following information are provides to you:

- (a) Cash sales Rs 300000
 Cost of goods sold Rs 600000
 Gross profit Rs 300000
 Debtors turnover 3 times
 Debtors at the end were 3 times more than that in the beginning.

Required: Opening debtors and closing debtors.

3

- (b) Fixed assets at cost Rs 12, 00,000
 Accumulated depreciation Rs 2, 00,000
 Cash sales Rs 22, 00,000
 Credit sales Rs 3, 50,000
 Sales return Rs 50,000

Required: Fixed assets turnover ratio.

2

16. The following details are provided:

Profit for the year	Rs 64000
Depreciation on fixed assets	Rs 48000
Purchase of fixed assets	Rs 204000
Dividend paid	Rs 10000
Issue of share capital	Rs. 94000
Increase in working capital	Rs 10000

Additional Information:

- (i) Tax paid during thr year Rs 20000.
 (ii) A part of fixed assets having Cost Rs 20000(accumulated depreciation Rs 12000) was sold at a profit of Rs 2000
 (iii) Value of goodwill decreases from Rs 20000 to Rs 10000

Required: i. Funds from operation

ii. Funds flow statement

3

2

17. Following were the comparative balance sheet of PQR Company

Liabilities	2007	2008	Assets	2007	2008
Share capital	10,00,000	15,00,000	Plant and machinery	7,70,000	15,40,000
Share Premium	1,00,000	1,50,000	Investment	3,00,000	200,000
Debenture	100,000	200,000	Inventory	150,000	200,000
Account payable	1,00,000	80,000	Cash at bank	50,000	100,000
Accrued wages	10,000	20,000	Account receivable	2,00,000	150,000
Provision for taxation	80,000	60,000	Prepaid expenses	30,000	10,000
Profit and loss account	1,10,000	1,90,000			
	15,00,000	22,00,000		15,00,000	22,00,000

Additional Information:

- a) Sales for the year Rs 10, 00,000.
 b) Cost of goods sold Rs 6, 00,000
 c) Operating expenses Rs 1, 00,000
 d) Loss on sale of plant (Book value Rs 60,000) Rs 10000
 e) Provision for taxation Rs80, 000
 f) Depreciation for the year Rs 100000
 g) Profit on sale of investment Rs 70,000

Required: Cash flow statement using direct method

10

18. Following information are given to you by a manufacturing

March 1	Opening inventory	500 units @ Rs. 10 each
March 3	Purchased	700 units @ Rs. 11 each
March 8	Issued	600 units
March 10	Purchased	300 units @ Rs. 14 each

March 12	Issued	650 units
March 17	Returned to vender	150 units
March 19	Refund of surplus from work order	15 units
March 28	Purchased	230 units @ 15 each

Required: Store ledger under FIFO method

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19. The following information are extracted from a store ledger

- i) Annual consumption 9000 units
- ii) Safety stock 30 days consumption
- iii) Lead time 6 days
- iv) Number of working days in a year 360 days

Required: Re-order level

20. The weekly working hours in a factory is 40 hours but a worker worked 50 hours per week

The hourly output is 10 units. The wages per unit is Rs 10 for normal time and Rs 15 for over

Required: Total wages earned by the worker per week using piece rate system.

over

2

21. The following information were given to you in respect of production of 19,200 units.

	Rs.
Raw material purchased	198,000
Direct labour cost	165,000
Rent, rates and factory expenses	66,000
Carriage on purchases	2,400
Factory supervision cost	13,200
Administrative overhead is charged at 10% of work cost.	
Selling and distribution expenses Rs 1.50 per unit sold	
Factory expects to earn 20% on selling price.	

	Opening	Closing
Raw material	44,000	36,800
Work-in-progress	30,600	35,200
Finished goods	1200 units	2400 units
Value of finished stock	30,744	61,488

Required: A statement of cost and profit showing:

- a) Cost of raw material used, b) Factory cost, c) Cost of production
- d) Cost of goods sold, e) Sales value

10

22. The cost account of a company shows a net profit of Rs. 20000 for the year ended 31st Chaitra. On reconciliation the following details are ascertained:

	Cost Account	Financial Account
Factory overhead	Rs. 3000	Rs.2000
Administrative OH	Rs.3000	Rs.2200
Opening stock	Rs. 5000	Rs.7000
Income tax	----	Rs.5200
Preliminary expenses	----	Rs.4500
Bad debts written off	----	Rs.2000

Required: Cost Reconciliation Statement.

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Model Question Set-IV

1. Write the meaning of Prospectus of a company and also list out its contents. 2
2. What the difference between equity share and preference share ? 3
3. Write any three objectives of financial statement analysis. 3
4. Write any two limitations of ratio analysis. 2
5. Explain briefly any three importance of cost accounting 3
6. What do you mean by functional classification of cost? 2
7. Define storekeeping and write its objectives 2
8. Define indirect material, indirect labour and indirect expenses with examples. 3
9. Universal Ltd. has an authorized capital of Rs 50,000 divided into equity shares of Rs 100 each. The company has issued all the shares at 10% discount. The amount payable on application is Rs 30, on allotment Rs 40 (including premium) and the balance on first and final call. All the shares were subscribed and allotted and paid except Raju, holding 200 shares, failed to pay allotment and calls and Shankar, to whom 500 shares were allotted, paid the entire amount of shares with allotment money.
Required: Journal entries for allotment and first and final call.
3
10. Binay Co. Ltd. invited applications for 5000 equity shares of Rs 100 each issued at a discount of Rs. 10 per share payable on application Rs 20, on allotment Rs 30, on first and final call Rs 40. Applications were received for 10,000 shares
The allotment was made as follows:
To the applicant of 4,000 shares - Nil
To the applicant of 4000 shares – Full
To the applicant of remaining shares – 50%
It was decided to utilize excess application money in part payment of allotment. All monies were duly received except a holder who was given 150 shares failed to pay the allotment and call money. The Board of directors decided to forfeit those shares and re- issued to Rs 80 as fully paid up.
Required: (a) Share Allotment 2
(b) Share first and final call 2
(c) Share forfeiture and re-issue 2
11. Konal Company was registered with the capital of Rs 40,00,000 divided into 40000 shares of Rs 100 each. The Company issued 10,000 shares at a discount of 10% to purchase the following assets and liabilities of Hari Company.

Land and building	Rs 5,00,000
Plant and machinery	Rs 2,00,000
Sundry creditors	Rs 3,00,000
Stock in trade	Rs 2,50,000
Sundry Debtors	Rs 3,00,000
Furniture and Fixtures	Rs 1,50,000

The company also issued 10,000 equity shares for cash at 10% premium.
Required:
a) Journal entries
(2)
b) Opening Balance sheet
(2)

12. Following transactions of debentures are given to you.
- Issue of 1000, 5% debenture of Rs 100 each at 10% premium and redeemable at 10% premium.
 - Issue of 1000, 5% debenture of Rs 100 each at 10% discount and redeemable at 10% premium.

Required: Journal entries for the issue of debentures.

3

13. Trail balance of a Trading Company as on December 31, 2008 provides you the following information:

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
Land & Building		Sales	
Salary		Purchase return	
Wages		Share Capital	
Preliminary expenses		General reserve	
Purchase		Profit & loss app. account	
Debtors		Interest on investment	
10% Investment		Provision for taxation	
Prepaid Insurance			
Tax paid for last year			
Advertising			
Opening stock			

Additional Information:

- Closing stock was Rs. 300000 at the end of the year
- Write off 20% of preliminary expenses
- Insurance was expired to the extent of Rs. 2000
- Director proposed 20% dividend on paid up capital

Required: a) Trading account b) Profit & loss account c) Profit & loss appropriation account and d) Balance sheet

12

14. The following unadjusted trial balance of Siddhartha Company Limited as on 31st December, 2008 is given below:

Particulars	Amount (Rs)	Particulars	Amount(Rs)
Cash in hand	4,000	General Reserve	1,00,000
Cash at bank	4,000	Sundry Creditors	90,000
Prepaid rent	9,600	Outstanding Expenses	4,200
Stock	32,000	Share Capital	3,00,000
Sundry debtors	30,000	Profit & Loss Account	51,400
Fixed assets	507000	Sales less return	16,54,400
Interim dividend	12,000		
Wages (manufacturing)	6,92,000		
Purchase less return	5,08,600		
Advertising	2,24,000		
Insurance	56,000		
Office salaries	83,200		
Other office expenses	37,600		
Total	2,200,000	Total	2,200,000

Additional information:

- Depreciate Fixed assets by 10%

- b) Closing Stock was valued at Rs 80,000
- c) Salaries accrued but not paid Rs 8000
- d) Prepaid rent was expired to the extent of Rs 3,600
- e) Provision for Tax to be maintained Rs 20,000
- f) Final dividend to be provided Rs 10,000

Required: work sheet and adjustment entries .

(2+6)

15. The following information are extracted from the accounts of a company:

Beginning inventory	Rs 10,000
Ending inventory	Rs 20,000
Purchases	Rs 52,000
Sales	Rs 1, 06,000
Sales return	Rs 6,000
Carriage inward	Rs 5000
Office expenses	Rs 10,000
Selling expenses	Rs 4000
Purchases return	Rs 2000
Total assets	Rs 2, 00,000

Required: (a) Inventory turnover ratio

(b) Gross profit margin

(c) Net profit margin

(d) Return on assets

(e) EPS if preference dividend is Rs. 20000 and number of shares is 1000.

5

16. The opening and closing balance of different account are as under;

Particulars	opening balance (Rs)	closing balance (Rs)
Sundry debtors	30,000	50,000
Inventories	100,000	110,000
Cash at bank	11,000	18,500
Sundry creditor	71,000	94,000
Outstanding expenses	7,500	5,500
Fixed assets	140,000	188,000
10% debenture	75,000	50,000
share capital	153,000	204,000

Additional information:

Funds from operation was Rs.38,500.

Required: a. schedule of changes in working capital b. Funds flow statement.

5

17. The income statement of the year ended balance sheets of last year and this year have been given below:

Balance Sheets

Liabilities	Last yr.	This yr.	Assets	Last yr.	This yr.
Share capital	640000	800000	Land & building	160000	160000
Share premium	32000	40000	Plant & machinery	400000	480000
15% debenture	160000	80000	Investment at cost	160000	240000
Bank Overdraft	-	32000	Account receivable	153600	118400
Account payable	128000	80000	Inventory	160000	80000
Provision for tax	48000	64000	Cash at bank	48000	80000
Outstanding expenses	16000	8000	Prepaid expenses	6400	9600
Retained earning	64000	64000			
Total	1088000	1168000		1088000	1168000

Income statement of the year

Sales revenue		640000
Less: Cost of goods sold:		
Beginning inventory	160000	
Purchase	176000	
Less: ending inventory	80000	
Wages	144000	400000
Gross profit		240000
Less: operating expenses:		
Operating expenses (including depreciation Rs 48000 and interest Rs 16000)	128000	
Provision for taxation	64000	
Premium on debenture redemption	16000	
Total operating expenses		<u>208000</u>
Net income		32000
Profit on sale of plant (Cost Rs. 48000, accumulated depreciation Rs.16000)		32000
Retained earnings		<u>64000</u>

Required: (i) Cash available from operating activities

5

(ii) Cash available from investing activities

3

(iii) Cash available from financing activities

2

18. Following information are given to you:

Weekly demand of raw materials 1200 units for 6 working days.

Delivery period 4 to 6 days

Deviation of plus and minus 90 units during weekly consumption

Re-order quantity 500 units

Required: Reorder quantity

2

19. Following information relates to the receipts and issues of a particular component during the month of April:

April 1 Opening inventory 400 units @ Rs. 8 each

April 3 Purchased 400 units @ Rs. 9 each

April 8 Issued 300 units

April 10 Purchased 200 units @ Rs. 10 each

April 12 Issued 100 units

April 17 Returned to store 150 units

April 19 Sent material from one job to another job 15 units

Required: Store ledger under FIFO method

5

20. The standard working hours in a factory per week is 40 hours but a worker worked 60 hours per week. He will get Rs 12 per hour for normal time and Rs 18 per hour for overtime. Total working week in a year is 50 weeks.

Required: Total wages earned by the worker per year using time rate system. 2

21. A factory manufactured and sold 1000 units of output in the year ended 31 December 2014:

COST SHEET

Particulars	Amount
Cost of material	80,000
Direct wages	120,000
Prime cost	2,00,000
Manufacturing expenses	50,000
Work cost	250,000
Management and staff salaries	60,000
Rent, rates and staff salaries	10,000
General expenses	20,000
Cost of production	340,000
Selling expenses	30,000
Total cost.....	3,70,000
Profit.....	30,000
Sales.....	400000

You are required to submit a statement to the BOD showing the price to be quoted so as to show a profit of 10% on selling price from the following further information: 10

- a) Output and sales will be 1500 units.
- b) Price of material will go up by 20% and wages will rise by 5%.
- c) Manufacturing cost will rise in proportion to the combined cost of material and wages.
- d) Selling cost per unit will be same.
- e) Other expenses remain constant.

22. The net profit shown by the financial account of a company is Rs12,000. On the reconciliation the following facts were disclosed:

- a. A plant costing Rs 3000 was sold for Rs 3200.
- b. Interest on investment not included in cost Rs2000
- c. Work overhead overcharged in cost accounting Rs1500
- d. Preliminary expenses written off during the year Rs 4000
- e. Closing stock over valued in financial accounting Rs 200

Required: Reconciliation statement of cost and financial account

Model Question Set-V

1. What do you mean by statutory and registered company? 2
2. Define briefly redeemable preference share and cumulative preference share capital. 3
3. Write any three limitations of financial statement analysis. 2
4. Define cash flow statement and write its objectives. 3
5. Define cost accounting. Write its objectives. 3
6. Classify cost on the basis of element. 2
7. Define classification and codification of materials. 2
8. Write merits and demerits of piece rate system of wages payment. 3
9. Yak & Yeti Ltd. forfeited 10 shares of Rs 10 and fully called, issued at a discount of 10% to Ram on which he had paid Rs 4 per share. Out of these, 5 shares were issued to Shyam as fully paid at Rs 8 per share. 3
Required: Entries for share forfeiture, share re-issue and transfer entry. 3
10. Binayak Co. Ltd. invited applications for 6000 equity shares of Rs 100 each at 10% premium payable as under: 3
On application. Rs 40
On allotment Rs 30(including premium)
On first and final call Rs 40.
Applications were received for 16,000 shares
The allotment was made as follows:
To the applicant of 4,000 shares - Nil
To the applicant of 4000 shares – Full
To the remaining applicants- Remaining shares
It was decided to utilize excess application money in part payment of allotment and calls. All monies were duly received.
Required: (a) Share Application 2
(b) Share Allotment 2
(c) Share first and final call 2
11. XYZ Company received net worth Rs 350,000 while purchasing the business of Arun Ltd. which was excess than purchase consideration by Rs 17,000. Net worth includes total assets Rs 5, 00,000. The purchase consideration was discharged as follows, 20% through cash, 40% through preference shares of Rs 100 each, 40% through equity shares of Rs 100 each. 3
Required: Journal entries. 3
12. On 1st Jan 1995 Yak Ltd. issued 800, 5% debentures of Rs 100 each at Rs 95, debentures holders were given an option to convert their holding into preferences share of Rs 100 each at a premium

of Rs 25. A holder of 50 debentures notified his intention to convert his debentures into preference shares.

Required: Journal entries for conversion of debentures into preference shares.

4

13. Balance of X-Zone Company as on 31st December 2014 is given below:

Particulars	Debit	Particulars	Credit
Opening Stock	30,000	Sales	8,00,000
Purchase	5,50,000	Share Capital	4,50,000
Fuel, power	5000	Creditors	10000
Building	2,00,000	Reserve Fund	14000
Salaries	10,000	P/L appropriation	20000
Machinery	2,00,000	6% debenture	1,00,000
Debtors	1,00,000	Provision for taxation	6000
Cash at Bank	25,000	Bank Overdraft	40000
Wages	20,000	Commission Received	20000
Carriage Outward	5000	Pension Fund	30000
Investment	1,80,000	Sinking Fund	10000
Tax Paid	5000		
Rent	10000		
Stationery	20000		
Goodwill	71000		
Interest on debenture	4000		
Interim Dividend	15000		
Discount on issue of Share	50000		
Total	15,00,000	Total	15,00,000

Additional Information:

- Stock on 31st December 2014 was Rs 300000
- Depreciate machinery by 10% & building at 5%
- Provision for doubtful debt was maintained 5% of debtors
- Wages outstanding Rs 2000 & prepaid salary Rs 3000
- Directors decided to pay 10% dividend on paid up capital
- Transfer Rs 10000 to general reserve
- Write off goodwill Rs 2000
- Provision for taxation Rs 4000

Required:

- Trading account 2
- Profit and loss account 4
- Profit and loss appropriation account 2
- Balance sheet 4

14. The following unadjusted trial balance of Siddhartha Company Limited as on 31st December, 2015 is given:

Particulars	Amount (Rs)	Particulars	Amount(Rs)
Cash in hand	4,000	General Reserve	1,00,000
Cash at bank	4,000	Sundry Creditors	90,000
Prepaid rent	9,600	Outstanding Expenses	4,200
Stock	32,000	Share Capital	3,00,000
Sundry debtors	30,000	Profit & Loss Account	51,400
Fixed assets	507,000	Sales less return	16,54,400
Interim dividend	12,000		
Wages (manufacturing)	6,92,000		
Purchase less return	5,08,600		
Advertising	2,24,000		
Insurance	56,000		
Office salaries	83,200		
Other office expenses	37,600		
Total	2,200,000	Total	2,200,000

Further information:

- Depreciate Fixed assets by 10%
- Closing Stock was valued at Rs 80,000
- Salaries accrued but not paid Rs 8000
- Prepaid rent was expired to the extent of Rs 3,600
- Provision for Tax to be maintained Rs 20,000
- Final dividend to be provided Rs 10,000

Required: Work-sheet showing adjustment entries.

(2+6)

15. The following information is given to you:

Fixed assets	Rs 4, 00,000
Opening stock	Rs 1, 20,000
Average inventory	Rs 1, 50,000
Shareholder's equity	Rs 6, 00,000
Debt-equity ratio	30%
Inventory turnover ratio	6 times
Gross profit	25% on sales
Return on shareholder's equity	20%

Required: (a) Closing stock (b) Sales amount (c) Fixed assets turnover
(d) Net profit after tax (e) Long term debt

5

16. Following figures are extracted from

the two years Balance Sheet of a company:

Particulars	Year-1 (Rs)	Year-2(Rs)
Share Capital.....	300,000	350,000
10% Debentures.....	150,000	100,000
Profit&Loss account.....	40,000	80,000
Goodwill	12,000	10,000

Additional information:

- Divident paid for 2nd year
- Depreciation charge
- Fixed assets purchased during 2nd year

Required: a. Funds from operation. b. Funds flow statement.

(2+3)

17. The balance sheets of a company as on Ashadh 31, are as follows;

Liabilities	2071(Rs)	2072(Rs)	Assets	2071(Rs)	2072(Rs)
Share capital	562,500	675,000	Plant & machin	600,000	855,000

Share premium	56,250	67,500	Investment	75,000	45,000
Retained earnings	112,500	168,750	Inventories	56,250	112,500
8% Debentures	112,500	56,250	Debtors	165,750	111,000
Creditors	157,500	204,750	Prepaid expenses	3,000	1,500
Outstanding expenses	11,250	9,000	Cash and Bank	112,500	56,250
Total	1,012,500	1,181,250	Total	1,012,500	1,181,250

Additional information:

- Sales for the year 2071 Rs. 675,000
- Cost of good sold Rs. 390,000
- Administrative expenses Rs. 94,500
- Selling and distribution expenses Rs. 1,8000
 - Investment costing of Rs 30,000 was sold at a profit of Rs. 11,250
 - Purchased plant and machinery of Rs. 348,750
 - Divident distributed Rs.33,750

Required: Cash flow statement using direct method.

(5+2+2+1)

18. Following are the

information relating to a firm:

Annual requirement	72000 units
Cost per unit	Rs 600
Carrying cost per unit	10% of average inventory
Ordering cost per order	Rs 100
Insurance per unit	Rs. 20

Required: Economic order quantity

19. Following information relates to the receipts and issues of a particular component during the month of April:

April 1	Opening inventory	1400 units @ Rs. 18 each
April 5	Purchased	300 units @ Rs. 19 each
April 9	Issued	1300 units
April 11	Purchased	200 units @ Rs. 20 each
April 13	Issued	100 units
April 17	Returned to store	150 units
April 29	Sent material from one department to another department 15 units.	

Required: Store ledger under LIFO method

5

20. A worker worked 60 hours per week for 48 weeks in a year. He will get Rs 12 per unit and he produces 10 units per hour.

Required: Total wages earned by the worker per year using time rate system

2

21. The following information were given to you in respect of production of 4000 units.

Raw material purchased	160,000
Direct labour cost	80,000
Factory expenses	16,000

Administrative overhead is charged at 10% of work cost.

Selling and distribution expenses Rs 12000

Factory expects to earn 20% on selling price.

Units sold 3600 units

Required: A statement of cost and profit showing:

- a) Cost of raw material used, b) Factory cost, c) Cost of production

d) Cost of goods sold, e) Sales value.

10

22. The net profit shown by the cost account of a company is Rs42, 000. On the reconciliation the following facts were disclosed:

- a. A plant costing Rs 3000 was sold at a profit of Rs 200.
- b. Interest on investment not included in cost Rs2000
- c. Administrative overhead overcharged in cost accounting Rs1500
- d. Goodwill expenses written off during the year Rs 4000
- e. Rent received Rs 2000

Required: Reconciliation statement of cost and financial account

5

Model Question Set-VI

1. Write any two characteristics of a company. 2
2. Point out any three differences between equity shares and preference shares. 3
3. What do you understand by financial statement analysis? 2
4. Mention any two objectives of funds flow analysis. 2
5. Name and define any two types of costing. 3
6. Differentiate between direct and indirect cost. 3
7. Give the specimen of purchase requisition form. 2
8. What do you understand by allocation, apportionment and absorption of overhead? Write in brief. 3
9. A company forfeited 200 shares of Rs.100 each of a share holder for non-payment of final call money of Rs.30 per share. These shares were reissued at Rs.60 per share as fully paid.

Required: Journal Entries for: a) Forfeiture b) Reissue c) Transfer 4

10. A company limited invited application for 1,000 shares of Rs.100 each at a premium of Rs.20 per share payable as under.

On allocation	Rs.30	
On allotment	Rs.50 (including premium)	
On first and final call	Rs.40	

The public applied for Rs 1,500 shares Applications for 300 shares were rejected and allotment of share were made among the remaining applicants on pro-rate basis. It was decided to utilize excess application money in part payment of allotment. One share holder, holding 20 shares, failed to pay the money due on allotment and the call. His shares were forfeited.

Required: Journal entries for a) Share allotment b) Share first and final call c) share forfeiture. 6

11. R. Co. Ltd look over the following assets and liabilities of S.Co. Ltd at an agreed purchase price of Rs.69,000.

Sundry debtors	60,000	Stock in trade	76,000
Machinery	1,00,000	Cash and bank	5,000
Sundry creditors	40,000	Outstanding expenses	15,000

The company issued fully paid equity shares of Rs.100 each at Rs.115 per share for the payment of purchase consideration amount

Required: Journal entries. 3

12. X. Co.Ltd issued 20, 10% debentures of Rs.100 each at a discount of 10% and redeemable at the end of 5 years at a premium of 5%. The debentures were redeemed after 5 years.

Required: Journal entries for issue and redemption of debentures. 3

13. The Trial balance of company as on 31st Chaitra, last year is given below:

Particulars	Debit	Credit
Building	90,000	-
Machinery	66,000	-
Land	1,07,000	-
Creditors	-	68,000
Advance rent	-	12,000
Share capital	-	80,000
Cash at Bank	40,000	-
Debtors	14,000	-
Prepaid insurance	6,000	-
General Reserve	-	44,000
Revenue	-	3,22,000

Wages	1,10,000	-
Salaries	20,000	-
Sundry expenses	40,000	-
Interest	9,000	-
Insurance	24,000	-
Total	5,26,000	5,26,000

Additional information: - Outstanding wages Rs.10,000
- Outstanding Interest Rs.1,000
- Depreciation on Building and Machinery 10%
- Insurance premium Rs.4,000 advance paid

Required: Ten-column worksheet and adjustment entries.

(2+6)

14. The trial balance of ABC company Ltd. as on 31st Dec.2014 of last year is given below:

Dr

Cr

Particulars	Amount	Particulars	Amount
Opening stock	60,000	Equity share capital of Rs. 100 each	2,00,000
Purchase	1,25,000	10% debentures	50,000
Discount	5,000	Sales	3,50,000
Rent and Tax	12,500	Sundry creditors	18,000
Building	1,50,000	Commission received	7,500
Wages	1,12,500	Bank loan	15,000
Carriage inward	2,500	Transfer fees	2,500
Carriage outward	5,000	Purchase return	5,000
Sundry debtors	40,000	Provision for bad debts	2,000
Advertisement	5,000	Profit and loss appreciation a/c	25,000
Furniture	25,000		
Machinery	75,000		
Loose tools	12,500		
General expenses	7,500		
Bad debts	2,000		
Debenture interest(paid up to 30 th June)			
Export duty	2,500		
Cash	5,000		
	28,000		
	6,75,000		
Total		Total	6,75,000

Additional information:

- The authorized capital of the company was 3,000 equity shares @ 100 each
- Depreciation on machinery at the rate of 10%
- Stock on 30th Dec. last year were valued at Rs.40,000
- Provision for doubtful debt was provided Rs.2,500
- Export duty prepaid was Rs.2,500
- Outstanding wages Rs.2,000
- General reserve is created for Rs.5,000
- Directors proposed final dividend of 10% on paid up capital

Required:

- Trading account
- Profit and loss account
- Profit and loss appropriation account
- Balance sheet as on 31st Chaitra last year

15. The Balance sheet of A.K. Co. Ltd as on 31st Chaitra, 2062 is as under:

Liabilities	Amt	Assets	Amt
Share capital	2,00,000	Fixed assets	2,00,000
Retained earning	1,50,000	Investment	1,23,000
10% Debenture	70,000	Sundry debtors	1,00,000
Sundry debtors	30,000	Inventory	50,000
Overdraft	20,000	Preliminary expenses	7,000
Outstanding expenses	10,000		
Total	4,80,000	Total	4,80,000

Additional information:

a. Fixed assets turnover ratio 3 times

b. Gross profit Rs.60,000.

Required: a) Sales amount b) Current ratio c) Quick ratio

d) Debt-equity ratio e) Gross profit ratio.

5

16. The opening and closing balance of different accounts are as under:

Particulars	Opening	Closing
Sundry debtors	30,000	50,000
Inventories	1,00,000	1,10,000
Cash at bank	11,000	18,500
Sundry creditors	71,000	94,000
Outstanding expenses	7,500	5,500
Fixed assets	1,40,000	1,88,000
10% debentures	75,000	50,000
Share capital	1,53,000	2,04,000

Additional information:

Funds from operation was Rs.38,500

Required: a) Schedule of changes in working capital b) Funds flow statement.

5

17 . Following are the Balance sheet of a company as on 31st Chaitra:

Liabilities	1 st year	2 nd year	Assets	1 st year	2 nd year
Share capital	2,40,000	3,30,000	Plant and machinery	2,10,000	3,00,000
Share premium	-	33,000	Land and building	1,41,000	3,81,000
Reserve and suppliers	1,95,000	2,01,600	Long term investment	66,000	42,000
Long term liabilities	1,50,000	3,00,000	Inventories	42,000	57,000
Accumulated depreciation	90,000	1,65,000	Sundry debtors	75,000	87,000
Sundry creditors	45,000	60,000	Cash and bank	2,01,000	2,52,600
Bills payable	15,000	30,000			
Total	7,35,000	11,19,600	Total	7,35,000	11,19,600

Additional information:

a. Investment costing Rs.24,000 was sold for Rs.31,200

b. The plant purchase for Rs.1,05,000

Required: Cash flow statement using direct method.

10

18. The details from materials purchase of a firm are:

Annual requirement 4,000 units, cost per order Rs.400, cost per unit Rs.200 and Inventory carrying cost 10% of inventory value.

Required: a) Economic order quantity b) Number of orders per year. 2

19. The following are the details of receipts and issues of materials during Ashadh:

- Ashad 1 : Opening stock 400 units @ Rs.5 each
- Ashad 3 : Purchase 1,600 units @ Rs.6 each
- Ashad 5 : Issued 1,000 units
- Ashad 10 : Returned to vendors 100 units purchased on 3rd Ashadh
- Ashad 15 : Issued 500 units
- Ashad 16 : Purchased 1,000 units @ Rs.5.50 each
- Ashad 20 : Stock verification surplus 10 units
- Ashad 25 : Issued 500 units

Required: Stores ledger under LIFO method 5

20. The following particulars are given:

- Wage rate Rs.20 per hour
- Normal rate 30 minutes per unit
- Production per worker:
- Ram 15 units
- Shyam 20 units

Required: Earning of Ram and Shyam by using Piece Rate system. 2

21. The beginning and ending balance of a manufacturing company for a month are as under:

Particulars	Beginning	Ending
Raw materials	Rs.1 2,000	Rs. 10,000
Work in progress	Rs. 6,000	Rs.8,000
Finished goods - 50 units	Rs.10,000	Rs....?

The information available from cost records for the month ended as follows:

Direct materials purchased	Rs.1,20,000
Indirect labour	Rs. 18,000
Direct labour	Rs. 32,000
Freight on materials purchased	Rs. 6,000
Other factory expenses	Rs. 30,000
Indirect materials	Rs. 34,000
Selling and distribution overhead	Rs. 10,000
Production units	16,000 units
Sales units	15,000 units
Profit	10% on cost

Required: Cost sheet showing:

- i) Cost of raw materials consumed ii) Prime cost iii) Factory cost
- iv) Cost of production v) Cost of goods sold vi) Cost of sales
- vii) Sales value 10

22. The net profit shown by financial accounts of a company amounted to Rs.2,00,000. On reconciliation, the following facts brought to light:

- The director's fees amounted to Rs.6,000 and income tax Rs.80,000 were included in the financial account but not in cost account
- Under recovery of factory overheads in cost account was Rs.20,000
- Depreciation in financial account record Rs.22,000 but in was Rs.25,000 in cost account
- Bank interest and dividend credited to financial account Rs.10,000.

Required: Reconciliation statement.

5

Model Question Set-VII

1. Write briefly any three features of the company. 2
2. Give any two points to differentiate the Equity shares and Preference shares. 3
3. Explain in brief any three objectives of Financial statement analysis. 3
4. Write any two limitations of Ratio analysis. 2
5. Write any three differences between Cost and Financial Account. 3
6. What do you know about Bin cards? 2
7. Differentiate between Fixed and Variable Cost. 3
8. Classify Overhead on the basis of element. 2
9. ABC Limited Company issued 10,000 equity shares of Rs.100 each. Amount were payable as follows:

On application Rs.20 On allotment Rs.40

On first call Rs.30 On final call Rs.10

Applications were received for 25,000 shares. The directors decided to make pro-rata allotment for 20,000 applications and remaining application were rejected. Excess money was utilized towards sum due to allotment.

Required: Journal Entries for: a) Application b) Allotment
c) First call iv) Final call 6

10. A Co. Ltd forfeited 100 shares of Rs.100 each, issued at 10% discount, for non-payment of allotment Rs.25 (including discount) and first and final call of Rs.35 per share. Out of these 60 shares were re-issued at Rs.70 per share as fully paid up. 4

Required: Journal entries

11. M. Company Ltd issued 25,000 shares of Rs.10 each and cash Rs.50,000 to N. Company Ltd purchasing the following assets and liabilities:

Plant and Machinery Rs.2,10,000

Furniture Rs.80,000

Creditors Rs.40,000

Required: Journal entries 3

12. A company redeemed 5,000, 10% debentures of Rs.100 each at a discount of 10% by converting them into equity shares of Rs.100 each issued at par. 3

Required: Journal entries

13. A company shows the following account balance as on 31st December:

Cash	Rs.8,000	Supplies	Rs. 1,000
Prepaid insurance	Rs.1,800	Equipment	Rs.21,000
Account payable	Rs.8,000	Capital	Rs.20,000
Service revenue	Rs.69,000	Salaries	Rs.50,000
Sundry expenses	Rs.11,200		

Adjustment:

- i. Salaries unpaid Rs.1,000
- ii. Supplies on hand Rs.600
- iii. Insurance expired Rs.1,200
- iv. Depreciation on equipment Rs.1,000

Required: Ten-column work sheet and adjustment entries. (2+6)

14. The following is the Trail Balance drawn up on 31st Chaitra.

Dr		Cr	
Particulars	Amount	Particulars	Amount
Opening stock	1,50,000	Sales	6,79,000
Purchase	4,90,000	Discount	6,000
Furniture	34,000	Profit and loss A/c	30,000
Rent	8,000	Share capital	2,00,000
Plant	58,000	General reserve	31,000
Debtors	65,000	Creditors	59,000
Wages	62,000	Purchase return	10,000
Salaries	15,000		

Sundry expenses	12,000		
Calls-in-arrears	20,000		
Cash	51,000		
Trade mark	50,000		

Additional information:

- i. Closing stock was valued at Rs.12,18,000
 - ii. Make a provision for tax @ 50%
 - III. Depreciation plant and furniture by 10% each
 - iv. Outstanding rent Rs.2,500
 - v. The directors proposed a dividend @ 10% and transfer to general reserve Rs.3,000
- Required:** a) Trading account b) Profit and loss account
c) Profit and loss appropriation A/c d) Balance sheet 12

15. B. Ltd provides the following information:

Closing stock	Rs.50,000	sales	Rs.3,00,000
Creditors	Rs.34,000	Fixed assets	Rs.60,000
Cash	Rs.10,000	Bank	Rs.21,000
Bills receivable	Rs.15,000	Overdraft	Rs.17,000
Bills payable	Rs.9,000		

- Required:** a) Current ratio b) Quick ratio
c) Inventory turnover ratio d) Fixed assets turnover ratio. 5

16. The following details are provided:

Profit for the year	Rs.46,000	Depreciation on fixed assets	Rs.14,000
Dividend paid	Rs.28,000	Issued of shares	Rs.40,000
Goodwill written off	Rs.40,000	Purchase of plant	Rs.80,000
Sales of furniture	Rs.28,000		

- Required:** a) funds from operation b) funds flow statement. (2+3) 17.

The company's Balance Sheet for two years have been given below:

Liabilities	Year I	Year II	Assets	Year I	Year II
Share capital	10,00,000	12,00,000	Fixed assets	12,00,000	16,00,000
Share premium	1,00,000	1,20,000	Stock	1,00,000	2,00,000
Debenture	2,00,000	1,00,000	Account receivable	3,00,000	2,00,000
Bills payable	1,00,000	80,000	Cash	2,00,000	1,00,000
Account payable	2,00,000	3,00,000			
Retained earning	2,00,000	3,00,000			

Additional information:

- Sales for the year Rs.12,00,000
- Cost of good sold Rs.7,00,000
- Operating expenses Rs.2,00,000
- Fixed assets purchased Rs.6,00,000 and fixed assets costing Rs.40,000 have been sold for Rs.60,000
- Dividend paid for the year Rs.40,000
- Premium on redemption of debenture was Rs.20,000

- Required:** Cash flow statement by applying direct method 10

18. The following are the store transactions of a certain materials during the month of Magh:

- Magh 1 : Opening stock 400 units @ Rs. 10 per unit
- Magh 5 : Receipts from vendor 600 units @ Rs.10.50 per unit
- Magh 12 : Issued 800 units
- Magh 18 : Return from factory 50 units
- Magh 22 : Return from vendor 1,000 units @ Rs.11 per unit
- Magh 28 : Return to vendor 20 units (Purchased on 5th Magh)

- Required:** Store ledger under FIFO method. 5

19. Following are the information relating to a firm:

Annual requirement = 36,000 units
 Cost per unit = Rs.300
 Carrying cost per unit = 10% of average inventory
 Ordering cost per order = Rs.50
 Insurance per unit = Rs.10
Required: Economic order quantity.

2

20. Following information are given:

Weekly working hour 40 hrs
 Total working weeks 10 weeks
 Hourly output 8 units
 Wages rate per unit of output Rs.2

Required: Total wages payable under piece wage system

2

21. The account of a factory shows the following information:

Materials Rs.3,00,000
 Wages Rs.2,50,000
 Factory overhead Rs.50,000
 Office overhead Rs.30,000

The company received a tender for 100 units. It is estimated that:

- i. Materials and wage are required Rs.200 and Rs.100 per unit respectively.
- ii. Office overhead increase by 10%
- iii. Profit 20% on selling price.

Required: a) Cost sheet b) Tender sheet

10

22. From the following figures prepare a reconciliation statement and find out profit as per cost account.

i. Net profit as per financial account	Rs.1,00,000	
ii. Work overhead under recovered in cost account	Rs.4,000	
iii. Depreciation overcharged in financial account	Rs.10,000	
iv. Interest received but not included in costing period	Rs. 8,000	
v. Income tax provided in financial account	Rs.20,000	
vi. Bank interest credited in financial account	Rs.1,000	5

Model Question Set-VIII

1. What are the features of a joint stock company? Explain any two. 2
2. Write the meaning of registered Company with a suitable example. 3
3. Mention any three objectives of financial statement analysis. 3
4. Write about the fund flow statement. 2
5. Write the meaning of cost accounting with its importance. 3
6. What do you understand by variable cost? State any two features of it. 2
7. What do you mean by overheads? Classify the overheads on the basis of function. 3
8. Write any two objectives of inventory control. 2

9. A company Limited forfeited 600 shares or Rs.50 each (which were issued at a premium of Rs.5 per share) for non-payment of first and final call money of Rs.20 per share. Out of these 400 shares were subsequently re-issued by the company at Rs.40 per shares a fully paid up Rs.50.

Required: Journal entries for: a) Forfeiture b) Re-issue c) Transfer 4

10. Khetan Company limited issued 5,000 shares of Rs.100 each at a premium of Rs.10 per share payable as follows:

On application	Rs.30
On allotment	Rs.40 (including premium)
On first call	Rs.25 and
On second and final call	Rs.15

All the shares were subscribed and allotted. One shareholder, who hold 300 shares paid the entire amount along with allotment money. However, another shareholder holding 200 shares failed to pay the second and final call.

Required: Journal entries for allotment, first and final call 6

11. S Ltd Company issued 10,000 shares @ Rs.100 each at a premium of 5% to purchase the following assets and liabilities of T Ltd Company:

Sundry creditors	Rs.70,000
Bank loan	Rs.3,00,000
Plant and Machinery	Rs.10,00,000
Furniture and fixture	Rs.4,00,000
Sundry debtors	Rs.60,000

Besides, the company also issued 5,000 shares of Rs.100 each at 10% discount for cash as fully paid

Required: Journal entries for: a) Purchase of business b) Issue of share for cash 4

12. A company limited issued 100, 8% debentures of Rs.100 each at discount of 10% and redeemable at the end of 5 years at a premium of 5%.

Required: Journal entries of: a) Issue of debenture b) Redemption of debentures . 4

13. You are provided the following trail balance:

Particulars	Debit	Credit
Opening stock	60,000	-
Purchase and sales	1,40,000	5,00,000
Wages	70,000	-
Plant and machinery	6,00,000	-
Debtors	1,20,000	-
Share capital	-	3,00,000
General reserve	-	60,000
Creditors	-	40,000
Interest on debenture	10,000	-
Salaries	1,00,000	-
10% debentures	-	2,00,000

Additional information:

- Outstanding wages Rs.5,000
- Bad debts written off Rs.8,000
- Depreciation on plant @ Rs.10% per annum
- Interest on debenture payable for whole year.

Required: a) Journal entries for adjustment b) Column work sheet. (2+6)

14. The Trial Balance of a company as 31st Chaitra, last year is as under:

Debit	Amount	Credit	Amount
Beginning stock	50,000	Shares capital of Rs.10 each	5,00,000
Purchase	7,60,000	Sundry creditors	60,000
Plant and Machinery	3,00,000	Profit and loss appropriation	40,000
Goodwill	50,000	A/c	10,00,000
Investment	2,00,000	Sales	10,000
Carriage	30,000	Commission	20,000

Salaries	40,000	Provision for taxation	50,000
Debtors	80,000	General reserve	30,000
Cash at bank	20,000	Share forfeitures A/c	
Wages	40,000		
Furniture	1,00,000		
Rent	20,000		
Dividend paid	8,000		
Tax paid	12,000		

Additional information:

- Outstanding rent for two months (i.e rent paid for ten month)
- Furniture purchase Rs.10,000 at the beginning of the year was include in purchase.
- Depreciation charged on furniture @ 20 % per annum
- Commission include advance commission Rs.2,000
- Salary paid in advance Rs.5,000
- Stock at end of the year Rs.1,20,000
- Provision for taxation 25% on net profit.
- The directors proposed 10% dividend on paid up capital and create general reserve Rs.25,000

Required: a) Trading account b) Profit and Loss A/c
 c) P/L Appropriation A/c d) Balance sheet as on Chaitra 31st, last year. 10

15. The following information are provided:

Inventory	Rs.60,000	Bills receivable	Rs.20,00
Sundry creditors	Rs.40,000	Fixed assets	Rs.1,00,000
Sundry debtors	Rs.50,000	Debtors Turnover ratio	5 times
Cash in hand	Rs.10,000	Gross profit	Rs63,000

Required: a) Current ratio b) Quick ratio c) Amount of sales
 d) Fixed assets Turnover ratio e) Gross profit margin 5

16. A company provides you the following information:

- Net profit for the year Rs.60,00
- Depreciation provided on machinery Rs.28,000
- Discount on issue of share written off Rs.6,000
- Goodwill written off Rs.2,000
- Increase in share capital Rs.30,000
- Purchase of machinery Rs.80,000
- Decrease in debenture Rs.50,00
- Dividend paid Rs.40,000
- Transfer to general reserve Rs.25,000

Required: a) Fund from operation b) Fund flow statement. 5

17. The Balance sheet of Jonson and Jonson Limited as on 31st December 2006 and 31st

Dec.2007 are as follow:

Liabilities	2006	2007	Assets	2006	2007
Share capital	4,00,000	5,00,000	Fixed assets	5,00,000	7,00,000
Share premium	1,00,000	1,50,000	Stock	50,000	1,00,000
Retained earning	1,00,000	1,50,000	Debtors	50,000	80,000
Debenture	50,000	50,000	Bills receivable	20,000	10,000
Bill payable	80,000	50,000	Cash	2,10,000	70,000
Total	8,30,000	9,60,000		8,30,000	9,60,000

Additional information:

- Sales for the year 2007 is Rs.7,00,000
- Cost of goods sold Rs.4,00,000
- Rent paid Rs.50,000, wages Rs.30,000 and insurance Rs.20,000
- Fixed assets purchased for Rs.3,00,000

- Fixed assets (Book value Rs.50,000) was sold at a profit of Rs.10,000
- Debentures were redeemed at a premium of Rs.10,000
- Dividend distributed Rs.1,00,000

Required: Cash flow statement by showing, operating, investing and financing activities. 10

18. The abstract of material movement for the month of Baishakh 2061 are given below:

Baishakh – 1 Opening inventory	1,000 units @ Rs.5 each
Baishakh – 8 Purchased	700 units @ Rs.6 each
Baishakh – 15 Issued	1,300 units
Baishakh – 25 Purchased	400 units @ Rs.7 each
Baishakh – 29 Issued	300 units
Baishakh – 30 Shortage	20 units

Required: Store ledger under FIFO method

5

19. The following information are available in respect of a material:

Maximum consumption per day	600 units
Minimum consumption per day	200 units
Re-ordering period	4-8 days

Required: a) Re-order level b) Minimum stock level.

2

20. The weekly working hours in a factory is 50 hours and a worker works 50 weeks during a year, the hourly output is 10 units and the wages rate per unit is Rs.10

Required: Wages payable to the worker for a year by using piece rate wages system. 2

21. A manufacturing company showed the following details of its production department for the previous year.

Direct material	Rs.4,00,000	Direct labour	Rs1,00,000
Works overhead	Rs.50,000	Office overhead	Rs.1,10,000

The company wants to quote unit price for its product for the next batch. The costing department estimated the direct cost as follows:

Direct material	Rs.10,000
Direct labour	Rs.8,000

Overheads are to be allocated as below:

- Works overhead: on the basis of prime cost
- Office overhead: on the basis of factory cost
- Company wants to yield a profit of 20% on cost price

Required: a) Cost sheet b) Tender sheet showing tender price 10

22. The net profit as per financial account was Rs.32,000. On reconciliation, the following differences were noticed:

- Works overhead under recovered in cost A/c Rs.10,000
- Interest charged in financial A/c Rs.5000
- Opening stock over valued by financial A/c Rs.6,000
- A profit of Rs.8,000 on sales of fixed assets was shown in financial account.
- Over valuation of closing stock in financial A/c Rs.4,000

Required: Reconciliation between financial and cost account

5

Model Question Set-IX

1. Define Public Ltd. Co. 2
2. Define share capital. Differentiate between issued capital and subscribed capital. 3
3. Write the meaning of financial statement analysis. 2
4. What is meant by ratio analysis? 2
5. Write briefly any three functions of cost accounting. 3
6. Mention any two differences between direct and indirect cost. 3
7. Write about the perpetual inventory control system. 2
8. Write the meaning of allocation of overhead with an example. 3
9. A company offered 10,000 equity shares of Rs.10 each to be issued at Rs.12 to the public.

The calls were made as follows:

On application	Rs.5 per
On allotment(Including premium Rs.2 per share)	Rs.4 per share
On first and final call	Rs.3 per share

Applications were received for 20,000 shares. Excess application money was utilized on allotment and calls(Pro-rata).

Required: Pass the journal entries

4

10. ABC company issued 10,000 equity shares of Rs.10 each at Rs.9 payable as follows:

Rs.2 on application
Rs.3 on allotment (after adjusting discount)
Rs.4 on first and final call

Application were received for 20,000 share. Allotment was made on the following basis:

Applicants for 5,000 shares	Full
Applicants for 10,000 shares	Pro-rata
Applicants for 5,000 shares	Nil

Board resolved that all excess amount paid on application is to be adjusted against the amount due on allotment and subsequent calls. Shares were fully called and paid up, expect one share holder to whom 400 shares were allotted on pro-rata basis failed to pay on allotment and calls. Later his shares were forfeited.

Required: Journal Entries for: a) Allotment b) First and Final call c) Forfeiture 5

11. XYZ Company Limited issued 10,000 shares of Rs.10 each at 10% premium and cash

Rs.5,000 to B Limited Company for the purchase of following assets and liabilities.

Plant and machinery	Rs.50,000	Sundry debtors	Rs.30,000
Inventory	Rs.20,000	Sundry creditors	Rs.25,000

Besides, the company issued 5,000 share of Rs.10 each at 20% discount for cash as fully paid.

Required: Journal entries for:

- Assets and liabilities taken over
- Purchase price of business is paid
- Issue of shares for cash

4

12. A Limited company issued 3,000, 10% redeemable debentures of Rs.100 each at a discount of 20% these are payable after 5 years at a discount of 10%.

Required: Journal entries at the time of issue and redemption of debenture 3

13. The Trail Balance of A. Company as on 31st December previous year is given below:

Particulars	Debit	Credit
Share capital	-	6,00,000
Revenue	-	10,00,000
Profit and Loss A/c	-	2,50,000

Debtors	4,00,000	-
Land	10,00,000	-
Creditors	-	1,50,000
Wages	4,50,000	-
General expenses	1,30,000	-
Interim dividend paid	20,000	-
Total	20,00,000	20,00,000

Additional information:

- Land appreciated by Rs.25,000
- Proposed dividend 15% on paid up capital
- Transfer to general reserve Rs.40,000
- Bad debts written off Rs.10,000

Required: Work Sheet with adjustment entries.

(2+6)

14. The Trail balance of XYZ company Limited as on 31st December previous year is given below:

Debit	Amount	Credit	Amount
Opening inventory	2,00,000	Sales	12,00,000
Purchase	7,10,000	Creditors	22,000
Freight on purchased	30,000	Retained profit	20,000
Debtors	1,80,000	Share capital	7,00,000
Machinery	4,00,000	Provision for taxation	40,000
Furniture	1,30,000	Transfer fees	10,000
Bank balance	30,000	Dividend received on preference shares	8,000
Investment(on 12% preference shares)	1,00,000		
Wages	50,000		
Salaries	1,50,000		
Preliminary expenses	20,000		

Additional information:

- Closing Inventory Rs.80,000
- Wages payment Rs.10,000
- Goods costing Rs.10,000 distributed as free sample
- Depreciation on plant 10% per annum
- Provision for bad maintained 10% on debtors.
- Last year's tax paid Rs.15,000
- Directors proposed 10% dividend and created Rs.5,000 as general reserve.

Required: a) Trading Account

b) Profit and loss account

c) Profit and loss appropriation A/c

d) Balance sheet

12

15. The following details are given:

Closing stock	Rs.80,000	Share capital	Rs.9,00,000
Account receivable	Rs.1,00,000	Profit and loss account (CR.)	Rs.1,00,000
10% Debentures	Rs.3,00,000	Current ratio	2:1
Cash in hand	Rs.70,000	Sales	Rs.6,00,000

Required: Calculate: a) Current liabilities

b) Quick Ratio

c) Debt Equity ratio

d) Debt to total capital Ratio

e) Stock Turnover ratio

5

16. The following information are provided:

Particulars	2014	2015
Total current assets	1,40,000	1,70,000
Total current liabilities	70,000	90,000
10% Debentures	1,00,000	80,000
Share capital	70,000	1,20,000

Fixed assets purchased in the current year was Rs.45,000

Required: a) Schedule of changes in working

b) Funds flow statement

5

17. The Balance sheet of a company for last year on 31st December are as follows:

Liabilities	2014	2015	Assets	2014	2015
Share capital	5,00,000	7,70,000	Fixed assets	400,000	6,50,000
10 %	1,00,000	40,000	Account receivable	40,000	25,000
Debentures	50,000	60,000	Inventory	1,30,000	1,60,000
Account payable	20,000	90,000	Cash	90,000	1,20,000
Retained earning			Goodwill	10,000	5,000

Additional information:

- Sales for the year Rs.6,20,000
- Cost of goods sold Rs.3,00,000
- Operating expenses(Including Depreciation Rs80,000 and interest paid Rs.10,000)
- Profit on sales of fixed assets (Book value were Rs.50,000)
- Purchase of fixed assets Rs.3,80,000
- Dividend paid Rs.1,05,000
- Tax paid Rs.25,000
- Discount received from supplier Rs.20,000
- Bad debts recovered Rs.10,000

Required: Cash flow statement using direct method

10

18. A firm provides the following stock transactions for the month of Jesth.

Jestha – 1	Opening stock 800 units @ Rs.20 per unit
Jestha – 10	Purchased 500 units @ Rs.15 per unit
Jestha – 14	Issued 600 units
Jestha – 20	Shortage on stock verifications 100 units
Jestha – 25	Purchased 100 units @ Rs.10 each
Jestha – 30	Issued 100 units

Required: Stock ledger under FIFO method

5

19. The following information are Given:

Annual requirement	6,000 units	Ordering cost per order	Rs.500
Cost per unit	Rs.30	Carrying cost per unit	20% of unit value

Required: a) Economic order quantity b) Number of orders. 2

20. The weekly working hours in a factory is 50 hours and a worker worked 42 weeks, on an average, during a year. The wages rate per unit is Rs.12 and 30 units were produced per hour.

Required: Monthly earning of the worker

2

21. The following particulars are extracted from the cost records of last month.

Opening stock of raw materials	20,000	Purchase or raw materials	60,000
Carriage on materials	5,000	Closing stock of raw materials	15,000
Direct wages	20,000	Factory overhead	10,000
Office overhead 20 % of factory cost		Selling overhead Rs.5 per unit sold	
Unit produced	5,000	Units sold	4,000

Required: Prepared cost sheet.

10

22. The financial books of a company show a net profit of Rs. 45000 for the year ended 31st December 2006. On reconciliation the following details are ascertained:

	Cost Account	Financial Account
Factory overhead	Rs. 6000	Rs.4500
Depreciation	Rs.2000	Rs.1200
Opening stock	Rs. 2500	Rs.2000
Closing stock	Rs.7000	Rs.9000
Income tax	—	Rs.7000
Interest on investment	—	Rs.3000

