

# Principles of Accounting

Grade: XII (Management)

F.M.: 100

Time: 3 hrs

P.M.: 40

## SET – I

1. Write any three features of a Company? 3
2. Write the differences between preference share and equity share ? 2
3. Write three objectives of financial statement analysis. 3
4. What are the limitation of Ratio analysis? 3
5. Give the meaning of Cost Accounting. 2
6. Write about Controllable Cost with suitable example. 3
7. What do you mean by Purchase Requisition form? 2
8. With the suitable example, write the meaning of allocation of Overhead. 2
9. ABC Company Ltd. Forfeited 1000 shares of Rs.100 each at premium of Rs.20 of Mr. Thapa on which he has paid Rs.40 on application. He failed to Pay Rs.50 (including premium) on allotment and Rs.30 on first and final call. His shares were forfeited and re-issued at Rs.90 per share as fully paid.  
Required: Entries for forfeiture, re-issue and transfer.
10. A company Ltd. Invited application for 1000 shares of Rs.100 each at a premium of Rs.20 per share payable as under:  
On application Rs.30  
On allotment (including premium) Rs.50  
On first and final call Rs.40  
The public applied for 1500 shares. Application for 300 shares were rejected and allotment of excess shares were made among the remaining applicants on pro-rata basis. It was decided to utilize excess application money towards allotment on further calls. One shareholder holding 20 shares failed to the due money 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. A Co. Ltd took over the following assets and liabilities of B Co. Ltd at an agreed price of Rs. 6,30,000:  
Building Rs. 5,00,000 Machinery Rs. 2,00,000  
Creditors Rs. 80,000 Debtors Rs. 80,000  
Outstanding expenses Rs. 20,000  
The Company issued fully paid equity shares of Rs.100 each at 10% for the payment of purchase consideration.  
Required: Journal entries for Purchase of Business & Opening Balance Sheet. 3
12. X Co. Ltd issued 2000, 10% debentures of Rs.100 each at discount of 10% and redeemable at the end of 5 years at a premium of 5%. These debentures were redeemed by converting them into equity shares of Rs. 10 each at 5% premium.  
Required: Journal entries for issue and conversion of debentures. 3

13. The Trial Balance of a Company as on chaitra 31<sup>st</sup> is given.

Particulars	Amount(Dr)	Particulars	Amounts(Cr)
Purchase	50000	Share Capital	1,00,000
Machinery	1,20,000	Debenture	50,000
Cash & Bank	1,12,000	Sales	2,00,000
Prepaid Insurance	5,000	Creditors	25,000
Office Expenses	22,000	Miscellaneous Income	2000
Interest on Debenture	5,000		
Debtors	35,000		
Selling & Distribution expenses	28,000		
Total	3,77,000	Total	3,77,000

Adjustments

- i. Pre-paid Insurance expired Rs.3000.
- ii. Proposed dividend @ 10%.
- iii. Provision made for income tax Rs.7000.
- iv. Charge depreciation on machinery by 10%.

- 3Required: i. Adjustment entries 2  
ii. Worksheet 6

14. The Trial Balance of a company as on 31<sup>st</sup> chaitra is given below: 12

Particulars	Amount(Dr)	Particulars	Amounts(Cr)
Opening Stock	30,000	Sales	6,50,000
Purchase	3,50,000	Share Capital	4,00,000
Rent	20,000	10% Debenture	1,00,000
Wages	50,000	Creditors	30,000
Calls in arrears	10,000	Provision for bad debts	6,000
Carriage	20,000	P/L Appropriation A/c	34,000
Salaries	60,000		
Interest on Debenture	5,000		
Bookdebt	90,000		
Machinery	1,50,000		
Land & Building	3,00,000		
General expenses	35,000		
Baddebts	5,000		
Goodwill	50,000		
Cash	45,000		
Total	12,20,000	Total	12,20,000

Additional information:

- i. Closing Stock valued at Rs.50,000
- ii. Provision for bad debts to be maintained at 5%.
- iii. Pre-paid rent Rs.2,000.

- iv. Wages due Rs.10,000.
- v. Transfer to general reserve Rs.20,000.
- vi. Proposed Dividend @ 10% on paid up capital.

Required: i. Trading A/c ii. P/L A/c iii. P/L Appropriation A/c  
iv. Balance Sheet.

15. Following information are given: 5

Inventory	Rs.20,000	Creditors	Rs.30,000
Debtors	Rs.30,000	Gross Profit	Rs.25,000
Cash balance	Rs.10,000	Bills Receivable	Rs.10,000
Fixed Assets	Rs.60,000	Debtor turnover	4 times

Required: i. Current ratio ii. Quick ratio iii. Sales Amount iv. Gross Profit margin v. Inventory turnover ratio

16. Following information are given to: 5

Particulars	Last Year(Rs)	Current Year(Rs)
Share Capital	5,00,000	6,00,000
10% Debenture	2,50,000	1,00,000
Goodwill	40,000	30,000
Preliminary Expenses	20,000	150,000

Additional Information:

- Net profit for the year Rs.90,000
- Depreciation charged on Fixed Assets Rs.30,000
- Dividend paid Rs.25,000
- Sale of investment Rs.1,30,000

Required: a. Funds from Operation b. Funds Flow Statement

17. The Balance Sheet of a company as on Ashad31st are as follows: 10

Liabilities	2064(Rs)	2064(Rs)	Assets	2064(Rs)	2064(Rs)
Share Capital	10,00,000	12,00,000	Machinery	12,00,000	16,00,000
Share Premium	1,00,000	1,20,000	Inventories	1,00,000	2,00,000
10% Debenture	2,00,000	1,00,000	Debtors	3,00,000	2,00,000
Bills Payable	1,00,000	80,000	Cash	2,00,000	1,00,000
Creditors	2,00,000	3,00,000			
Retained Earning	2,00,000	2,00,000			
Total	18,00,000	21,00,000	Total	18,00,000	21,00,000

Additional Information:

- a. Sales for the year 2065 Rs.16,00,000
- b. Cost of goods sold Rs. 11,00,000
- c. Operating expenses Rs.2,50,000 which includes depreciation on plant Rs.50,000 and interest on debenture Rs.20,000.
- d. A machinery costing Rs.40,000 was sold for Rs. 60,000 and another machinery Rs.6,00,000 was purchased.
- e. Dividend Paid Rs.60,000

Required: Cash Flow Statement

18. Following Stores transactions of a company are given: 5

Ashad1: Opening balance 1000 units @Rs.4 each  
 Ashad5: Purchase 500 units @Rs.5 each  
 Ashad8: Issued 1,300 units  
 Ashad18: Purchase 800 units @Rs.7 each  
 Ashad20: Returned to Creditors 100 units of Ashad 18 purchased.  
 Ashad25: Issued 700 units  
 Ashad30: Return from work order 100 units

Required: Store Ledger under LIFO method

19. The following information are given: 3

Total annual requirement 10000 units  
 Cost of material per unit Rs 15  
 Rent of store, insurance, taxes and store keeping expenses per year Rs. 4 per unit  
 Economic order quantity 2000 units

Required: a) Ordering cost b) Cost of EOQ

20. The following information are given: 2

Standard time to produce one unit:15 minutes  
 Wages per hour:Rs.60  
 Output per month: 4,000 units

Required: Total wage payable under piece rate system

21. A Production unit showed the following details of its production cost for 2000 units of the previous year:

Direct materials	Rs.50,000	Direct wages	Rs.30,000
Factory overhead	Rs.10,000	Administrative overhead	Rs.16,000
Selling overhead	Rs.3,000	Profit 20% on selling price	

The Department wants to estimate the total cost and selling price for 1000 units. It is estimated that:

Cost of raw material will be increased by 20%

Wages cost will be increased by 30%

Other overheads are allocated as under

Factory overhead on the basis of direct wages, office overhead and selling overhead on the basis of factory cost.

Required: i. Cost Sheet 5

ii. Tender Sheet 5

22. The profit as per financial A/c is Rs57, 850. The following facts were pointed out on comparison between cost and financial A/c 5

Dividend & interest received	Rs. 1,600
Overhead incurred in financial A/c	Rs.20,300
Overhead recovered in cost A/c	Rs.18,200
Goodwill & Preliminary expenses written off	Rs.5,500

Loss on sale of investment	Rs.1,400
Value of closing stock in financial A/c	Rs.17,000
Value of closing stock in Cost A/c	Rs.16,000

Required: Cost Reconciliation Statement

## SET - II

- Write briefly any three features of the company. [3]
- Give any two points to differentiate the Equity Shares and Preference Shares. [2]
- Explain in brief any three objectives of Financial Statement Analysis. [3]
- Write any two limitations of Ratio Analysis. [2]
- Write any three differences between Cost and Financial Account. [3]
- What do you know about Bin Cards? [2]
- Differentiate between Fixed and Variable Cost. [2]
- Bishow Co. Ltd issued 10,000 shares of Rs. 10 each at discount of Rs. 1 per share payable as follows:

Rs. 2 .....on application

Rs. 4 .....on allotment

Balance .....on first and final call

Required: Journal entries for application, allotment and first and final call. [3]

- 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

Application 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 on allotment.

Required: Journal entries for:

(i) Application (ii) Allotment (iii) First call (iv) Final call [6]

- 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.

Required: Journal Entries for forfeiture, re-issue and transfer. [3]

- A company forfeited 50 shares of Rs. 100 each for non-payment of final call money of Rs. 20 per share. These shares were re-issued @ Rs. 70 per share as fully paid up.

Required: Journal entries for (a) Forfeiture (b) Re-issue (c) Transfer [3]

- A company shows the following account balance as on 31 Dec.

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

Sundry expenses ..... 11,200

Adjustments:

i. Salaries unpaid Rs. 1,000

ii. Insurance expired Rs. 1,200      iii. Depreciation on equipment Rs. 1,000

Required: Ten-column work sheet. [8]

- The following is the Trial Balance drawn up on 31<sup>st</sup> Chaitra.

Particulars	Rs.	Particulars	Rs.
Opening stock .....	1,50,000	Sales .....	6,79,000
Purchases .....	4,90,000	Discount .....	6,000
Furniture .....	34,000	P/L account .....	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		
	<b>10,15,000</b>		<b>10,15,000</b>

Additional information:

i. Closing stock was valued at Rs. 1,18,000

ii. Make a provision for tax @ 50%

iii. Depreciate 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 account d. Balance sheet [2+4+2+4]

- B. Ltd. provides the following details are provided:

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

Required:

a. Current ratio

b. Quick ratio

c. Inventory turnover ratio

d. Fixed assets turnover ratio [2+1+1+1]

- The following details are provided:

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

Required: (a) Funds from operation (b) Funds flow statement [2+3]

16. 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
Debentures .....	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			
	<b>18,00,000</b>	<b>21,00,000</b>		<b>18,00,000</b>	<b>21,00,000</b>

Additional information

- Sales for the year Rs. 12,00,000
- Cost of goods 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]

17. the following are 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: Receipts from vendor 1,000 units @ Rs. 11 per unit.  
 Magh 28: Return to vendor 20 units (purchased on 5<sup>th</sup> Magh)

Required: Store ledger under FIFO method. [5]

18. Following are the information relating to a firm:

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

Required: Economic order quantity. [2]

19. Following information are given:

Weekly working hours 40 hours Total working weeks 10 weeks  
 Hourly output 8 units Wage rate per unit of output Rs. 2

Required: Total wages payable under Piece Wage System. [2]

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

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

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

- Materials and wages are required Rs. 200 and Rs. 100 per unit respectively.
- Office overhead increase by 10%

- Profit 20% on selling price

Required: (a) Cost sheet (b) Tender sheet [3+7]

21. From the following figures prepare a reconciliation statement and find out profit as per cost account. [5]

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

22. Lov-Kush Co. Ltd. invited application for 10,000 shares of Rs. 10 each payable as follows:

Rs. 2 .....	on application
Rs. 5 .....	on allotment
Balance .....	on first and final call

All money was duly received but Mr. Bohora who has got 50 shares did not pay first and final call money and another shareholder Mr. Karki who has got 100 shares paid entire amount along with allotment money.

Required: Journal entries. [4]

### SET - III

- What do you mean by articles of association (AOA)? List out main contents of AOA 3
- Write the meaning of Memorandum of Association and list out its contents. 3
- Write the meaning of Prospectus of a company and also list out its contents. 2
- What do you mean by statutory and registered company? 2
- Define the meaning of a company and write any three features of the company. 3
- What do you mean by equity share capital? Explain. 2
- Binayak Co. Ltd. invited applications for 6000 equity shares of Rs 100 each at 10% premium payable as under:

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

Applications were received for 12,000 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
8. 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

9. XYZ Company received net worth Rs 350,000 while purchasing the business of Arun Ltd.

At purchase consideration of Rs 360,000. 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.

Required: Journal entries.

10. 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: Journal entries

11. On 1st Jan 1995 Yak Ltd. issued 800, 5% debentures of Rs 100 each at par, debentures holders were given an option to convert their holding into equity share of Rs 100 each at a premium of Rs 25. All debenture holders notified their intention to convert his debentures into equity shares.

Required: Journal entries for conversion of debentures into equity shares. 4

12. Trail balance of Dillibazar Trading Company as on December 31, 2016 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	52000	Pension fund	60,000
Bills receivable	2,00,000	8% debentures	2,00,000
Cash and bank	4,00,000		

Insurance	5000		
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.

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%

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

13. 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	
	150000	150000

Additional information:

i. Outstanding salaries Rs 5000

ii. Prepaid expenses was expired to the extent of Rs 2000

iii. Depreciate fixed assets by 10%

Required: (a) Adjustment entries (b) worksheet

14. 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		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 5

15. 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 3

ii. Funds flow statement 2

16. 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) Purchase of machinery Rs 212,000

- g) Dividend distributed was Rs 8000

Required: Cash flow statement using direct method

10

17. 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

18. The following information is extracted from the books of a manufacturing company:

Daily working hours	:	6 hours
No. of days worked	:	30 days
Wage rate per hour	:	Rs. 20

Required: Total wages earned by the worker.

[2]

19. Following particulars are extracted from the record of a manufacturing company.

Stock of raw materials	40,000	24,000
Stock of work in progress	18,000	15,000
Stock of finished goods	14,000	16,000
Manufacturing wages		Rs. 96,000
Raw materials purchased		Rs. 1,60,000
Carriage on purchased		Rs. 2,400
Direct expenses		Rs. 2,000
Administrative overheads		Rs. 36,000
Factory overheads		Rs. 44,500
Selling and distribution overheads		Rs. 20,500
Carriage on sales		Rs. 1,200

Required: A statement of cost showing

- |                           |               |
|---------------------------|---------------|
| a. Cost of materials used | b. Prime cost |
| c. Cost of production     | d. Total cost |
| e. Profit 25% on sale     |               |

[10]

## SET - IV

1. What do you understand by preference share? [2]
2. Mention any three importance of financial statement analysis. [3]
3. Write about current ratio and quick ratio. [2]
4. Mention any three limitations of financial accounting. [3]
5. Give a specimen of a time card. [2]
6. Write any two advantages of piece rate system of wage payment. [2]
7. What do you understand by fixed overhead? State any two features of it. [3]
8. N Cell Co. Ltd. issued 10,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows:

Rs. 2 on application

Rs. 5 on allotment, and the balance on first and final call.

Required: Journal entries for application, allotment and first and final call. [3]

9. A company forfeited 500 shares of Rs. 100 each of non-payment of first and final call money of Rs. 30 per share. Out of these forfeited shares, 200 shares were re-issued at Rs. 70 per share as fully paid up.

Required: Journal entries for: (a) Forfeiture (b) Re-issue (c) Transfer. [3]

10. Narayani Company limited issued 10,000 shares of Rs. 100 each at a premium of Rs. 20 per share payable as follows:

On application ..... Rs. 30  
On allotment ..... 50 (including premium)  
On first call ..... 20 and  
On second and final call ..... 20

All the shares were subscribed and allotted. One shareholder, who held 400 shares paid the entire amount along with allotment money. However, another shareholder holding 300 shares failed to pay the second and final call.

Required: Journal entries for

(a) Share allotment (b) Share first call (c) Share final call [2+2+2]

11. T Ltd. forfeited 600 shares of Rs. 10 each issued at discount of Rs. 1 each for non-payment of Rs. 4 on first and final call. These shares were reissued at Rs. 8 per share as fully paid. [3]

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

12. The trial balance of Ananda Company Ltd. as on 31<sup>st</sup> December, is given below:

Debit	Rs.	Credit	Rs.
Cash balance .....	24,000	Advance commission.....	12,000
Closing stock .....	28,800	Creditors .....	64,800
Debtors .....	49,200	Profit and loss account .....	48,000
House rent .....	50,400	Purchase returns .....	2,400
Insurance .....	8,400	Reserve fund .....	1,17,600
Land and building .....	5,10,000	Sales revenue .....	9,24,000
Machinery .....	4,20,000	Share capital .....	6,00,000
Opening stock .....	36,000		

Purchases .....	4,20,000		
Salaries .....	1,14,000		
Wages .....	1,08,000		
<b>Total</b>	<b>17,68,800</b>	<b>Total</b>	<b>17,68,800</b>

Additional information:

- i. Depreciate machinery by 15%
- ii. Written off Rs. 200 as bad debts and make a provision for bad debts at 10% on debtors.
- iii. Provision for tax is to be made at Rs. 20,000.
- iv. Dividend proposed at 10% on share capital.

Required:

- a. Trading account
- b. Profit and loss account
- c. Profit and loss appropriation account
- d. Balance sheet as on that date [12]

13. The trial balance of Kali Gandaki Company Ltd. as on Chaitra 31, is given below:

Particulars	Debit (Rs.)	Credit (Rs.)
Machinery .....	1,48,000	-
Sundry debtors .....	48,000	-
Investment .....	58,000	-
Share capital .....	-	1,72,000
Sales revenue .....	-	1,16,000
Salaries .....	38,000	-
Advertisement .....	8,000	-
Creditors .....	-	12,500
Interim dividend .....	5,000	-
Profit and loss appropriation account .....	-	10,000
Prepaid insurance .....	4,000	-
Advance rent .....	-	4,000
Depreciation .....	5,500	-
<b>Total</b>	<b>3,14,500</b>	<b>3,14,500</b>

Additional information:

- i. Prepaid insurance expired Rs. 1,000.
- ii. The entire amount of advance rent received is earned.

Required: (a) Journal entries for adjustment (b) Twelve column worksheet [8]

14. Following information are given in respect of a material:

Annual requirement ..... 5,000 kgs  
Cost per kg ..... Rs. 40  
Cost per order ..... Rs. 25  
Carrying cost ..... 10% of material cost

Required: (a) Economic order quantity (b) No. of orders per year. [2]

15. The following figures are extracted from the two years balance sheets of a company:

	Previous year	Current year
Share capital .....	3,10,000	3,60,000
6% Preference share .....	1,45,000	75,000
Profit and loss account .....	50,000	75,000

Preliminary expenses .....	12,500	10,000
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Additional information:

Decrease in working capital Rs. 27,500

Cash dividend paid for the year Rs. 25,000

Furniture purchased during the year Rs. 60,000

Depreciation charged on furniture Rs. 15,000

Required: (a) Funds from operation (b) Funds flow statement. [2+3]

16. The balance sheets of a company as on Ashadh 31, are as follows:

Liabilities	2063 Rs.	2064 Rs.	Assets	2063 Rs.	2064 Rs.
Share capital .....	562,500	675,000	Plant & Machinery ...	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
<b>Total</b>	<b>1,012,500</b>	<b>1,181,250</b>	<b>Total</b>	<b>1,012,500</b>	<b>1,181,250</b>

Additional information:

i. Sales for the year 2063 Rs. 675,000

ii. Cost of goods sold Rs. 390,000

iii. Administrative expenses Rs. 94,500

iv. Selling and distribution expenses Rs. 18,000

v. Investment costing of Rs. 30,000 was sold at a profit of Rs. 11,250

vi. Purchased plant and machinery of Rs. 348,750

vii. Dividend distributed Rs. 33,750

Required: Cash flow statement using direct method [5+2+2+1]

17. Following are the transactions of material of a company for the month of Bhadra:

Bhadra 1: Opening stock 900 units @ Rs. 11 per unit

Bhadra 6: Purchased 1,100 units @ Rs. 12 per unit

Bhadra 14: Issued 1,400 units

Bhadra 21: Returned to vendor 100 units

Bhadra 24: Purchased 1,700 units @ Rs. 13 per unit

Bhadra 26: Issued 400 units

Bhadra 28: Shortage on stock under LIFO method. [2+2+1]

18. The standard output per hour is 10 units. The piece rate is Rs. 3 per unit and worker worked 300 hours in a month.

Required: Amount of wages of the worker. [2]

19. Given below is the balance sheet of X Co. Ltd as on Ashadh 31.

Liabilities	Rs.	Assets	Rs.
Equity capital of Rs. 100 each..	3,02,000	Sunder debtors .....	1,20,000
Bills payable .....	1,50,000	Cash balance .....	35,000
Interest payable .....	20,000	Short-term loan.....	25,000

12% Debentures .....	1,48,000	Inventories .....	50,000
Reserve and surplus .....	58,000	Machinery .....	1,15,000
		Land and building .....	3,30,000
		Preliminary expenses .....	33,000
<b>Total</b>	<b>6,78,000</b>	<b>Total</b>	<b>6,78,000</b>

Additional information:

Debtors turnover ratio: 5 times

Net profit margin: 15%

Required: (a) Sales amount (b) Liquid ratio (c) Debt equity ratio

(d) Average collection period (e) Earning per share [5]

20. The details of manufacturing and other cost are:

Openings stock of raw materials	Rs. 1,00,000	Opening stock of finished goods	4,000 units
Closing stock of raw materials .....	Rs. 30,000	Closing stock of finished goods .....	3,000 units
Purchases of raw materials .....	Rs. 3,50,000	Custom duty .....	Rs. 10,000
Direct labour .....	Rs. 4,00,000	Works overheads .....	Rs. 80,000
Sale of scrap.....	Rs. 10,000	Administrative overhead ....	10% of direct labour
Selling and distribution overhead ..	Rs. 5 per unit	Unit produced .....	10,000 units
Profit .....	12.5% of sales		

Required: Cost sheet showing:

- a. Cost of materials consumed b. Prime cost c. Factory cost  
d. Cost of production e. Cost of goods sold  
f. Total cost g. profit h. Sales [2+6×1+2=10]

21. The net profit as shown by the cost account of a company is Rs. 36,000. On the reconciliation following facts were disclosed:

- i. Factory overhead over recovered in cost account by Rs. 5,000  
ii. Office expenses under recovered in cost account by Rs. 3,000  
iii. Bank interest credited in financial account by Rs. 9,000  
iv. Depreciation under charged in cost account Rs. 4,000

Required: Reconciliation statement of cost and financial account. [5]

22. Suraj Ltd. issued 30,000 shares of Rs. 10 each at a discount of Re. 1 payable as follows:

Rs. 3 .....	on application
Rs. 4 .....	on allotment
Rs. 2 .....	on first and final call

All money was duly received except allotment and call money from a shareholder to whom 500 shares were allotted to pay allotment and calls money and another shareholder to whom 200 shares were allotted paid entire money due along with allotment money.

Required: Journal entries. [4]



## SET - V

1. Define briefly redeemable preference share and cumulative preference share capital. 3
2. What do you mean by ratio analysis 2
3. What do you mean by cost accounting? How it differs from financial accounting? 3
4. Define briefly job order costing and process costing. 3
5. Define direct material and indirect material with suitable examples. 2
6. What do you mean by controllable and uncontrollable cost? Explain. 2
7. What do you mean by functional classification of cost? 2
8. Define storekeeping and write its objectives 2
9. Yak & Yati 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.  
Required: Entries for share forfeiture, share re-issue and transfer entry. 3
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 D Company as on December 31, 2016 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

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:

- i. 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.

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

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

Additional Information:

- (i) Tax paid during the 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

17. Following were the comparative balance sheet of PQR Company

Liabilities	2014	2015	Assets	2014	2015
Share capital	10,00,000	15,00,000	Plant & 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 & 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) Tax Paid Rs100, 000  
f) Purchase of machinery Rs 930,000  
g) Profit on sale of investment Rs 70,000

Required: Cash flow statement using direct method 10

18. 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	1 100 units
April 17	Returned to store	1 150 units
April 19	Sent material from one job to another job	15 units

Required: Store ledger under FIFO method 5

19. The following information is available

Maximum stock level	9600 units
Budgeted consumption:	
Maximum	2500 units per day
Minimum	1500 units per day
Re-order period	2 to 4 days

Required: a) Re-order level  
b) Re-order quantity [1+2]

20. The time allowed for one unit of output is 20 minutes. The hourly wages rate is Rs. 180 per hour. A worker produced 10 units

Required: Total earning by the worker. [2]

21. The details of manufacturing and other costs are:

Direct material:	Rs. 6,00,000
Direct labour:	Rs. 5,00,000
Works overhead:	Rs. 1,00,000
Office overhead:	Rs. 60,000

The following estimation of direct cost and allocation of overhead were made for submitting a tender.

Direct material	Rs. 4,00,000
Direct labour	Rs. 2,00,000

Workers overhead – on the basis of direct labour cost, office overhead – on the basis of factory cost, profit – 25% of sale.

Required: a) Cost sheet  
b) Tender sheet [4+4]