

Set A

1. What is company? Explain its any two characteristics. [1+2=3]
2. Explain briefly the stages of company formation. [2]
3. Explain any two limitations of financial statement analysis. [2]
4. What is cost accounting? Explain briefly its any two objectives. [1+2=3]
5. Explain the types of cost according to cost behaviours. [3]
6. What is centralized purchasing system? Write its advantages. [1+1=2]
7. What is time rate system of wages payment? Write its any two merits and demerits. [1+2=3]
8. Define allocation and absorption of overhead. [2]
9. ABC Co. Ltd. issued 4,000 shares of Rs. 10 each at 10% discount, payable as Rs. 3 on application, Rs. 4 on allotment, Rs. 2 on first call & final call. Company received the applications for 7,000 shares and allotted as follows:

Group A	To applicants for 2,000 shares	- Full
Group B	To applicants for 4,000 shares	- 50%
Group C	To applicants for 1,000 shares	- Nil

 BODs of Company decided to utilize the excess amount received on application for the reduction of allotment & calls money dues. Company received all the dues money except on allotment & calls by

100 shares under full group. BODs decided to forfeit these shares.

Required: Journal entries for:

- (a) Share allotment
- (b) Share first & final call
- (c) Share forfeiture [2+2+2=6]

10. Himalayan Company Ltd. forfeited 300 shares of Rs.10 each issued at a premium @ 10% for non-payment of allotment Rs. 5 (including premium) and first & final call of Rs. 2 per share. Out of these 200 shares were re-issued as fully paid for Rs. 8 per share.

Required: Entries for

- (a) Share forfeiture
- (b) Re-issue of share
- (c) Transfer entry [1+1+1=3]

11. Himal Co. Ltd. took over the business of Subash Co. Ltd. With the following assets and liabilities:

Land & building	2,60,000	Plant & machinery	1,80,000
Cash and bank	30,000	Bank loan	50,000
Debtors	20,000	Account payable	30,000

The company issued 4,000 shares of Rs.100 each at 10% premium for the payment of purchase consideration amount.

Required: Entries of purchase of assets and liabilities. [2+1=3]

12. Everest Co. Ltd. issued 200, 8% debentures of Rs. 500 each at of 10% discount and redeemable at 5% premium after 10 years.

Required: Journal Entries for issue and redemption. [2+1+1=4]

13. Following is the trial balance of Pratima Co. Ltd. as on 31st Chaitra 2071.

Particulars	(Dr.) Rs.	(Cr.) Rs.
Building	44,000	–
Purchases	50,000	–
Plant & equipment	40,000	
Prepaid insurance	13,000	–
Wages	2,000	–
Sundry creditors	–	25,000
Goodwill	20,000	–
General reserve	–	10,000
Salaries	10,000	–
Dividend received	–	15,000
Rent	5,000	–
Interim dividend	4,000	–
Sundry debtors	30,000	–
Share capital	–	1,00,000
Profit and loss Appropriation A/C	–	10,000
Sales	–	1,00,000
Cash	40,000	–
Bad debts	2,000	
Total	<u>2,60,000</u>	<u>2,60,000</u>

Adjustments:

- Closing stock was valued of Rs. 30,000.
- Depreciation on plant at 10% p.a.
- Prepaid rent Rs. 1,000.
- Provide 10% dividend on paid up capital.

Required: Adjustment entries & work sheet.

[2+6=8]

14. The Trail Balance of a company as on 31st December, 2015 is given below:

Particulars	Debits (Rs.)	Credit (Rs.)
Opening stock	30,000	–
Purchases	4,00,000	–
Rent and rates	20,000	
Share capital	–	300,000
5% Debenture	–	50,000
Wages	30,000	
Sales	–	6,00,000
Return outward	–	6,000
Carriage on purchase	5,000	
Land and building	2,00,000	–
Salaries	35,000	–
Debenture interest	2,000	–
Prepaid insurance	4,000	–
Miscellaneous expenses	10,000	–
Trade creditors	–	40,000
Cash and bank	1,00,000	–
Sundry debtors	50,000	–
Plant and machinery	1,50,000	–
Preliminary expenses	15,000	–
P/L Appropriation A/C	–	45,000
Interim dividend	5,000	–
Commission	–	15,000
Total	<u>10,56,000</u>	<u>10,56,000</u>

Adjustment:

- Closing stock Rs. 50,000
- Prepaid insurance was expired Rs. 2,500
- Depreciation on plant & machinery 10 % p.a. and appreciation on land & building by 5% p.a.
- Provision for tax @ 30%
- Proposed dividend @ 10%

Required:

- (a) Trading Account
- (b) Profit and Loss Account
- (c) Profit and Loss Appropriation A/C
- (d) Balance Sheet

[12]

15. The Balance sheet of Shankar Co. Ltd as on 31st Chaitra, 2071 is as under:

Liabilities/Capital	Rs.	Assets	Rs.
Equity share capital	2,00,000	Land & building	3,00,000
5% Pref. share capital	1,00,000	Other fixed assets	1,00,000
6% Debenture	1,50,000	Sundry debtors	40,000
Sundry creditors	30,000	Inventory	25,000
Bank overdraft	20,000	Cash	30,000
		Preliminary expenses	5,000
Total	5,00,00	Total	5,00,00

Additional information:

- Fixed assets turnover ratio : 2 times.
- Net profit after tax : Rs.80,000

Required:

- (a) Sales amount
- (b) Current ratio
- (c) Debt-equity ratio
- (d) Debtors turnover ratio
- (e) Return on equity ratio

[5×1=5]

16. The following comparative balance sheets of A Co. Ltd. is given to you:

Liabilities/Capital	2070	2071	Assets	2070	2071
Share capital	3,00,000	4,50,000	Machinery	4,50,000	5,40,000
General reserve	50,000	60,000	Goodwill	20,000	15,000
P/L App. A/C	100,000	130,000	Debtors	40,000	30,000
5% Debenture	100,000	70,000	Cash	1,20,000	1,80,000
Provision for tax	30,000	45,000	Bills payable	50,000	10,000
Total	6,30,000	7,65,000	Total	6,30,000	7,65,000

Additional information

- Sale of machinery Rs. 10,000
- Depreciation on machinery Rs. 20,000
- Provision for tax Rs. 25,000
- Purchase of machinery Rs. 20,000
- Dividend paid Rs. 5,000
- Tax paid Rs. 20,000

Required:

- (a) Funds from operation
- (b) Funds flow statement

[3+2=5]

17. Following comparative balance sheet of Sushma Co. Ltd are given to you.

Balance Sheet

Liabilities/Capital	2070	2071	Assets	2070	2071
Equity share capital	5,00,000	6,00,000	Investment	2,00,000	40,000
Share premium	1,00,000	1,25,000	Plant & machinery	3,00,000	4,40,000
10% debentures	50,000	20,000	Stock	1,10,000	1,40,000
Bank overdraft	25,000	-	Debtors	60,000	40,000
Sundry creditors	70,000	40,000	Prepaid expenses	30,000	25,000
Provision for tax	30,000	40,000	Cash at bank	1,05,000	1,80,000
Retained earnings	30,000	40,000			
Total	8,05,000	8,65,000	Total	8,05,000	8,65,000

Additional information:

- Sales for 2071 Rs. 9,30,000
- Cost of goods sold Rs. 6,00,000
- Operating expenses Rs. 240,000 including depreciation Rs. 10,000 and interest Rs. 5,000.

- Machinery having book value Rs. 40,000 was sold at a loss of Rs. 5,000.
- Purchase of plant Rs. 1,90,000.
- Tax paid Rs. 30,000.
- Dividend distribution Rs. 38,000.
- Debentures were redeemed at 10% discount.

Required: Cash flow statement by using direct method [10]

18. The following particulars relating to stock are given:

Usage : 300-800 units
 Re order quantity : 2,000 units
 Lead time : 2-3 days

Required: Maximum stock level [2]

19. The following are the details of materials during Magh:

Magh 1: Opening stock 400 units @ Rs. 4 per unit
 Magh 3: Purchased 500 units @ Rs. 5 per unit
 Magh 5: Issued 600 units
 Magh 10: Returned from a work order 20 units
 Magh 12: Purchased 700 units @ Rs. 6 per unit
 Magh 16: Returned to vendors 40 units
 Magh 20: Issued 660 units
 Magh 25: Stock verification surplus 10 units

Required: Store ledger under LIFO method. [5]

20. The following particulars are given:

Wage rate : Rs. 30 per unit.
 Standard output : 2 units per hour
 Time spent : 200 hrs.

Required: Wages under piece rate system [2]

21. The beginning and ending balances of a manufacturing company for a year are as under:

Stock	01-01-2015	31-12-2015
Raw material	Rs. 15,000	Rs.10,000
Work-in-progress	Rs. 8,000	Rs. 5,000
Finished goods	200 units	100 units

Other information were as follows:

Direct materials purchased	Rs. 80,000
Direct labour	Rs. 40,000
Indirect labour	Rs. 5,000
Freight on material purchase	Rs. 3,000
Other factory expenses	Rs. 30,000
Administrative expenses	Rs. 20,000
Other selling expenses	Rs. 1.5 per unit
Sale of scrap	Rs. 2,000
Salary	Rs. 16,000
Rent	Rs. 4,000
Advertising	Rs. 3,000
Carriage outward	Rs. 2,000
Production units	2,000 units

Additional information:

- 1/4th of rent is related to factory and rest for office.
- Profit on sales at 20%

Required:

a. Cost Sheet [9]

b. Selling price per unit [1]

22. Following information are given:

- Net profit as per cost accounting at the end of the year is Rs. 40,000.
- Office overheads over charged in cost accounting by Rs. 1,500.
- Opening stock over valued by Rs. 500 in financial accounting.
- Interest paid Rs. 3,000 not charged in cost accounting.
- Interest on investment Rs. 5,000 credited in financial accounting.
- Depreciation recorded:

in financial accounting	Rs. 4,500
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in cost accounting	Rs. 4,000
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Required: Reconciliation statement. [5]

Set B

1. What is private company? What are its privileges? [1+2=3]
2. Differentiate between equity shares and preference shares. [2]
3. Explain any two limitations of ratio analysis. [2]
4. What is financial accounting? Explain briefly its any two limitations. [1+2=3]
5. Explain the types of cost according to functions. [3]
6. What is materials control? Point out its any two objectives. [2]
7. What is piece rate system of wages payment? Write its any two merits and demerits. [3]
8. Explain briefly the types of overhead on the basis of control wise. [2]
9. Pukar Co. Ltd. issued 6,000 shares of Rs. 100 each at 10% premium, payable as Rs. 40 on application, Rs. 50 on allotment, Rs. 20 on first call & final call. Company received the applications for 9,000 shares and allotted as follows:

Group A	To applicants for 3,000 shares	-	Full
Group B	To applicants for 4,000 shares	-	Pro-rata
Group C	To applicants for 2,000 shares	-	Nil

BODs of Company decided to utilize the excess amount received on application for the reduction of allotment & calls money dues. Company received all the dues money except on calls by 500 shares under pro-rata basis. BODs decided to forfeit these shares.

Required: Journal entries for:

- (a) Share allotment
- (b) Share first & final call
- (c) Share forfeiture [2+2+2=6]

10. Susma Company Ltd. forfeited 600 shares of Rs.100 each issued at a discount @ 10% for non-payment of allotment Rs.30 (including discount) and first & final call of Rs.20 per share. Out of these 200 shares were re-issued as fully paid for Rs. 80 per share.

Required: Entries for

- (a) Share forfeiture
- (b) Re-issue of share
- (c) Transfer entry. [1+1+1=3]

11. M Co. Ltd. took over the business of Jiri Co. Ltd. with the following assets and liabilities with an agree purchase price of Rs. 3,60,000:

Premises	2,80,000	Plant & machinery	50,000
Bank balance	35,000	Sundry creditors	15,000
Bills receivable	30,000		

The company issued 3,300 shares of Rs.100 each as a part payment and balance amount was paid in cash.

Required: Entries of purchase of assets and liabilities. [2+1=3]

12. Makalu Co. Ltd. issued 1,000, 10% debentures of Rs. 100 each at of 5% premium and redeemable at 10% premium after 5 years by converting into equity shares of Rs. 10 each.

Required: Journal Entries for issue and conversion of debenture.

[2+1+1=4]

13. Following is the trial balance of Sujana Co. Ltd. as on 31st December 2015.

Particulars	(Dr.) Rs.	(Cr.) Rs.
Stock	20,000	–
Purchases	80,000	–
Land & building	1,50,000	
Debtors	25,000	–
Salary	15,000	–
Account payable	–	25,000
Sinking fund	–	10,000
Provision for tax for 2014	–	10,000
Advance rent	–	5,000
Commission	–	10,000
Share capital	–	1,00,000
Creditors	–	30,000
Cash and bank	50,000	–
P/L Appropriation A/C	–	35,000
Sales	–	1,30,000
Bad debts	5,000	–
Tax paid for 2014	10,000	–
Total	3,55,000	3,55,000

Adjustments:

- Closing stock was valued of Rs. 60,000.
- Appreciate on land & building at 5% p.a.
- Advance rent was earned Rs. 4,000.
- Proposed dividend at 10%

Required: Adjustment entries & work sheet.

[2+6=8]

14. Trail Balance of ABC Co. as on 31st Chaitra, 2071 was given below:

Particulars	Debits (Rs.)	Credit (Rs.)
Beginning inventory	40,000	–
Net purchases	2,00,000	–
Advertising	10,000	
Share capital	–	1,80,000
10% Debenture	–	1,00,000
Direct wages	20,000	–
Sales	–	3,00,000
Return inward	4,000	–
Carriage outward	8,000	
Plant & machinery	1,00,000	–
Salaries	30,000	–
Interest on debenture	6,000	–
Commission	10,000	15,000
Administrative expenses	15,000	–
Bills payable	–	20,000
Cash at bank	82,000	–
Account receivable	40,000	–
Furniture and fixtures	50,000	–
P/L Appropriation A/C	–	30,000
Tax paid for 2070	10,000	–
Goodwill	20,000	–
Total	6,45,000	6,45,000

Adjustment:

- Closing stock Rs. 1,00,000
- Prepaid advertising Rs. 4,000
- Depreciation on plant & machinery and furniture each by 10 % p.a.
- Provision for tax @ 25%
- Proposed dividend @ 10%

Required:

- Trading Account
- Profit and Loss Account
- Profit and Loss Appropriation A/C
- Balance Sheet

[12]

15. The Balance sheet of Sindhu Co. Ltd as on 31st December, 2015 is as under:

Liabilities/Capital	Rs.	Assets	Rs.
Share capital	4,00,000	Fixed assets	4,00,000
Retained earnings	50,000	Stock	1,00,000
10% Debenture	1,00,000	Sundry debtors	1,00,000
Outstanding expenses	30,000	Cash	70,000
Short term loan	1,00,000	Underwriting commission	10,000
Total	6,80,000	Total	6,80,000

Additional information:

- Sales : Rs. 8,00,000.
- Net profit after tax : Rs. 1,50,000

Required:

- Current ratio
- Debt-equity ratio
- Fixed assets turnover ratio
- Debtors turnover ratio
- Return on assets ratio [5×1=5]

16. The following comparative balance sheets of B Co. Ltd. is given below:

Particulars	2014	2015
Fixed assets	6,00,000	8,00,000
Debtors	1,00,000	1,25,000
Cash	60,000	50,000
Share capital	5,00,000	6,00,000
General reserve	30,000	40,000
P/L A/C	40,000	60,000
Creditors	25,000	10,000
Unearned commission	25,000	35,000

Additional information:

- A part of fixed assets having book value Rs. 80,000 was sold for Rs. 1,00,000.
- Depreciation was charged during the year Rs. 20,000
- Provision for tax Rs. 15,000
- Premium on redemption of debenture Rs. 5,000

Required:

- Schedule of changes of working capital
- Funds from operation [3+2=5]

17. Following comparative balance sheet of Jivan Co. Ltd are given to you.

Balance Sheet

Liabilities/Capital	2014	2015	Assets	2014	2015
Equity share capital	5,00,000	7,00,000	Investment	2,80,000	1,50,000
Share premium	40,000	50,000	Plant & machinery	1,80,000	3,00,000
10% debentures	80,000	30,000	Stock	60,000	1,00,000
Outstanding rent	25,000	5,000	Bills receivable	30,000	70,000
Bills payable	30,000	45,000	Marketable securities	95,000	1,30,000
Proposed dividend	30,000	40,000	Cash at bank	1,60,000	2,50,000
Retained earning	1,00,000	1,30,000			
Total	8,05,000	10,00,000	Total	8,05,000	10,00,000

Additional information:

- Sales for 2015 Rs. 8,33,000
- Cost of goods sold Rs. 5,00,000
- Operating expenses Rs. 2,60,000 including depreciation Rs. 12,000 and interest Rs. 8,000.
- A part of machinery costing Rs. 50,000 with accumulated depreciation of Rs. 10,000 was sold at a gain of Rs. 5,000.
- Purchase of plant Rs. 1,75,000.
- Tax paid Rs. 10,000.
- Dividend paid Rs. 20,000.
- Debentures were redeemed at 10% premium.

Required: Cash flow statement by using direct method [10]

18. The following particulars relating to stock are given:

Annual requirement	:	20,000 units
Carrying cost	:	10%
Ordering cost	:	Rs. 100
Cost per unit	:	Rs.20

Required:

- Economic order quantity
- Number of orders [1+1=2]

19. The following are the details of materials during Chaitra:
- Chaitra 1: Opening balance of materials 450 units @ Rs. 10 per unit
- Chaitra 3: Received from vendor 350 units @ Rs. 12 per unit
- Chaitra 5: Returned to vendor 40 units
- Chaitra 10: Issued 500 units
- Chaitra 12: Returned from a work order 20 units
- Chaitra 16: Purchased 800 units @ Rs. 14 per unit
- Chaitra 20: Issued 700 units
- Chaitra 25: Stock verification shortage of 5 units
- Required:** Store ledger under FIFO method. [5]

20. The following information are given:
- Wage rate per hour : Rs. 20
- Standard time required per unit : 8 hour
- Actual output : 300 units
- Required:** Total wages paid to the worker [2]

21. A production unit showed the following details of its production cost for 1,000 unit of the year 2015.
- | | |
|-------------------------|----------------------|
| Direct materials | Rs. 40,000 |
| Direct wages | Rs. 30,000 |
| Factory overhead | Rs. 14,000 |
| Administration overhead | Rs. 10,000 |
| Selling expenses | Rs. 5,000 |
| Profit | 20% on selling price |
- The manufacturer expected to produce 600 units for the year 2016 and estimated that:
- Cost of raw materials will be increased by 5%
 - Wages cost will be increased by 10%
 - Office and administration overheads are constant
 - % of factory overhead on the basis of prime cost
 - % of selling overhead on the basis of factory cost
 - Rate of profit is same
- Required:**
- Cost Sheet [3]
 - Tender sheet [7]

22. Following information are given:
- Net profit as per financial accounting at the end of the year is Rs. 80,000.
 - Work overheads charged in cost accounting by Rs. 15,000 and in financial accounting Rs. 12,000.
 - Income tax paid Rs. 5,000.
 - Dividend credited in in financial accounting Rs. 3,000.
 - Provision for bad debts recorded Rs. 4,000 in financial accounting only.
 - Rent expenses over recorded in financial accounting by Rs. 5,000.
- Required:** Reconciliation statement. [5]
