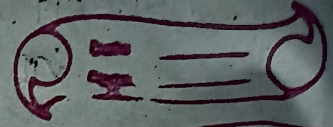


Group-A

- 1) ⇒ Private company is one of the registered companies incorporated according to the company act where the minimum number of a shareholder may be one and maximum shareholders should not be exceeded one hundred and one. This type of company cannot issue its shares to the public.
- 2) ⇒ Cumulative preference shares are those shares on which the amount of unpaid dividends is accumulated and is carried forward as a liability.
- 3) ⇒ Current assets are assets that are expected to be converted into cash or used up within short period of time i.e. within one year. Two items of current assets are: cash and cash equivalents & accounts receivable.
- 4) ⇒ Cost Accounting is an art and science of recording, classifying and analysing the cost information incurred in raw materials, labour used and other expenses in the process of production.
- 5) ⇒ On the basis of controllability, overhead expenses can be classified into two categories i.e. controllable overheads and uncontrollable overheads. Controllable overheads are in some extent, controllable to the management. Uncontrollable overheads are beyond the control of the management.



6) ⇒ Periodic inventory system is a system of valuating inventory in which the inventory account is update only at the end of the period. In this system, the inventory account is not updated each time when sale or purchase is made.

7) ⇒ Time wage system is the system of wage payment where the workers/labourers are paid wages for the time spent by them in the process of production.

Two advantages of time rate system are:

- a) Time wage system motivates workers for overtime work.
- b) Chances of production of good quality as workers are not hurry for large production.

8) ⇒ Use of computers to perform accounting process or functions is called computer system in accounting. The disadvantages of computer system in accounting are:

- a) High cost of installation.
- b) Cost of training to use accounting softwares.

9) ⇒

Commission receivable a/c. 15,000

To commission income a/c 15,000

(Being commission receivable)

10) $\Rightarrow$

Cash payment to purchase

Cost of goods sold (350,000)

Decrease in inventory 10,000

Net cash paid 340,000

11) $\Rightarrow$

Here,

Annual Requirements (A) = 30,000 units

Ordering cost per order (O) = Rs 300

Carrying cost per unit (C) = Rs 2

$$\begin{aligned}\therefore \text{Economic order Quantity (EOQ)} &= \sqrt{\frac{2AO}{C}} \\ &= \sqrt{\frac{2 \times 30000 \times 300}{2}} \\ &= 51961.524 \\ &\approx 3000 \text{ units}\end{aligned}$$

Group-B

12) Here,

Issued = 30,000 shares

Face value = Rs 100

Premium = Rs 10

Price = Rs 110

Applications received = 42,000 shares

A company Ltd

Journal Entries

Date	Particulars	IF	Debit (Rs)	Credit (Rs)
	Bank a/c		1260000	
	To share application a/c			1260000
	(Being application money received for 42,000 shares @ Rs 30 per share)			
	Share application a/c		1260000	
	To share capital a/c			900000
	To Bank a/c			210000
	To share allotment a/c			150000
	(Being application money transferred to share capital a/c, refunded money for 7,000 shares and excess money transferred to allotment)			

Share allotment a/c	1200000	
To share capital a/c		900000
To share premium a/c		300000
(Being allotment money due on 30000 shares @ Rs 40 per share including premium)		
Bank a/c	1050000	
To share allotment a/c		1050000
(Being allotment money received)		
Share first and final call a/c	1200000	
To share capital a/c		1200000
(Being first and final call money due on 30000 shares @ Rs 40 per share)		
Bank a/c	1192000	
calls in arrears a/c	8000	
To share first and final call a/c		1200000
(Being first and final call money received except on 200 shares)		

13) A.

A Company Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Plant a/c		520,000	
	Land and Building a/c		780,000	
				1100000
	To vendor a/c			150,000
	To capital reserve a/c			
	(Being purchased assets)			
	Vendor a/c		1100000	
	Discount on issue of share a/c		275000	
	To share capital a/c			1375000
	(Being issued shares for the payment to vendor)			

13. B)

A Co. Ltd Journal Entries

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
	Bank a/c		8400000	
	Loss on redemption a/c		800000	
	To 10% Debenture a/c			8000000
	To Debenture premium a/c			400000
	To debenture premium on redemption a/c			800,000
	(Being issued 8,000, 10% Debentures at premium redeemable at premium)			

10% Debenture a/c	8000000	
— To Debenture premium on redemption a/c	800000	
To Debenture Holder's a/c	8800000	
(Being amount due for the redemption of 8,000, 10% Debentures at premium)		
Debenture Holders a/c	8800000	
To Bank a/c		8800000
(Being redemption of debenture)		

14. Profit and Loss Account

Company

Profit and Loss Account

For the year ended 31st Ashad, 1955.

Dr.			Cr.
Particulars	Amount	Particulars	Amount
To salaries	42,000	By G.P. bld	420,000
To carriage outwards	5,000		
To selling expense	18,000		
To administrative expenses	25,000		
To interest expenses	12,000		
To Rent expenses	36,000		
To Insurance expenses	6,000		
To Net profit cld	276,000		
	420,000		420,000

Date _____
Page _____

----- Company
Profit and loss Appropriation account
As on 31st Ashad: -

Particulars	Amount	Particulars	Amount
To proposed dividend	90,000	By balance b/d	150,000
To balance c/d	336,000	By Net profit b/d	276,000
	426,000		426,000

16.)

Cost accounting is an art and a science of recording, classifying and analysing the cost information incurred in raw materials, labour used and other expenses in the process of production. Financial accounting is an art and science of identifying, collecting and recording the financial transactions, classifying them into different groups, summarizing the result, analyzing the result and communicating to the concerned parties.

The differences between them are:

Cost accounting	Financial Accounting
1) It deals with cost analysis.	1) It lacks cost analysis.
2) The objective of cost accounting is to provide initial and analyzed cost information to the management.	2) The objective of financial accounting is to provide information about the financial matter.

Cost Accounting

3) Profit earned or loss suffered by individual departments are analyzed by cost accounting.

4) Cost accounting uses tools and techniques for control on cost materials, labour cost and overhead cost.

5) There is no time period to prepare cost accounting.

Financial Accounting

3) Financial accounting determines and discloses the aggregated profit or loss of the organization.

4) Financial accounting gives importance to recording financial information rather than cost control.

5) Financial accounting is prepared in the fixed period i.e. each year or quarterly or half year.

15)

Co. Ltd
10-column worksheet

Particulars	Unadjusted T.B.		Adjustments	
	Dr.	Cr.	Dr.	Cr.
Office equipment	180,000	-	-	-
Cost of goods sold	121,000	-	-	-
Cash	32,000	-	-	-
Debtors	25,000	-	-	-
Administrative expenses	12,000	-	-	-
Salaries	24,000	-	6,000	-
Marketing expense	18,000	-	-	-
Capital	-	152,000	-	-
Creditors	-	25,000	-	-
Sales	-	230,000	-	-
Unearned income	-	5,000	4,000	-
Adjustments	-	-	-	-
Salary payable	-	-	-	6,000
Income earned	-	-	4,000	4,000
Net profit	-	-	-	-
Total	432,000	432,000	10,000	10,000

Adjusted T.B.		Income statement		Balance sheet	
Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
180,000	-	-	-	180,000	-
121,000	-	121,000	-	-	-
32,000	-	-	-	32,000	-
25,000	-	-	-	25,000	-
12,000	-	12,000	-	-	-
24,000	-	30,000	-	-	-
18,000	-	18,000	-	-	-
-	152,000	-	-	-	152,000
-	25,000	-	-	-	25,000
-	230,000	-	230,000	-	-
-	4,000	-	-	-	1,000
-	6,000	-	-	-	6,000
-	4,000	-	4,000	-	-
-	-	53,000	-	-	53,000
418,000	418,000	234,000	234,000	237,000	237,000

17. a) Classification of materials are good steps and techniques of material control to maintain the store in a systematic way. Classification plays a very effective and positive role in the control and management of stores. For example, materials may be classified on the basis of quality and utility. Materials can be classified as raw materials, consumable stores, components, spares and tools.

17. b) Here,

~~Total cost~~ 0

Total goods available for sale = Beginning inventory + Purchase units

$$= 150 \text{ units} + 400 \text{ units} + 650 \text{ units}$$

$$= 1200 \text{ units}$$

Sales unit = 850
under FIFO Method

$$\text{Cost of goods sold} = (150 \times 20) + (400 \times 25) + (300 \times 30)$$

$$= \text{Rs } 3000 + \text{Rs } 10,000 + \text{Rs } 9,000$$

$$= \text{Rs } 22,000$$

$$\text{Closing stock} = \text{Beginning inventory} + \text{Purchase} - \text{Sales}$$

$$= 1200 \text{ units} - 850 \text{ units}$$

$$= 350 \text{ units}$$

$$\text{Value of closing stock} = 350 \times 30$$

$$= \text{Rs } 10,500$$

18. a)

Here,

Time allowed to produce 80 units = 2 hours

Unit produced per hour = $\frac{80}{2} = 40$ units

Wage rate per hour = Rs 800.

Time taken to produce 400 units = $\frac{400}{40} = 10$ hours

Now,

Under time Rate System

Total wages = Total time spent (in hours) $\times$ wage rate per hour
 $= 10 \times 800$
 $= \text{Rs } 8000$

b)

Cost Reconciliation Statement

Particulars	Details	Total
Net profit as per cost accounting		420,000
Add:		
1) office overhead under recorded in cost accounting	15,000	20,000
2) Profit on sale of fixed assets was shown in financial accounting	5,000	
Less:		
1) work overhead under recorded in cost accounting	25,000	25,000
Net profit as per financial accounting		415,000

18.b)

Cost Reconciliation statement

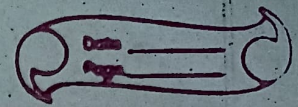
Particulars	Details	Total
Net profit as per cost accounting		420,000
Add:		
1) office overhead under recovered in financial account	15,000	
2) Profit on sale of fixed assets was shown in financial account	5,000	20,000
less:		
1) work overhead under recorded in cost account	25,000	25,000
Net profit as per financial accounting		415,000

19.

Accounting software is a fundamental application that allows an organization to manage the business's financial transactions with the use of computer. It is computer software used to carry out function of recording, arranging and summarizing the financial data of the business. It is used to process financial transactions.

Features of accounting software

- Invoicing and billing: One of the important features of accounting software is invoicing and billing of financial transactions relating to accounts receivable and accounts



payable.

- **Book keeping**: Accounting software maintains the systematic records of financial transactions in the books of account under the principle of double entry book keeping system.
- **Reporting**: Accounting software generates different types of standard and customized financial reports of the business. It develops the financial statements and reports automatically after making the records of financial transactions in the system.
- **Reconciliation of bank accounts**: Accounting software maintains the reconciliation of bank accounts in order to determine the actual bank balance of the company.
- **Compatibility with other computer systems**: Accounting software is compatible with computer systems, which can be adjusted easily with the different version of the computer.

Group-C

20.

A company Ltd.
 Profit or Loss Statement
 under NFRS)
 for the year ended 31st chaitra,

Particulars	Notes	Amount
Revenue from operation	1.1	520,000
Cost of Goods sold	1.2	(290,000)
Gross Profit		230,000
Other Incomes	1.3	55,000
Distribution Expenses	1.4	(50,000)
Administration expenses	1.5	(97,000)
Other operating expenses	1.6	(25,000)
Profit from operation		113,000
Finance Cost	1.7	(10,000)
Profit before tax		103,000
Income tax expenses		(25,750)
Net Profit from continuing operation		77,250
Gain/Loss on discontinued operation		-
Net income for the year		77,250
Profit attributable to		
• Owners of the company		77,250
• Non controlling interest		0

Working Notes

1.1 Revenue from operation

Sales 520,000

~~Other service~~

1.2 Cost of Goods sold

Opening inventory 60,000

Purchases 350,000

Closing inventory (120,000)

290,000

1.3 Other incomes

Other service revenue 40,000

Interest on investments 15,000

55,000

1.4 Distribution Expenses

Sales commission 40,000

Advertisement expense 10,000

50,000

1.5 Administration Expenses

Stationery 9,000

Rent 20,000

Salary 60,000

Insurance expenses 8,000

97,000

1.6 other operating expenses

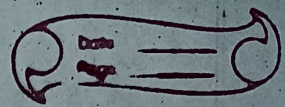
Depreciation on equipment	10,000
Depreciation on building	15,000
	<u>25,000</u>

1.7 Finance cost

Interest expenses	10,000
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A Company Ltd.
Statement of Financial Position
As on 31st Chaitra. - - -

Assets	Notes	Amount
<u>Non Current Assets</u>		
Property, Plant and Equipment	2.1	375,000
Intangibles	-	-
Investment Property	2.2	150,000
Biological assets	2.3	60,000
Total non current assets		585,000
<u>Current Assets</u>		
Cash and equivalents	2.3	17,000
Advance Payment	2.4	2,000
Inventories	2.5	120,000
Trade and other receivables	2.6	41,000
Total current assets		180,000
Total assets		<u>765,000</u>



Equity & Liability	Notes	Amount
<u>Equity</u>		
Share Capital		500,000
Reserve	2.7	109,250
		117,250
Non controlling interest		-
Total Equity		626,250
<u>Liabilities</u>		
<u>Non-current liabilities</u>		
Borrowing	2.8	100,000
Total non-current liabilities		100,000
<u>Current liabilities</u>		
Trade and other payable	2.9	80,000
Income tax payable		25,750
Total current liabilities		105,750
Total Liability		155,750
Total Equity and Liability		782,000

Date _____
Page _____

Notes

2.1 Property Plant and Equipment

land and building 300,000

less: Depreciation 15,000

Equipment 100,000

less: Depreciation 10,000

375,000

2.2 Investment Property

10% investment 150,000

2.3 Cash and ~~cash~~ equivalents

Cash 17,000

2.4 Advance payment

Prepaid insurance 10,000

less: Insurance expenses 8,000

2,000

2.5 Inventories

Closing inventory 120,000

2.6 Trade and other receivables

Accounts receivables 41,000

2.7 Reserve

Net profit 77,250

Retained earnings 40,000

Retained earnings 40,000 77,250 82,000

less: Interim dividend 8,000

45,250 109,250

2.8 Borrowing

10% Debentures 100,000

2.9 Trade an

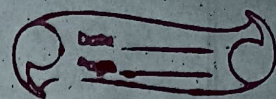
2.9 Trade and other payable s.

Creditors 30,000

21.

A company
Cash Flow Statement
(Under Direct Method)

Particulars	Details (Rs)	Total (Rs)
<u>Operating Activities</u>		
a) <u>Cash collection from sales and debtors</u>		
Sales	300,000	
Decrease in debtors	27,500	327,500
b) <u>Cash payment to purchase and creditors</u>		
Cost of goods sold	(180,000)	
Increase in inventory	(25,000)	(205,000)
Increase in creditors	10,000	(195,000)
c) <u>Cash payment to operating expenses</u>		
Operating expense	(40,000)	(40,000)
Decrease in expense payable	(7,500)	(47,500)
d) <u>Payment of Interest</u>	-	-
e) <u>Payment of Tax</u>	-	-
<u>Net cash flow from operating activities</u>		85,000



Particulars	Details	Total
<u>Investing Activities</u>		
Purchase of fixed assets	(110,000)	
Sales of fixed assets	25,000	
Net cash flow from investing activities		(85,000)
<u>Financing Activities</u>		
Issue of shares	180,000	
Payment of dividend		(30,000)
Net cash flow from financing activities		(30,000)
Net cash decrease		65,000
Add: Opening balance of cash at bank		85,000
Closing balance of cash at bank		

(22)

Cost Sheet

Output :- -- units

Particulars	Details (Rs)	Total (Rs)
Opening stock of raw materials	40,000	
Add: Purchase of raw materials	350,000	
less: Closing stock of raw materials	50,000	
Cost of Materials Consumed		340,000
Add: Direct labor cost		420,000
Prime Cost		760,000
Add: Factory (work) overhead	210,000	210,000
Add: Opening stock of work in progress	25,000	
closing stock of work in progress	(20,000)	
Factory Cost		975,000
Add: General & Administration overhead		146,250
Cost of Production		1,121,250
Add: Opening stock of finished goods	40,000	
closing stock of finished goods	(45,000)	
Cost of Goods Sold		1,116,250
Add: Selling & Distribution overhead		117,000
Cost of Sales		1,233,250
Add: Profit		411,083.33
Sales		1,644,333.33

Working Note

$$\begin{aligned}\text{Factory overhead} &= 50\% \text{ of direct labour cost} \\ &= 50\% \text{ of } 420,000 \\ &= 210,000\end{aligned}$$

$$\begin{aligned}\text{Administration overhead} &= 15\% \text{ of factory cost} \\ &= 15\% \text{ of } 975,000 \\ &= 146,250\end{aligned}$$

$$\begin{aligned}\text{Selling expenses} &= 12\% \text{ of factory cost} \\ &= 12\% \text{ of } 975,000 \\ &= 117,000\end{aligned}$$

$$\text{Profit} = \underline{20\% + 25\% \text{ on sales}}$$

$$\begin{aligned}\text{Cost of sales} + \text{Profit} &= \text{Sales} \\ \text{or, } 1233250 + 25\% \text{ of sales} &= \text{sales} \\ \therefore \text{sales} &= 1644333.33\end{aligned}$$