

Q1. (a)

- (i) Del credere Commission.
- (ii) Noting Charges.
- (iii) Outstanding Expenses
- (iv) Semi-Variable Cost
- (v) factory Cost.

- (b)
- (i) Expenditure and Income.
 - (ii) Credit and Debit
 - (iii) Absorption and Marginal.
 - (iv) Personal and Real.
 - (v) Creditors and Purchase Return

- (c)
- (i) True, due to dual Aspect.
 - (ii) false, only in Manufacturing Industry.
 - (iii) True, as Sales book records only Credit Sales.
 - (iv) True, as fixed Cost is Period Cost and U.C is Unit Cost.
 - (v) false, in the Books of Drawer as he transacted with Bank.

- (d)
- 1) Conservative Principle → Stock valued @ ^{Lower of} Cost or Market Price.
 - 2) Accrual Concept → Recog. of Cash and Cr transaction
 - 3) Variable Cost → Product Cost
 - 4) Historical Cost Concept → Recog. transaction @ Cost
 - 5) fixed Costs → Period Cost.

Ins 2 (i)

(a) Suspense A/c Dr. 1400
To Ram A/c. 1400

(b) Machinery A/c Dr. 45000
To Wages A/c 45000

(c) Purchase A/c Dr. 150,000
Sales A/c Dr. 150,000
To Sujit A/c 300,000

(d) Sales A/c Dr. 3500
To furniture A/c. 3500.

Ins 2

(ii)

Bank Reconciliation Statement

Particular	Amount
Dr. Balance as Per Cash Book	7640
Add : Cheque Deposited but not cleared	10000
Interest Debited by Bank	1000
Bank charges for December	340
	<u>18980</u>
Less : Interest on Securities Collected by Bank	1080
Credit transfers	200
Dividend Collected by Bank	1000
Cheque issued but not Presented	37400
	<u>20700</u>
Cr. Balance as Per Pass Book	<u>20700</u>

Alternative Presentation.

Cr. Balance as Per Cash Book.		7640
Cheque Deposited but not cleared		10,000
Interest on Securities Collected by Bank.	1080	
Credit transfers	200	
Dividend Collected by Bank	1000	
Cheque Deposited but not Presented	37400.	
Interest Debited by Bank.		1000
Bank charges for December		340
Cr. Balance as Per Pass Book.		<u>20700.</u>
	<u>39680</u>	<u>39680</u>

Ans 5 (i)

		₹
Net Income as per Books on Cash Basis		10875
<u>Less</u> : Accrued fees on 1.4.09	350	
Fees recd. in Advance on 31.3.09	50	
outstanding Exp on 31.3.10	250	
Prepaid Exp on 1.4.09.	<u>100</u>	750
 <u>Add</u> : Accrued fees on 31.3.10	250	
fees recd. in Adv. on 1.4.09	100	
Outstand Exp on 1.4.09	200	
Prepaid Exp on 31.3.10	<u>175</u>	725
 Revised Net Income on Accrual Basis		<u><u>10850</u></u>

ns 3

ii) (a) Minimum Level of A

$$\begin{aligned} \Rightarrow \text{Re-order Level} &= [\text{Normal Usage} \times \text{Normal Delivery Period}] \\ &= 8000 \text{ Kg} - [200 \text{ units} \times 10 \text{ kg}] \times 2 \text{ weeks} \\ &= 8000 \text{ Kg} - 4000 \text{ Kg} \\ &= 4000 \text{ Kg} \end{aligned}$$

(b) Maximum Level of B.

$$\begin{aligned} \Rightarrow \text{Re-order Level} + \text{Re-order Quantity} \\ &= [\text{Minimum Consumption} \times \text{Minimum Delivery Period}] \end{aligned}$$

$$\begin{aligned} &= (4750 + 5000 \text{ Kg}) - [175 \times 4] \times 3 \\ &= 9750 - 2100 \text{ Kg} \\ &= 7650 \text{ Kg} \end{aligned}$$

(d) ^{Average} ~~Re-order~~ Level of C.

$$\Rightarrow \frac{\text{Maximum Level} + \text{Minimum Level}}{2}$$

$$\text{or Minimum level} + \frac{1}{2} \times \text{ROQ}$$

$$\begin{aligned} \text{Minimum Level} &= 5400 \text{ Kg} - [1200 \text{ units} \times 3] \\ &= 1800 \text{ Kg} \end{aligned}$$

$$\begin{aligned} \text{Avg Level} &= 1800 + \frac{1}{2} \times 5400 \\ &= 4500 \text{ Kg} \end{aligned}$$

$$\begin{aligned} \boxed{\text{Re order Level}} &= \text{Max Consumption} \times \text{max Delivery Period.} \\ &= (225 \times 6) \times 4 \text{ weeks} = 5400 \text{ Kg} \end{aligned}$$

(c) Re-order Level of C.

⇒ Maximum Consumption * Minimum Delivery Period.

$$= (225 * 6) * 4 \text{ weeks}$$

$$= 5400 \text{ Kg.}$$

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Ans 4. Income & Expenditure A/c.

for the Year Endend 31/3/10.

Expenditure.	₹	Income.	₹
To Rent	15000.	By Subscription	225000
To water	22750	<u>Less</u> Receivable	
<u>Less:</u> o/s on 31/3/09	2350	on 31/3/09	75000
<u>Add</u> o/s on 31/3/10	<u>1750</u>	<u>Add:</u> Receivable	
	22150	on 31/3/10	67000
To Electricity	36000.	<u>Add:</u> Receivable	
<u>less:</u> o/s on 31/3/09	2500	on 31/3/09.	45000
<u>Add:</u> o/s on 31/3/10	<u>3500</u>	<u>Less:</u> Recd. in Adv.	
	37000	on 31/3/10	<u>30,000</u>
To wages	48500		232000
<u>less:</u> o/s on 31/3/09	12500	By Misleneous	7500
<u>Add</u> o/s on 31/3/10	<u>7500</u>		
	43500		
To Repairs	17800		
<u>less:</u> o/s on 31/3/09	1500		
<u>Add:</u> o/s on 31/3/10	<u>1200</u>		
	17500		
To Telephone Exp	22500		
To Interest on loan.	2500		
<u>Less</u> o/s on 31/3/09	<u>1250</u>		
	1250		
To Insurance	7500		
<u>Add:</u> Prepaid on 31/3/09	<u>2000</u>		
	9500		
To Misleneous Exp	1150		
To Dep on fixed Assets	11000.		
To Surplus [Excess of Income over Exp.]	58950		
	<u>239500</u>		<u>239500</u>

Balance Sheet

As on 31/3/2010.

Liabilities	₹	Assets.	₹
Capital fund	35900	500 Subscription Receivable	67000
(+) Donations	45000	Bank	15300
(+) Surplus	<u>58950</u>	Cash	2500
	139850		

Subs. Recd. in Advance 30,000 Fixed Assets 11,000
 (-) Dep 11000 99000

O/S Exp: water 1750
 Electricity 3500
 wages 7500
 Repairs 1200 13950

183800 183800

Working Note :

Balance Sheet

As on 31/3/2009.

Liabilities	₹	Assets.	₹
Subscription recd in Adv.	45000	fixed Assets	1,10,000
Interest on O/S loan.	1250	Bank	12500
Loan	100,000	Cash	1500
O/S Exp: water 2350		Prepaid Insurance	2000
Electricity 2500		Subscription Receivable	75000
wages 12500			
Repairs <u>1500</u>	18850		
Capital fund (Bal. fig)	<u>35900</u>		
	<u>201000</u>		<u>201000</u>

Ans 5:

Overhead Distribution Sheet:

Particular.	Basis.	Production Dept.			Service Dept.	
		X	Y	Z	A	B
Rental Rates	Floor Space	2000	2500	3000	2000	500
Lighting & Electricity	Light Points	200	300	400	200	100
Indirect wages	Direct wages	900	600	400	450	150
Power	HP of Machinery	1200	600	1000	200	300
Dep. on Machinery	Cost of Machinery	4800	6400	8000	400	400
Other Expenses	Direct wages	6000	4000	6000	3000	1000

Total of Service Dept

Service Dept A	(2:3:4:1)	1312	1968	2624	(6250)	656
					(311)	3106

Service Dept B	(4:2:3:1)	1242	621	932	311	(3106)
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17654	16989	22856	-	-
60000	40000	60000		

Absorption Rate .29 .425 .381

Let total cost of Service Dept A be x and B be y .

$$\text{then } x = 6250 + .y \quad \text{--- (1)}$$

$$y = 2450 + .x \quad \text{--- (2)}$$

Putting the value of x in eq. (2)

$$y = 2450 + .(6250 + .y)$$

$$= 2450 + 625 + .0y$$

$$y - .0y = 3075.$$

$$.99y = 3075.$$

$$y = \frac{3075}{.99} = 3106$$

Putting the value of y in eq. ①

$$\begin{aligned}
 x &= 6250 + .y = 6250 + .1(3106) \\
 &= 6250 + 311 \\
 &= 6561
 \end{aligned}$$

$$\begin{aligned}
 \text{Total Cost of Job} &= 80 + 40 + [(2 \times 29) + (3 \times 425) + (4 \times 381)] \\
 &= 123.379
 \end{aligned}$$

Ans 6 (a) In the Books of Mohan of Mumbai

Consignment A/c

To Goods Sent on Consignment A/c	1,20,000	By Sohan's (Sale)	2,40,500
(400 × 300)		[320 × 650 + 50 × 650]	
To Cash [Expense]	20,000	By Insurance claim	270
[400 × 50]		By Abnormal loss	80
To Sohan's A/c [Commission]		By Stock on Consignment	10,875
Ordinary	7,215		
Del-Credre	325		
			7,540
To Profit on Consignment			74,260
			<u>2,51,725</u>

Sohan's A/c

To Consignment	2,40,500	By Consignment	2,99,250
		By Consignment	7,540
		By Bank	2,00,000
		By Bal. c/d.	30,350
	<u>2,40,500</u>		<u>2,40,500</u>

Working Note.

(1.) Calculation of Abnormal loss :

$$\text{C.P} = 1 * ₹ 300 = ₹ 300$$

Add: Proportionate Exp. of Mohan

$$\left[\frac{20,000}{400} * 1 \right] \quad ₹ 50$$

$$₹ 350$$

Less: Insurance claim.

$$₹ 270$$

Abnormal loss

$$\underline{₹ 80}$$

(2.) Calculation of closing Stock.

$$\text{C.P} = 29 * 300 = ₹ 8700$$

Add: Proportionate Exp by Mohan.

$$\left[\frac{20,000}{400} * 29 \right] \quad ₹ 1450$$

Add: Proportionate Exp by Sohan.

$$\left[\frac{9975}{399} * 29 \right] \quad ₹ 725$$

$$\underline{₹ 10875}$$

Ans 6. (b)

Cost Sheet

Particulars	Amount
Opening Stock of Raw Material	22000
<u>Add</u> Purchase	132000
<u>Less</u> Closing Stock	<u>(24464)</u>
	129536
Direct wages	1,10,000
Carriage Inward	1584
	<u>Prime Cost</u>
	1,11,584
<u>Add</u> : Factory overhead:	
Rent, Rates & Insurance	44000
Factory Supervision	<u>8800</u>
	52800
	<u>Gross factory Cost</u>
	164384
<u>Add</u> : Opening work in Progress	5280
<u>Less</u> : Closing work in Progress	<u>(17600)</u>
	Net factory Cost
	152064
<u>Add</u> : Opening Stock of finished Goods	17600
<u>Less</u> : Closing Stock of finished Goods	<u>(35200)</u>
	Cost of Goods Sold
	134464
<u>Add</u> : Selling overhead [25600 × .75]	<u>19200</u>
	Cost of Sales
	153664
Profit [Balancing fig.]	<u>176336</u>
Sales	<u>3,30,000</u>