

Systematic Studies For Professionals
(Where your quest for quality education ends)

C.A. Foundation

Time 2 Hrs.

Final Accounts

Max Marks: 65

Ques.1 From the following trial balance as at 31st Dec. 2018 of Salman Bhai, **prepare** Trading, Profit and Loss Account and Balance Sheet after taking into consideration the addition appended to it.

Debit Balance		Credit Balance	
Furniture	15,000	Capital	54,000
Cash-in-hand	3,000	Provision for bad Debts	3,000
Opening Stock	50,000	Sales	6,00,000
Fixed deposits	1,34,600	Sundry Creditors	32,000
Drawings	5,000	Deposit from Customers	6,000
Cash at Bank	10,000	Returns	8,000
Purchases	2,80,000		
Commission	20,000		
Salaries	19,000		
Carriage	41,000		
Insurance	6,000		
Rent (for 11 months)	22,000		
Sundry Debtors	60,000		
Advertisement	10,000		
Postage & Stationery	3,400		
Bad debts	2,000		
Printing & Stationery	9,000		
General charges	13,000		
	<u>7,03,000</u>		<u>703,000</u>

Additional Information

- Closing stock was ₹ 10,000.
- Goods of the sale value of ₹ 25,000 with cost plus 25% treated as actual sale.
- Salary of ₹ 5,000 paid to an employee had been entered in the cash book as ₹ 3,000 and wrongly debited to employee.
- Depreciate furniture by 10%.
- Purchases include cost of ₹ 6,000 related to furniture purchased on 1st July 2018.
- Create a provision for doubtful debts @3% of Debtors
- Furniture had been sold during the year for ₹ 8,000 and proceeds had been credited to furniture a/c. The book value of sold furniture was ₹ 5,000.
- A sum of ₹ 10,000 received from a party which has purchased some stocks belongings to a separate business of the proprietor was credited to the sundry debtors account.
- Commission @ 5% on sales is to be given to salesman.
- Goods of the sales value of ₹ 2000 with cost plus 25% given by Salman Bhai to his relative.

[12]

Ques. 2 Following is the Trial Balance of Mr. Munna Bhai on 31st March, 2018:

Head of Accounts	Dr. (₹)	Cr. (₹)
Cash in Hand	1,080	---
Cash at Bank	5,260	---
Purchases	81,350	---
Returns Outward	---	1,000
Sales	---	1,92,640
Discount		4,920
Returns Inward	1,360	---
Wages	20,960	---
Bad Debts written off (after adjusting recovery of bad debts of ₹ 600 written off in 2016)	2,400	
Fuel and Power	7,060	---
Carriage on Sales	6,400	---

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Carriage on Purchases	4,080	---
Opening Stock	11,520	---
Building	60,000	---
Freehold Land	20,000	---
Machinery	40,000	---
Salaries	16,400	---
Closing Stock	13,600	---
Patents	15,000	---
General Expenses	6,000	---
Insurance	1,200	---
Capital	---	1,42,000
Drawings	10,490	---
Sundry Debtors	29,000	---
Sundry Creditors	---	12,600
Total	3,53,160	3,53,160

Taking into account the following adjustments, pass necessary Journal entries and prepare Trading and Profit and Loss Account and Balance Sheet.

1. A fire occurred in the godown and stock of the sales value of `5,000 (cost of 4,000) was destroyed and the insurance company admitted 60% claim.
2. Machinery is to be depreciated @ 10% and patents @ 20%.
3. Salaries for the month of March, 2018 amounted to `3,000 were unpaid.
4. Insurance includes a premium of ` 600 on a policy, expiring on 30th June 2018.
5. Wages include a sum of `4,000 spent on the erection of a cycle shed for employees and customers.
6. A Provision for Doubtful Debts is to be created to the extent of 5% on Sundry Debtors.
7. Discounts at 2% on debtors and creditors are to be provided.
8. The proprietor Mr. A has taken goods worth ` 5,000 for personal use and distributed goods worth ` 1,000 samples.
9. The manager is entitled to a commission of 10% of the net profit after charging his commission.
10. Sales were made inter-state with IGST @12%.

[12]

MCQ Based Questions (1 Mark each)

Q.1 Reported financial statement exclude

- (a) income statement is prepared which is also known as Trading A/c and profit and loss A/c
- (b) position statement is prepared and is also known as balance sheet
- (c) cash flow statement
- (d) bank reconciliation statement

Q.2 gross profit/loss is obtained by

- (a) matching assets against liabilities
- (b) matching cash inflow against cash outflow
- (c) matching revenue income against revenue expenses
- (d) matching sales revenue against cost of goods sold

Q.3 Net profit/ loss is obtained by

- (a) matching assets against liabilities
- (b) matching cash inflow against cash outflow
- (c) matching revenue income against revenue expenses
- (d) matching sales revenue against cost of goods sold

Q.4 Balance sheet is obtained by

- (a) matching assets against liabilities
- (b) matching cash inflow against cash outflow

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- (c) matching revenue income against revenue expenses
(d) matching sales revenue against cost of goods sold

Q.5 Given - Gross profit 30% of Cost, Sales Rs.1,30,000; Returns outward Rs.10,000; salary – 2,000; Rent -1,000; insurance-4,000; printing & stationery - 4,000; telephone expenses - 1,000; commission received -1,500. What is the amount of net profit?
(a) ₹ 16,500 (b) ₹ 19,500 (c) ₹ 6,500 (d) ₹ 9,500

The following details of Super Saver Stores for the year ended on 31.3.08:

	₹
Stock (Date : 1. 4.2007)	40,000
Purchases	3,30,000
Sales	4,20,000
Purchases	10,000
Sales returns	20,000
Wages	10,000
Railway freight - Octroi	6,000
Carriage Inward	4,000
Goods given in charity	10,000
Goods withdrawn for personal use	20,000

cost price of closing stock of goods as on 31.3.2008 was ₹ 24,000, where as its market value is ₹ 30,000

Q.6 Net purchases for Super saver Stores for the accounting period ended on 31.3.08:
(a) ₹ 3,30,000 (b) ₹ 3,20,000 (c) ₹ 2,90,000 (d) ₹ 2,40,000

Q.7 Net purchases for sales Super saver Stores for the accounting period ended on 31.3.08:
(a) ₹ 3,30,000 (b) ₹ 3,20,000 (c) ₹ 2,90,000 (d) ₹ 2,40,000

Q.8 Adjusted purchases of Super saver Stores for the accounting period ended on 31.3.08:
(a) ₹ 3,30,000 (b) ₹ 3,20,000 (c) ₹ 2,90,000 (d) ₹ 2,40,000

Q.9 Cost of goods sold of Super saver Stores for the accounting period ended on 31.3.08:
(a) ₹ 3,30,000 (b) ₹ 3,20,000 (c) ₹ 2,90,000 (d) ₹ 2,40,000

Q.10 Gross profit of Super saver Stores for the accounting period ended on 31.3.08:
(a) ₹ 1,00,000 (b) ₹ 80,000 (c) ₹ 1,20,000 (d) None of these

Q.11 Net assets of a business on January 1 and January 31 are ₹ 5,00,000 and ₹ 5,12,000 respectively. If the owner had invested ₹ 1,000 and withdrawn Rs.3,000 during January. Find out the net income for January
(a) ₹ 8,000 (b) ₹ 14,000 (c) ₹ 16,000 (d) None of these

Q.12 John paid salaries during the period ended March 31, 2005 amounting to ₹ 1,60,000. Salaries outstanding on March 31,2004 is ₹ 25,000. Prepaid salary on March 31st 2005 is ₹ 10,000. The total amount to be debited to the Profit and Loss account is
(a) ₹ 1,95,000 (b) ₹ 1,25,000 (c) ₹ 1,75,000 (d) ₹ 1,50,000

Q.13 In which of the following categories salary expense appear in profit and loss account?
(a) Administrative expenses (b) Selling and distribution expenses
(c) Financial expenses (d) other expenses and Losses

Q.14 Y & Co. employs 20 workers who are paid ₹ 3,000 per month. On April 01, 2004 the proprietor revised their pay with effect from Jan 01, 2004 to ₹ 4,000 per month. On march 31, 2005 ₹ 8,000 were outstanding. The amount of wages to workers to be debited to trading account for the period ended March31,2005 is

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(a) ₹ 7,12,000 (b) ₹ 7,80,000 (c) ₹ 7,72,000 (d) ₹ 7,88,000

Q.15 In which of the following categories electricity expense appear in profit and loss account?

- (a) Administrative expenses (b) Selling and distribution expenses
(c) Financial expenses (d) other expenses and Losses

Q.16 Consider the following extracts from the trial balances of Lallu & Co. for the period ended March 31, 05.

Particulars	Amount	Amount
Opening stock	46,000	
Purchases	4,42,000	
Purchase returns		12,000
Sales		8,20,000
Sales returns	8,000	
Carriage inwards	39,100	
Interest on deposits		43,000
Salaries	50,000	

If the opening stock of the company is 125% of closing stock, the trading account reveals a profit of

OPTION NOT AVAILABLE

Q.17 In which of the following categories godown expense appear in profit and loss account?

- (a) Administrative expenses (b) Selling and distribution expenses
(c) Financial expenses (d) other expenses and Losses

Q.18 The manager of A & Co. is entitled to a commission of 15% on net profit before charging such commission. If the net profit after charging such commission is Rs 3,40,000, the amount of commission payable to the manager is

- (a) ₹ 65,000 (b) ₹ 60,000 (c) ₹ 44,348 (d) ₹ 51,000

Q.19 In which of the following categories bank charges appear in profit and loss account?

- (a) Administrative expenses (b) Selling and distribution expenses
(c) Financial expenses (d) other expenses and Losses

Q.20 The total cost of goods available for sale with a company during the current year is ₹ 12,40,000 and the total sales during the period are ₹ 14,00,000.

If the gross profit margin of the company is 40% on cost, the closing inventory during the current year is

- (a) ₹ 3,00,000 (b) ₹ 2,40,000 (c) ₹ 2,00,000 (d) ₹ 1,60,000

Q.21 The total purchases of paragon Ltd is ₹ 5,00,000. Purchase returns is Rs.30,000. If the gross profit of the company is 25% on sales and the closing stock is more than the opening stock by ₹ 20,000, the sales will be:

- (a) ₹ 5,62,500 (b) ₹ 6,00,000 (c) ₹ 5,40,000 (d) ₹ 5,75,000

Q.22 The closing balance of sundry debtors of a company is ₹ 5,00,000. Bad debts as per trial balance is Rs.20,000. If the provision for bad debt is 10% and provision for discount on debtors is 4% then the amount of provision for discount on debtors is

- (a) ₹ 19,200 (b) ₹ 17,280 (c) ₹ 18,000 (d) ₹ 22,500

Q.23 In which of the following categories donation appear in profit and loss account?

- (a) Administrative expenses (b) Selling and distribution expenses
(c) Financial expenses (d) other expenses and Losses

Q.24 In which of the following categories carriage outward appear in profit and loss account?

- (a) Administrative expenses (b) Selling and distribution expenses
(c) Financial expenses (d) other expenses and Losses

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Q.25 The provision for bad and doubtful debts of B Ltd. has a debit balance of ₹ 3,500 after adjustment of bad debts of ₹ 8,000. If the company decides to maintain a provision for bad and doubtful debts of ₹ 3,200 at the end of the year, the profit and loss account will be debited by

- (a) ₹ 4,500 (b) ₹ 4,700 (c) ₹ 6,700 (d) ₹ 5,700

Q.26 In which of the following categories local taxes appear in profit and loss account?

- (a) Administrative expenses (b) Selling and distribution expenses
(c) Financial expenses (d) other expenses and Losses

Q.27 In which of the following categories depreciation on assets appear in profit and loss account?

- (a) Administrative expenses (b) Selling and distribution expenses
(c) Financial expenses (d) other expenses and Losses

Q.28 The opening balances of capital of S & Co. on April 01, 04 stood at ₹ 15,00,000. The drawings of S for the period ended March 31, 2005 were ₹ 4,500 p.m. If the interest charged on drawings is 4% and the interest on capital credited on the basis of opening capital is 10%, the closing balance of capital account appearing in the balances sheet is

- (a) ₹ 15,30,000 (b) ₹ 15,02,000 (c) ₹ 15,93,840 (d) ₹ 16,00,000

Q.29 In which of the following categories bank commission appear in profit and loss account?

- (a) Administrative expenses (b) Selling and distribution expenses
(c) Financial expenses (d) other expenses and Losses

Q.30 Consider the following data pertaining to SSP Company Ltd. for the period 2014-15:

Particulars	₹
Opening inventory	5,00,000
Purchases during the year	25,20,000
Sales during the year	32,00,000

A physical inventory taken on March 31, 05 showed an ending inventory of ₹ 5,75,000. Company's gross profit on cost was constant at 33 1/3% throughout the year. Goods of the sale value of Rs.10,000 given as charity. The management of the company suspects pilferage of inventory. The estimated cost of missing inventory on the last day of the financial year was

- (a) ₹ 37,500 (b) ₹ 25,000 (c) ₹ 12,500 (d) ₹ 27,500

Q.31 The provision for bad and doubtful debts of GS Ltd. has a credit balance of ₹ 4,500. The Company has bad debts of ₹ 5,000 during the year. If the company decides to maintain a provision for bad and doubtful debts of ₹ 2,200 at the end of the year, the profit and loss account will be debited by

- (a) ₹ 8,500 (b) ₹ 1,700 (c) ₹ 2,700 (d) ₹ 5,700

Q.32 The General Manager is entitled to a commission of 6% after charging the commission of works manager and his own commission. The Works manager is entitled to a commission of 10% after charging the commission of General manager and his own. Net Profit before commission is ₹ 3,31,836. Commission payable to general manager and works manager are

- (a) ₹ 10,776 and ₹ 19,000 respectively (b) ₹ 17,164 and ₹ 28,607 respectively
(c) ₹ 15,886 and ₹ 18,365 respectively (d) ₹ 14,428 and ₹ 28,855 respectively

Q.33 The business has 15 workers getting wages of Rs.300 per day in 25 days of the month. Amount of Rs.18,000 was outstanding in the beginning of the month which was increased to Rs. _____ at the end of the month. Payment made during the year was Rs.1,08,000. Of which Rs.4,000 was for the installation of the machinery. Goods costing Rs.3,000 also given to workers in lieu of wages.

OPTION NOT AVAILABLE

Q.34 Goods given as charity will _____ the net profit

- (a) increase (b) decrease (c) Not change (d) can't say. then phone a friend

Q.35 Accrued income A/c appearing in trial balance is shown

- (a) On the debit side of profit and loss A/c (b) On the credit side of profit and loss A/c
(c) On the asset side in the balance sheet (d) By way of footnote

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Q.36 X has the following balances in the trial balance

Debtors	85,000	-
Bad debts	4,000	
Provision for doubtful debts		1,600

Debtors include a sum of Rs.6,000 due from Raja and creditors include a sum of Rs.7,000 due to him.

Debtors include a sum of Rs.3,000 which is irrecoverable. Create a provision for doubtful debts @ 4%. Provision to be charged through P & L a/c is _____

(a) Rs.1,280 (b) Rs.1,440 (c) Rs.1,400 (d) Rs.1.600

Q.37 Given - Gross profit 25% of Cost, Sales Rs.1,20,000; Returns inwards Rs.10,000; salary – 2,000 (including Outstanding 600); Rent -1,000 (including prepaid 300); insurance-4,000; printing & stationery - 4,000; telephone expenses - 1,000; commission -1,500. What is the amount of net profit?

Option not available

Q.38 Cost of goods available for sale Rs.15,00,000, Sales Rs. 25,00,000, Gross profit ratio 20%. **Calculate** closing stock.

Option not available

Q.39 Cost of goods produced Rs.18,00,000, Sales Rs. 24,00,000, Gross profit 20% of cost. Opening stock is 125% of closing stock. Calculate opening stock.

Option not available

Q.40 Following data was extracted from the books of Peter Ltd., for the period 2004-05

Particulars	Opening balance in `	Closing balance in `
Raw material inventory	1,35,000	1,56,000
Work-in-progress	29,000	40,000
Finished goods inventory	69,000	62,000

If the purchases for the period were ` 2,73,000 and the other manufacturing costs amounted to ` 3,30,000. Selling expenses Rs.40,000

Value of raw material used in the production is:

Option not available

Q.41 The value of cost of goods manufactured for the period is:

Option not available