**B.Com Sem- 1**

**SUB: Accounting – 1**

**Question Bank**

**Unit -1 Accounts of Professional Persons:**

**Q-1** Solicitors Raman submits to you the following Trial Balance for his financial year ending on 31-3-2016, Prepare his final accounts:

**Trial Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| **Debit Balance** | **Amount** | **Credit Balance** | **Amount** |
| Library books  Office Equipment  Office Building  Office Expenses  Salaries and Allowances  Bank balance:  Office  Clients  Cash on hand  Debtors for fees  Client’s sundry Expenses | 45,000  30,000  75,000  25,000  30,000  20,000  10,000  3,000  25,000  15,000 | Capital  Reserve for outstanding fees (1-4-2015)  Bills of fees  Apprentice Premium (received on 1-4-2015 for two years)  Outstanding Salary | 50,000  16,000  1,96,000  10,000  6,000 |
|  | **2,78,000** |  | **2,78,000** |

**Adjustments:**

1. Rs. 6,000 fee received in advanced from clients is wrongly included in bills of fees.
2. Office expenses of Rs. 1000 is included in sundry expenses for clients by mistake.
3. Interest is to be counted at 20% on capital.
4. Depreciation at 10% on office building, office equipment and library books.
5. If Mr. Mahesh is to join in partnership with Raman in the coming year and if the bills of fees not prepared are estimated Rs. 10,000.

Find out Profit.

**Unit – 2 Hire Purchase Accounts:**

**Q -1** On 1st April, 2008 A Ltd. Bought a machine from B Ltd. On Hire-Purchase System, the cash price being Rs. 29,900. Rs.8000 was payable on signing the contract and the balance in three annual installments of Rs. 8,000 each.

Depreciation is Provided at 10% per annum by Reducing Balance Method.

You are required to prepare Machine Account and B Ltd’ s Account in the books of A Ltd.

Q -2 A Ltd purchase on 1st April, 2008 Machinery costing Rs. 47,500 from ABC Co. Ltd. On **Hire- Purchase System.** The terms were as under:

1. Rs. 20,000 to be paid on 1st April, 2008
2. Rs. 10,000 to be paid on 31st March, 2009
3. Rs.10,000 to be paid on 31st March,2010
4. Rs. 10,309 to be paid on 31st March,2011

You are required to write up Machinery Account, Interest Account ABC Co. Ltd’ s Account. Charge interest at 5% per annum on the yearly balances. Depreciation at 20% the original cost was to be written off each year.

Give also journal entries in the books of both the parties.

Q-3 Shri Rajiv Kapoor purchased machine from Shekhar Suman & Co. on 1-4-08 on hire purchase system. The balance amount is payable in four annual instalments at 10% interest as follows:

31-3-08 = 10,900

31-3-09 = 9,100

31-3-10 = 7,400

31-3-11 = 8,800

Find out the cash price of the machine:

**Unit – 3 Replacement Accounts:**

Q :- 1 The Ahmedabad Electricity Co. Ltd. Re-build part of its works at a cost of Rs. 400000. The original cost of the works superseded is Rs. 250000. The cost labour and material is respectively 10% and 20% higher now than when the old works were built. The proportion of labour to materials in works now and them 3:2. Sale of old materials realized Rs. 30000 and old materials valuing Rs. 15000 are used in the new construction and it is included in above mentioned cost Rs. 400000.

Draft the necessary journal entries in the books of the company.

Q :- 2 The Bombay Gas Company Ltd laid down a main at a cost Rs. 20,00,000. In 2009, owing to increases in demand the company laid down an auxiliary main for a quarter length of the old main for Rs. 6,00,000 and replaced the rest of the main at a cost of Rs. 24,00,000, the cost of laying mains having increased by 15% in the meantime.

Show by journal entries how would you apportion the new expenditure between capital and revenue having regard to the increased cost of laying the mains and the fact that the discarded materials realized Rs. 3,50,000.

Q :- 3 In the year 1954, Ahmedabad Textiles Ltd has installed 120 power looms at a cost of Rs. 6,00,000, In march 2010, out of old power looms 60 power looms were replaced by the looms of same type and pattern at a price which is 100% more than the original price and the remaining half were replaced by automatic looms which is installed at a cost of Rs. 10,00,000. Moreover, to meet the increased demand, the company installed additional 60 automatic looms in the factory.

Rs. 2,00,000 were realized from the sale of old replaced looms. Show what amount will amount will be charged as capital expenditure and as revenue expenditure. Draft necessary Journal entries.

**Unit – 4 Valuation of Inventory:**

Q:-1 The following is the receipt and issues of a certain material in factory for quarter ending on 31st March, 2016:

Jan. 2011 1 : Opening Balance 20 Kgs at Rs. 2.00

4 : Issued 10 Kgs.

Feb 2011 1 : Purchased 30 Kgs at Rs. 2.50 per kg.

6 : Issued 20 Kgs.

28: Issued 10 Kgs.

March 2011 4 : Purchased 20 Kgs. at Rs. 3 per kg.

16: Issued 15 Kgs.

From the above mentioned information you are required to prepare stock Register, assuming that issues are priced on FIFO Method and state the value of stock on 31st March, 2016.

Q:- 2 The receipts and issues of an item of materials in a factory during august, 2016 are as follows:

2016

August 1 Opening Balance 150 kgs at 20

3 Issued 50 kgs

8 Purchases 200 kgs at Rs. 21

16 Issued 150 kgs

18 Returns from job 10 kgs

(out of materials issued on 3rd)

21 Purchases 300 kgs at Rs. 19

27 Issued 100 kgs

The report of the stock verifier revealed that there was a shortage of 5 kgs on 31st August. Prepare Stock Register under-

1. FIFO Method
2. LIFO Method
3. Weighted Average Method.