

SET - I

Paper 2-Fundamentals of Accounting

Full Marks: 100

Time allowed: 3 Hours

PART - A

- I. Choose the correct answer from the given four alternatives: [6 × 1=6]
1. Accounting function does not include
 - (a) Recording
 - (b) Classification
 - (c) Staffing
 - (d) Summarization
 2. Example to Nominal Account
 - (a) Machinery A/C
 - (b) Bank A/C
 - (c) Discount A/C
 - (d) Supplier ABC Ltd
 3. A Trial Balance shows
 - (a) Honesty of accountants
 - (b) Only Arithmetical accuracy of accounts
 - (c) Accuracy of account
 - (d) None of the above
 4. The Cash book records
 - (a) All cash receipts
 - (b) All cash payments
 - (c) All cash receipts and payments
 - (d) None of the above
 5. Bank reconciliation statement shows the reconciliation of
 - (a) Cash Book and Bank Passbook balances
 - (b) Pass Book
 - (c) Subsidiary Book
 - (d) None of the above

6. Depreciation refers to the process of
- (a) Asset Re-Valuation
 - (b) Allocation of Cost of the Asset over the period of its life
 - (c) Verification of Asset
 - (d) Increasing the value of asset

II. State whether the following statements are True (or) False. [6 × 1=6]

1. Under Diminishing balance (WDV) method, the depreciation of an asset decreases every year.
2. Bill of Exchange is prepared to reconcile the Bank balance as per Pass book with Cash Book
3. Receipts and Payments account shows the Financial Position of a Non-trading concern.
4. Delcredere commission is paid to the consignee for increasing the Cash sales
5. Final accounts are prepared at the end of the accounting year.
6. Capital is equal to Assets – Liabilities.

III. Journalize the following transactions: [3 × 2=6]

1. Bought Machinery for ₹ 50,000 with Cash.
2. Rent received ₹ 10,000.
3. Cash drawn by the Proprietor for personal use ₹ 20,000.

IV. Fill in the blanks: [6 × 2=12]

1. _____ is the difference between Sales and Cost of Sales.
2. Balance Sheet is prepared to know _____ of the organization at the end of the year .
3. Incomplete records of accounting system is also known as_____.
4. Cash Account is _____ Type of account.
5. Credit Purchases is recorded in _____ book.
6. In Income and Expenditure account Subscriptions received for the year is shown under _____ side.

V. Match the following [6 × 1=6]

	Column 'A'		Column 'B'
1.	Patents and Copy Rights	A	Income
2.	Land	B	Current Liability
3.	Interest Received	C	Fixed Asset
4.	Bank Overdraft	D	Trading Account - Credit
5.	Closing Stock	E	Current Asset
6.	Sundry Debtors	F	Intangible assets.

VI. Answer any three questions. Each question carries 8 marks. [3 × 8=24]

1. Prepare Three Column Cash Book from the following transactions:
in the books of Mr. Abhishek
January 1 - Opening cash balance was ₹ 3,800 and bank balance was ₹ 27,500
January 4 - Wages paid in cash ₹ 1,500
January 5 - Received cheque of ₹ 19,800 from KBK enterprises after allowing discount of ₹ 200
January 7 - Paid to consultancy charges by cheque for ₹ 7,500
January 10- Cash of ₹ 2,500 withdrawn from bank
January 12 - Received a cheque for ₹ 4,500 in full settlement of the account of Mr. X at a discount of 10% and deposited the same into the Bank.
January 15- X's cheque returned dishonored by the Bank
2. On 25th April Bhagavan sold goods for ₹ 13,000 to Lakshman and drew upon him a bill of exchange for 3 months for the same amount. Lakshmana accepted the bill and sent the same to Bhagavan. Bhagava endorsed the bill in favour of his creditor Raman. On the due date the bill was dishonored and Raman paid Rs 90 as noting charges.

Pass the necessary journal entries in the books of Bhagava.
3. On 1st January 2012 Siva & Co purchased a second hand machinery for ₹ 34,000 and spent ₹ 6,000 on its repairs and installed the same. On 31st December 2014 the machinery was sold for ₹ 26,000. The books are closed on 31st December every year. Depreciation is provided @ 10% p.a. on Reducing balance method. Show the machinery a/c.
4. On 31st December 2012, a club had subscription in arrears of ₹ 16,000 and in advance ₹ 4,000. During the year ended 31-12-2013, the club received subscription of ₹ 2,08,000 of which ₹10,400 was related to 2014. On 31st December 2013, there were 4 members who had not paid subscription for 2013 @ ₹1,600 per person. Write up subscription Account for the year 2013.
5. From the following particulars, prepare final accounts.

Debit Balances	₹	Credit Balances	₹
Opening Stock	1,100	Capital	25,000
Purchases	600	Sales	7,000
Machinery	10,000	Purchase Returns	1,000
Carriage	1,000	Discount Received	1,000
Rent	1,200	Interest Received	1,500
Advertisement Expenses	800		
Customs Duty	500		
Bad Debts	600		
Debtors	2,000		
Insurance	800		
Carriage Outwards	400		
Salaries	900		
Trade Expenses	700		
Investments	5,000		
	35,500		35,500

Adjustments:

- (a) Closing stock ₹ 6,000.
- (b) Prepaid insurance ₹ 200.
- (c) Outstanding salaries ₹ 600.
- (d) Accrued Interest ₹ 500.

PART – B

I. Choose the correct answer from the given four alternatives: [6 × 1 =6]

1. Irrespective of level of output Variable Cost Per Unit is:
(a) Fixed
(b) Variable
(c) Semi-Fixed
(d) Semi-Variable
2. The Cost of Opportunity foregone is called
(a) Historical Cost
(b) Sunk Cost
(c) Avoidable Cost
(d) Opportunity Cost
3. Wages paid for no work is done is called
(a) Idle time wages
(b) Overtime Wages
(c) Bonus
(d) Incentive
4. A worker is paid ₹ 0.50 per unit and he produces 18 units in 7 hours. Keeping in view the piece rate system, the total wages of the worker would be:
(a) $18 \times 0.50 = ₹ 9$
(b) $18 \times 7 = ₹ 126$
(c) $7 \times 0.5 = ₹ 3.50$
(d) $18 \times 7 \times 0.50 = ₹ 63$
5. A firm sells bags for ₹ 14 each, the variable cost for each unit is ₹ 8. What is the contribution margin per unit?
(a) ₹ 6
(b) ₹ 12
(c) ₹ 14
(d) ₹ 8
6. Example for Semi-Variable Expenses
(a) Landline Telephone Bill
(b) Rent of Office Building
(c) Depreciation of Machine
(d) Direct Material Cost

II. Fill in the blanks: [6 × 1 = 6]

1. Material, Labour and Expenses are known as _____ of Cost.
2. Direct Material Cost+ Direct Labour Cost+ Direct Expenses = _____
3. At break even point the profit will be _____
4. Costing is a Technique and Process of _____

5. To ascertain the Cost Per Unit of a Product, we should prepare the statement of _____
6. When the budgeted overheads for the month are ₹ 20,000 and budgeted machine hours for the month are 5000 then the Overhead recovery rate per machine hour is _____

III. Match the following [6 × 1 = 6]

	Column 'A'		Column 'B'
1.	Halsey Bonus Plan	A	Inventory Valuation
2.	Elements of Cost	B	Unproductive Time
3.	Overheads	C	Labour Incentive
4.	FIFO	D	Allocation & Apportionment
5.	Profit Volume Ratio	E	Material, Labour & Overheads
6.	Idle Time	F	Break-Even Analysis

IV. State whether the following statements are True (or) False. [6 × 1 = 6]

1. Depreciation is a Semi Variable Cost
2. A Cost Center may be a Person or Equipment.
3. Bin Card is an Accounting record
4. High labour turnover is very good for the growth of the organization.
5. At BEP, Total Sales and Variable Cost are same.
6. The PV Ratio = Profit / Margin of Safety.

V. Answer any three questions. Each question carries 8 marks. [2 × 8 = 16]

1. A manufacturing company uses 2400 units of a steel pipe per annum. The pipes are bought from a supplier on a regular basis. The cost of placing and receiving one order is ₹ 100. The cost of carrying is 12 per annum per unit. Find out the EOQ
2. Calculate the total wages earned by a workman for a working day of 8 hours under Halsey and Rowan plans: Standard Production per hours 20 Hours and Actual Production 200 units for the day. Wage Rate Per Hour is ₹ 30.
3. Prime Cost is ₹ 41,000. Direct labour cost consists of skilled labour ₹6,000 and unskilled labour ₹2,000. Variable works overhead is 100% of direct wages and fixed works overhead is 60% of direct wages. Sale of scrap is ₹1,800. Find works cost.
4. A company purchased 1200 kg of raw material @ ₹20 per kg. from a supplier. A trade discount of 20% on above price was applicable. Total freight paid was ₹240 and insurance was 2.5% on the net value paid by the purchaser. Calculate the total cost of material purchased and the per kg material cost