Module-10

Q-01:

You are required to write the appropriate accounting heads to be debited in second column against each case given in first column, from the following list of accounts.

- Machinery account
- Purchase account
- Merchandises account
- Supplier's account
- Depreciation account
- Provision for depreciation account
- Cash account
- Bank account

First Column **Cases**	**Second Column** **Accounting head to be debited**
Machinery bought and payment is made through cheque	?
Merchandises purchased on credit basis from supplier	?
Recording the provision for depreciation	?

***Note: You must follow the above format to fill the missing particulars of second column.**

Solution:

First Column **Cases**	**Second Column** **Accounting head to be debited**
Machinery bought and payment is made through cheque	Machinery account
Merchandises purchased on credit basis from supplier	Purchases account
Recording the provision for depreciation	Depreciation account

Q-02:

You are required to write the appropriate accounting heads to be credited in second column against each case given in first column, from the following list of accounts.

- Machinery account
- Purchase account
- Merchandises account
- Supplier's account
- Depreciation account
- Provision for depreciation account
- Bank account

First Column **Cases**	**Second Column** **Accounting head to be credited**
Machinery bought and payment is made through cheque	?
Merchandises purchased on credit basis from supplier	?
Recording the provision for depreciation	?

***Note: You must follow the above format to fill the missing particulars of second column.**

Solution:

First Column **Cases**	**Second Column** **Accounting head to be credited**
Machinery bought and payment is made through cheque	Bank account
Merchandises purchased on credit basis from supplier	Supplier's account
Recording the provision for depreciation	Provision for depreciation account

Q-03:

Following information is available regarding the disposal of a fixed asset.

Particulars	Rs.
Opening balance of machinery	25,000
Cost of disposed machinery	5,000
Machinery disposed on cash basis	2,500
Bought new machinery on cash basis	20,000

Note: Organization transfers the cost of sold machinery to machinery disposal account in case of disposing the machinery.

Required:

Prepare Machinery account according to ledger account format given below.

Machinery Account			
Particulars	**Dr. Rs.**	**Particulars**	**Cr. Rs.**

Solution:

Machinery Account			
Particulars	**Rs.**	**Particulars**	**Rs.**
Opening balance	25,000	Machinery disposal a/c	5,000
Cash account	20,000	Closing balance	40,000
Total	45,000	Total	45,000

Q-04:

Following information is available regarding disposal of a fixed asset.

Particulars	Rs.
Original cost of machinery on the start of the year	100,000
Per year depreciation by using straight line method	10,000
Machinery is sold at the end of 4^{th} year and payment is made through cash	55,000

Required:

Prepare Fixed Asset Disposal account according to ledger account format given below.

Machinery Disposal Account			
Particulars	**Dr. Rs.**	**Particulars**	**Cr. Rs.**

Solution:

Machinery Disposal Account			
Particulars	**Rs.**	**Particulars**	**Rs.**
Machinery cost a/c	100,000	Accumulated depreciation a/c (10,000 x 4)	40,000
		Cash a/c	55,000
		Profit and loss a/c (Balancing figure)	5,000
Total	100,000	Total	100,000

Module-11

Q-05:

Following information is available for ABC traders.

- Opening balance of debtors control account Rs. 100,000
- Total of sales journal Rs. 40,000
- Total of purchase journal Rs. 30,000
- Cash receipt from customers Rs. 20,000
- Cash payment to suppliers Rs. 25,000
- Discount allowed Rs. 10,000
- Discount received Rs. 15,000
- Trade discount Rs. 12,500
- Closing balance of debtors control account is the balancing figure in required account.

Required:

Based on the above information, you are required to prepare the Debtors Control Account by following the format given below.

Debtors Control Account			
Debit			**Credit**
Particulars	**Rs.**	**Particulars**	**Rs.**

Solution:

Debtors Control Account			
Particulars	**Rs.**	**Particulars**	**Rs.**
Opening balance	100,000	Cash a/c	20,000
Sales a/c	40000	Discount allowed a/c	10,000
		Closing balance	110,000
Total	140,000	Total	140,000

Q-06:

Following information is available for ABC traders.

- Opening balance of creditors control account Rs. 100,000
- Total of sales journal Rs. 40,000
- Total of purchase journal Rs. 30,000
- Cash receipt from customers Rs. 20,000
- Cash payment to suppliers Rs. 25,000
- Discount allowed Rs. 10,000
- Discount received Rs. 15,000
- Trade discount Rs. 12,500
- Closing balance of creditors control account is the balancing figure in required account.

Required:

Based on the above information, you are required to prepare the Debtors Control Account by following the format given below.

Creditors Control Account			
Debit			**Credit**
Particulars	**Rs.**	**Particulars**	**Rs.**

Solution:

Creditors Control Account			
Particulars	**Rs.**	**Particulars**	**Rs.**
Cash a/c	25,000	Opening balance	100,000
Discount received a/c	15,000	Purchases a/c	30,000
Closing balance	90,000		
Total	130,000	Total	130,000

Q-07:

Prepare the "Sales Journal" and "Sales Return Journal" based on the following transactions of a furniture showroom.

Date	Transactions
2020 July 10	10 tables @ Rs. 200 sold on credit basis to Mr. Ali. 15 tables @ Rs. 300 sold on cash basis to Mr. Ali.
July 15	5 tables returned from Mr. Ali which were sold on credit basis on July 10, 2020. 10 tables returned from Mr. Ali which were sold on cash basis on July 10, 2020.
July 20	20 tables @ Rs. 250 sold on credit basis to Mr. Ahmed. 40 Chairs @ Rs. 90 sold on cash basis to Mr. Ahmed. 30 Chairs @ Rs. 95 sold on cash basis to Mr. Afzal.
July 25	10 tables returned from Mr. Ahmed which were sold on credit basis on July 20, 2020. 25 chairs returned from Mr. Ahmed which were sold on cash basis on July 20, 2020.

Note: You must follow the format given below to prepare the following Journal.

Sales Journal

Date	Description (Name of Debtor)	Rs.
2020		
Total		

Sales Return Journal

Date	Description (Name of Debtor)	Rs.
2020		
Total		

Solution:

Sales Journal

Date	Description (Name of Debtor)	Rs.
2020 July 10	Mr.Ali: 10 tables @ Rs. 200	2,000
July 20	Mr. Ahmed: 20 tables @ Rs. 250	5,000
	Total	7,000

Sales Return Journal

Date	Description (Name of Debtor)	Rs.
2020 July 15	Mr.Ali: 05 tables @ Rs. 200	1,000
July 25	Mr. Ahmed: 10 tables @ Rs. 250	2,500
	Total	3,500

Q-08:

Prepare the "Purchase Journal" and "Purchases Return Journal" based on the following transactions of a furniture showroom.

Date	Transactions
2020 July 10	10 tables @ Rs. 200 bought on credit basis from Mr. Ali. 15 tables @ Rs. 300 bought on cash basis from Mr. Ali.
July 15	5 tables returned to Mr. Ali which were bought on credit basis on July 10, 2020. 10 tables returned to Mr. Ali which were bought on cash basis on July 10, 2020.
July 20	20 tables @ Rs. 250 bought on credit basis from Mr. Ahmed. 40 Chairs @ Rs. 90 bought on cash basis from Mr. Ahmed. 30 Chairs @ Rs. 95 bought on cash basis from Mr. Afzal.
July 25	10 tables returned to Mr. Ahmed which were bought on credit basis on July 20, 2020. 25 chairs returned to Mr. Ahmed which were bought on cash basis on July 20, 2020.

Note: You must follow the format given below to prepare the following Journal.

Purchase Journal

Date	Description (Name of Creditor)	Rs.
2020		
Total		

Purchase Return Journal

Date	Description (Name of Creditor)	Rs.
2020		
Total		

Solution:

Purchase Journal

Date	Description (Name of Creditor)	Rs.
2020 July 10	Mr.Ali: 10 tables @ Rs. 200	2,000
July 20	Mr. Ahmed: 20 tables @ Rs. 250	5,000
	Total	7,000

Purchase Return Journal

Date	Description (Name of Creditor)	Rs.
2020 July 15	Mr.Ali: 05 tables @ Rs. 200	1,000
July 25	Mr. Ahmed: 10 tables @ Rs. 250	2,500
	Total	3,500

Module-12

Q-09:

Briefly explain the following types of error with the help of suitable examples

- Error of Omissions
- Error of Commission
- Error of Principles
- Compensating errors
- Error of Original entry

Q-10:

What original journal entries should have been passed in each of the following case?

1. Rental income received through cheque for Rs. 30,000 wrongly debited to cash account.
2. Rent income received through cash payment of Rs. 50,000 wrongly debited to bank account.

Note: You must follow the format given below to pass the required original journal entries.

Date/Case	Particulars	Debit Rs.	Credit Rs.
1	Debit account? Credit account?	???	???
2	Debit account? Credit account?	???	???

Solution

Original Entries

Date/Case	Particulars	Debit Rs.	Credit Rs.
1	Bank account Rental income account	30,000	30,000
2	Cash account Rental income account	50,000	50,000

Q-11:

You are required to pass rectifying journal entries for each of the following case?

1. Rent received through cheque for Rs. 40,000 wrongly debited to cash account.
2. Rent received through cash payment of Rs. 50,000 wrongly debited to bank account.

Note: You must follow the format given below to pass the required rectified entries.

Date/Case	Particulars	Debit Rs.	Credit Rs.
1	Debit account?	???	
	Credit account?		???
2	Debit account?	???	
	Credit account?		???

Solution:

Rectified Entries:

Date/Case	Particulars	Debit Rs.	Credit Rs.
1	Bank account	40,000	
	Cash account		40,000
2	Cash account	50,000	
	Bank account		50,000

Module-13

Q-12:

Following information is available for the books of ABC Brothers.

Particulars	Rs.
Gross sales	110,000
Return inwards	10,000
Return outwards	20,000
Gross purchases	140,000

Required:

Calculate the amount of "Net sales" from the information given above.

Solution:

Particulars	Rs.
Gross sales	110,000
Less: Return inwards	10,000
Net sales	**100,000**

Q-13:

Following information is available in the Trial balance of ABC Brothers.

Particulars	Rs.
Capital at the start of the period	100,000
Withdrawals during the period	20,000

Required:

Calculate the amount of closing capital to be shown in balance sheet if net profit for the period is Rs. 50,000.

Solution:

Particulars	Rs.
Opening capital	100,000
Less: Drawings	(20,000)
Add: Net profit	50,000
Closing capital to be shown in balance sheet	**130,000**

Q-14:

1. Salaries paid in advance at the end of accounting period is Rs. 50,000
2. Outstanding rent at the end of accounting period is Rs. 15,000

Required:

Pass adjusting entries of "Prepaid salaries" and "Outstanding rent" based on the information given above.

Solution:

Prepaid salaries A/C	Rs. 50,000	
Salaries expense A/C		Rs. 50,000
(Advanced paid salaries are recognized)		
Rent expenses A/C	Rs. 15,000	
Outstanding rent A/C		Rs. 15,000
(Unpaid rent for current period is recognized)		

Q-15:

Following information is available in trial balance of ABC Brothers at the end of year 2020.

Particulars	Rs.
Cash at bank	100,000
Sundry debtors	200,000
Accounts payable	300,000
Short term loan	400,000
Salaries payable	500,000
Rent expense	250,000
Insurance expense	430,000
Opening stock	210,000

Additional Information:

- Bad debt of Rs. 40,000 is to be written off.
- Insurance paid in advance at the end of accounting period is Rs. 50,000
- Accrued rent expenses at the end of accounting period is Rs. 90,000

Required:

Calculate the amount of "Current Assets" and "Current Liabilities"to be shown in Balance sheet as on 31st December 2020.

Note: It is necessary to mention Add or Plus sign (+) / Less or Minus sign (-) in the working otherwise marks for working will not be awarded.

Solution:

Particulars		Rs.
Cash at bank		100,000
Sundry debtors	200,000	
Less: Bad debts	- 40,000	160,000
Prepaid insurance		50,000
Current Assets		310,000

Particulars	Rs.
Accounts payable	300,000
Short term loan	400,000
Salaries payable	500,000
Accrued rent expenses	90,000
Current Liabilities	1290,000

Module-14

Q-16:

Following information is available of ABC manufacturing business.

Particulars	Rs.
Opening stock of raw material	10,000
Purchase of raw material	20,000
Indirect material cost	40,000
Indirect labor cost	35,000
Closing stock of raw material	5,000

Required:

Calculate the cost of material used based on information given above.

Solution:

Particulars	Rs.
Opening stock of raw material	10,000
Add: Purchase of raw material	20,000
Less: Closing stock of raw material	5,000
Cost of material used	**25,000**

Q-17:

Following information is available of ABC manufacturing business.

Particulars	Rs.
Prime cost	43,000
Direct labour cost	17,000
Indirect material cost	10,000
Depreciation of machinery used in factory	30,000
Rent of factory building	40,000
Rent of office building	12,000

Required:

Calculate the factory overhead cost based on information given above.

Note: It is necessary to mention Add or Plus sign (+) / Less or Minus sign (-) in the working otherwise marks for working will not be awarded.

Solution:

Particulars	Rs.
Indirect material cost	10,000
Add: Depreciation of machinery used in factory	30,000
Add: Rent of factory building	40,000
Factory overhead cost	**80,000**

Q-18:

Following information is available of ABC manufacturing business.

Particulars	**Rs.**
Total factory cost	40,000
Opening inventory of work in process	10,000
Closing inventory of work in process	30,000
Opening inventory of finished goods	15,000
Closing inventory of finished goods	17,000

Required:

Based on the information given above, calculate the cost of goods manufactured.

Note: It is necessary to mention Add or Plus sign (+) / Less or Minus sign (-) in the working otherwise marks for working will not be awarded.

4 marks for working and 1 for answer.

Particulars	**Rs.**
Total factory cost	40,000
Add: Opening inventory of work in process	10,000
	50,000
Less: Closing inventory of work in process	30,000
Cost of goods manufactured	**20,000**

Q-19:

Following information is available of ABC manufacturing business.

Particulars	**Rs.**
Cost of goods manufactured	30,000
Opening inventory of finished goods	10,000
Closing inventory of finished goods	5,000
Opening inventory of work in process	13,000
Closing inventory of work in process	18,000

Required:

Based on the information given above, calculate the cost of goods sold.

Note: It is necessary to mention Add or Plus sign (+) / Less or Minus sign (-) in the working otherwise marks for working will not be awarded.

4 marks for working and 1 for answer.

Particulars	**Rs.**
Cost of goods manufactured	30,000
Add: Opening inventory of finished goods	10,000
	40,000
Less: Closing inventory of finished goods	5,000
Cost of goods sold	**35,000**

Module-15

Q-20:

ABC Textile Ltd. imported raw material for use in production of goods with following details:

Particulars	Rs.
Invoice price	12,000
Trade discount	1,000
Other cost directly attributable to acquisition of material	2,000
Refundable sales tax	350
Sundry debtors	338

Required:

Calculate the cost of purchase of raw material inventory.

Solution:

Particulars	Rs.
Invoice value	12,000
Add: Other cost directly attributable to acquisition of material	2,000
Less: Trade discount	1,000
Cost of purchase of raw material	13,000

Q-21:

1- Bought goods of Rs. 20,000 on cash basis from LMN Store.
2- Bought goods of Rs. 15,000 on account.

Required:

Pass the journal entries of above transactions under:

1. **Periodic inventory system**
2. **Perpetual inventory system**

Note: You must follow the following format to pass the required journal entries.

Date / S.No.	**Particulars**	**Debit Rs.**	**Credit Rs.**
1	??? ???	???	???
2	??? ???	???	???

Solution:

1. **Periodic inventory system**

Date	**Particulars**	**Debit Rs.**	**Credit Rs.**
1	Purchases account Cash account	20,000	20,000
2	Purchases account Sundry creditors account	15,000	15,000

Note: Inventory/Stock or Inventory/Stock purchase account is incorrect in this case. Student should write purchase account.

2. Perpetual inventory system

Date	Particulars	Debit Rs.	Credit Rs.
1	Inventory purchases account	20,000	
	Cash account		20,000
2	Inventory purchases account	15,000	
	Sundry creditors account		15,000

Or

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Date	Particulars	Debit Rs.	Credit Rs.
1	Inventory account	20,000	
	Cash account		20,000
2	Inventory account	15,000	
	Sundry creditors account		15,000

Note: Purchase account is incorrect in this case. Student should write inventory or Inventory purchase account.

Module-16

Q-22:

Following information is available of a partnership business.

Particulars	Rs.
Net profit of partnership business	320,000
Partners interest on drawings	20,000
Partners salaries	40,000
Selling expenses	10,000
Partners interest on capital	15,000
Admin expenses	15,000

Required:

Calculate the Distributable profit of partnership business.

Solution:

Particulars	Rs.
Net profit of partnership business	320,000
Add: Interest on drawings	20,000
Less: Partners salaries	(40,000)
Less: Partners interest on capital	(15,000)
Distributable profit	**285,000**

Q-23:

Following information is available of Partner "A" of a partnership business.

Particulars	Rs.
Current account opening balance (Cr.)	60,000
Profit share of partner	20,000
Interest on capital	10,000
Current account closing balance is the balancing figure of required account.	

Required:

Prepare Partner A's Current Account from the information given above.

Note: You must follow the format given below to prepare the required account.

Partner A's Current Account

Debit **Credit**

Particulars	Rs.	Particulars	Rs.

Solution:

Partner A's Current Account			
Particulars	**Rs.**	**Particulars**	**Rs.**
		Balance b/d	60,000
		Profit share	20,000
Balance c/d	90,000	Interest on capital	10,000
Total	90,000	Total	90,000

Q-24:

Following information is available of Partner “B” of a partnership business.

Particulars	Rs.
Current account opening balance (Cr.)	60,000
Loss share of partner	10,000
Drawings	40,000
Interest on drawings	1,000
Current account closing balance is the balancing figure of required account.	

Required:

Prepare Partner B’s Current Account from the information given above.

Note: You must follow the format given below to prepare the required account.

Partner B’s Current Account

Debit **Credit**

Particulars	**Rs.**	**Particulars**	**Rs.**

Solution:

Partner B’s Current Account			
Particulars	**Rs.**	**Particulars**	**Rs.**
Loss share	20,000	Balance b/d	60,000
Drawings	10,000		
Interest on drawings	1,000		
Balance c/d	29,000		
Total	60,000	Total	60,000

Module-17

Q-25:

Following information is available of a company.

Particulars	Rs.
Profit from operations	320,000
Administration expenses	17,000
Cost of goods sold	95,000
Interest on loan	2,000
Income tax expense	5,000
Gain on revaluation of property plant and equipment	15,000
Cash in hand	12,000
Advertisement expenses	14,000
Loss on revaluation of property plant and equipment	10,000

Required:

Based on the information given above, calculate total comprehensive income.

Note: It is necessary to mention Add or Plus sign (+) / Less or Minus sign (-) in the working otherwise marks for working will not be awarded.

1 mark for answer and 4 marks for working

Particulars	Rs.
Profit from operations	320,000
Less: Interest on loan	2,000
Less: Income tax expense	5,000
Less: Loss on revaluation	10,000
Add: Gain on revaluation	15,000
Total comprehensive income	**318,000**

Q-26:

Following information is available of a company.

Particulars	Rs.
Gross profit	320,000
Cash in hand	14,000
Closing stock	17,000
Selling and marketing expenses	10,000
General and administration expenses	5,000
Financial expenses	20,000
Income tax expenses	15,000
Actuarial loss on defined benefit plan	30,000
Gain on revaluation of property plan and equipment	12,000
Cost of goods sold	95,000

Required:

Based on the information given above, calculate profit after tax.

Note: It is necessary to mention Add or Plus sign (+) / Less or Minus sign (-) in the working otherwise marks for working will not be awarded.

1 mark for answer and 4 marks for working

Particulars	Rs.
Gross profit	320,000
Less: Selling and marketing expenses	10,000
Less: General and administration expenses	5,000
Less: Financial expenses	20,000
Less: Income tax expenses	15,000
Profit after tax	**270,000**

Module-18

Q-27:

What are the three components/activities of Statement of cash flows?

Q-28:

Briefly explain "Cash and cash equivalents" with the help of examples.

Q-29:

FIRST COLUMN **Particulars/Descriptions**	SECOND COLUMN **Flows of cash** **Cash inflow, Cash outflow, Non cash item**
Dividend received	**?**
Dividend paid to shareholders	**?**
Depreciation and amortization	**?**

Required:

Being an accountant, identify the flows of cash of each description given in first column and write "Cash inflow" or "Cash outflow" or "Non-cash item" in second column against each description of first column.

Solution:

FIRST COLUMN **Particulars/Descriptions**	SECOND COLUMN **Flows of cash** **Cash inflow, Cash outflow, Non cash item**
Dividend received	Cash inflow
Dividend paid to shareholders	Cash outflow
Depreciation and amortization	Non-cash item

Q-30:

Following information is available of a company.

Particulars	Rs.
Total operating expense	320,000
Amortization	10,000
Cash in hand	12,000
Cash at bank	14,000
Opening due operating expenses	15,000
Closing advance operating expenses	20,000
Sundry creditors	17,000
Bad debts	5,000
Closing due operating expenses	25,000
Opening advance operating expenses	35,000

Required:

Based on the information given above, calculate the cash paid for operating expenses.

Note: It is necessary to mention Add or Plus sign (+) / Less or Minus sign (-) in the working otherwise marks for working will not be awarded.

Solution:

Particulars	Rs.
Total operating expenses	320,000
Less: Bad debts	(5,000)
Less: Amortization	(10,000)
Add: Opening due operating expenses	15,000
Add: Closing advance operating expenses	20,000
Less: Closing due operating expenses	(25,000)
Less: Opening advance operating expenses	(35,000)
Cash paid for operating expenses	**280,000**

Q-31:

Following information is available of a company.

Particulars	Rs.
Shares issued to public	400,000
Dividend paid to shareholders treated as financing activity	80,000
Increase in long term debts	100,000
Cash paid for redemption of loan certificates	50,000
Cash received on sale of non-current assets	250,000
Cash paid on purchases of non-current assets	750,000
Depreciation and Amortization	200,000

Required:

Based on the information given above, calculate the cash generated from financing activities.

Note: It is necessary to mention Add or Plus sign (+) / Less or Minus sign (-) in the working otherwise marks for working will not be awarded.

1 mark for answer and 4 marks for working

Particulars	Rs.
Issue of shares	400,000
Less: Dividend paid to shareholders	80,000
Add: Increase in long term debts	100,000
Less: Cash paid for redemption of loan certificates	50,000
Cash generated from financing activities	**370,000**