Suggested Answer of CPT Accounts

We are happy to inform that the entire paper of IPCC/PCC- May-2012 was covered in our books.

Classes of

Group-I (Paper-3) Cost Accounting & Financial Management

By : **CA. AMIT KUMAR JHA**

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CPT – JUNE – 2012 – QUESTION PAPER

SESSION – I

SECTION – A – FUNDAMENTALS OF ACCOUNTING

NOTE: *BOLD Option indicate answer*

1. Calculate the closing stock on 31.03.2012

Particulars	31.3.2010	31.3.2011
Opening stock	₹ 30,000	₹ 35,000
Purchases	₹ 3,25,000	₹ 4,20,000
Sales	₹ 4,00,000	₹ 5,00,000

The Gross profit margin remains unchanged

a. ₹ 35,000 b. ₹ 50,000 **c. ₹ 55,000** d. ₹ 60,000

2. A trader calculated his profit at ₹ 20,000 on 31.3.2012. It is ____

a. A transaction **b. An event**

c. Transaction as well as event d. Neither transaction nor event

3. Tinku & Bunty entered into Joint Venture to share profits and losses in the ratio of 2:1. Tinku supplied 200 refrigerators costing ₹ 2,00,000 to Bunty, incurring freight charges of ₹ 10,000. Bunty sold 190 refrigerators for ₹ 2,40,000 and took over the remaining 10 refrigerators for himself. What is the amount of Profit / loss on Joint venture = ?

a. Loss ₹ 40,000 b. Profit ₹ 30,000 c. Profit ₹ 40,000 **d. Profit ₹ 40,500**

4. A furniture dealer sold furniture for ₹ 25,000/- to Sunil for cash. In the books of the dealer ____ A/c is debited and ____ A/c is credited

a. Cash, Fixed Asset b. Cash, Furniture

c. Cash, Sales d. Cash, Sunil

5. Which of the following statements is true ?

a. Fully paid preference shares can only be redeemed

b. A company can issue irredeemable preference shares

c. A company cannot redeem preference shares at premium

d. Preference shares can be redeemed after 20 years from the date of their issue

6. The owner of a business gifted a car to his son-in-law on the occasion of his daughter's marriage. The following entry was passed in this regard.

Car A/c	Dr. 5,00,000	
To Cash A/c		5,00,000

What is the rectification entry ?

a. Drawings A/c	Dr. 5,00,000	
To Cash A/c		5,00,000
b. Drawings A/c	**Dr. 5,00,000**	
To Car A/c		**5,00,000**
c. Car A/c	Dr. 5,00,000	
To Drawings A/c		5,00,000
d. Cash A/c	Dr. 5,00,000	
To Car A/c		5,00,000

7. From the following information find out the credit sales

Opening Debtors	₹ 12,000
Closing Debtors	₹ 14,000
B/R accepted by Debtors	₹ 13,000
Cash received from Debtors	₹ 38,400

a. ₹ 39,400 b. ₹ 27,000 c. ₹ 65,400 **d. ₹ 53,400**

8. If debentures are issued at a discount of 20%, the discount on issue of debentures is shown as:

a. Current asset
b. Interest asset
c. Current liabilities
d. Miscellaneous expenditure

9. While preparing BRS, Starting with over draft balance of cash book, a cheque of ₹ 5,500 deposited in bank and duly credited in pass book, but not recorded in cash book ____ in B.R.S

a. ₹ 5500 will be added
b. ₹ 5500 will be subtracted
c. ₹ 11000 will be added
d. ₹ 11000 will be subtracted

10. Which of the following not a Nominal A/c ?

a. Outstanding salaries A/c
b. Salaries A/c
c. Interest paid A/c
d. Commission received A/c

11. X sold goods to Y at cost + 10% profit.
Y sold goods to Z at 20% profit on sales.
If cost of the goods to X is ₹ 50,000. What is the cost of the goods to Z ?

a. ₹ 66,000
b. ₹ 68,750
c. ₹ 65,000
d. ₹ 69,450

12. X Ltd. issued shares of ₹ 20 each at discount of 10%. Mr. Ram, a holder of 100 shares could not pay the final call of ₹ 5 per share and his shares were forfeited. If these shares are reissued, what is the maximum amount of discount to be allowed on re-issue?

a. ₹ 8
b. ₹ 2
c. ₹ 15
d. ₹ 13

13. Debit balance as per cash book is ₹ 1500
Cheque deposited, but not cleared ₹ 100
Cheque issued, but not presented ₹ 250
Dividend collected by bank ₹ 50
Interest allowed by bank ₹ 50
What is the Balance as per pass book?

a. ₹ 1550
b. ₹ 1650
c. ₹ 1600
d. ₹ 1950

14. Opening Capital ₹ 1,00,000
Interest on Capital ₹ 10,000
Drawings ₹ 20,000
Interest on Drawings ₹ 2,000
Closing Capital ₹ 2,00,000
What is the amount of Net Profit ?

a. ₹ 1,00,000
b. ₹ 1,20,000
c. ₹ 1,22,000
d. ₹ 1,12,000

15. Amount recovered from Rahul, which was earlier written off as bad debt is debited to Cash A/c and credited to _____ A/c

a. Bad Debts
b. Bad debts recovered
c. Rahul
d. Sales

16. Rent paid for the period from 1.10.2010 to 30.09.2011 was ₹ 12,000
Rent paid for the period from 1.10.2011 to 30.09.2012 was ₹ 18,000/-
Rent to be debited to the P/L A/C for the year ended 31.03.2012 = ?

a. ₹ 15,000
b. ₹ 13,000
c. ₹ 12,000
d. ₹ 20,000

17. Debtors as per trial balance = ₹ 80,000
Further information –
i) Bad debts ₹ 2,000
ii) Provision for discount on debtors @ 5% will be ____

a. ₹ 4,100
b. ₹ 4,000
c. ₹ 3,900
d. ₹ 4,200

18. Mr. X is a dealer in electronic goods. He purchased 2 air conditioners and installed in his showroom. In the books of 'X' the cost of air conditioners will be debited to ____

a. Drawing A/c b. Capital A/c

c. Fixed Asset A/c d. Purchases A/c

19. What is the effect on Gross profit, if closing stock is undervalued by ₹ 10,000 and opening stock is overvalued by ₹ 10,000 ?

a. GP will increase by ₹ 10,000 b. GP will decrease by ₹ 10,000

c. GP will decrease by ₹ 20,000 d. No change in GP

20. Historical cost concept requires the valuation of an asset at ____

a. Original cost b. Replacement value

c. Net realizable value d. Market value

21. The power of forfeiture of shares is exercised by:

a. Promoters

b. Directors as per the provisions of Articles of Association

c. The Government d. Shareholders

22. A Trader has calculated a net profit of ₹ 56,750. Later he found that discounted received of ₹ 580/- and discount allowed of ₹ 665 have been recorded on the wrong sides of these accounts. What would be the correct profit ?

a. ₹ 56,580 b. ₹ 56,665 c. ₹ 56,835 d. ₹ 56,920

23. Mr. A sends goods to B for ₹ 1,50,000 on sale or return basis of which no confirmation was yet received. What is the amount to be added to the closing stock, if the goods were sent at profit of 33 1/3% on cost ` ?

a. ₹ 1,12,500 b. ₹ 1,37,500 c. ₹ 1,50,000 d. ₹ 1,28,000

24.

Opening stock	₹ 69,500
Closing Stock	₹ 83,500
Sales	₹ 1,60,000
Purchases	₹ 1,10,000

G.P. on sales = ?

a. 35% **b. 40%** c. 45% d. 30%

25. Z Ltd. purchased an asset from D Ltd. for ₹ 4,00,000 by issuing the debentures of ₹ 100 each at discount of 20%. What is the amounted to be credited to Debentures A/c ?

a. ₹ 4,00,000 b. ₹ 4,50,000 **c. ₹ 5,00,000** d. ₹ 5,75,000

26. Rahul and Bajaj are partners in the ratio of 1 : 2. They admitted Birla as a new partner. The new profit sharing ratio is 1:2:3. Find out the sacrificing ratio ?

a. 1 : 2 b. 2 : 1 c. 2 : 3 d. 3 : 2

27. An asset was purchased for ₹ 10,00,000, with a down payment of ₹ 2,00,000 and acceptance of a bill payable for ₹ 8,00,000. What would be the effect on total assets and total liabilities in the balance sheet ?

a. Assets increased by ₹ 8,00,000 and liabilities decrease by ₹ 8,00,000

b. Assets decreased by ₹ 8,00,000 and liabilities increased by ₹ 8,00,000

c. Assets increased by ₹ 10,00,000 and liabilities increased by ₹ 8,00,000

d. Assets increased by ₹ 8,00,000 and liabilities increased by ₹ 8,00,000

28. If the goods worth ₹ 20,000 were taken by a co-venture for ₹ 15,000, the Joint Venture A/c will be credited by

a. ₹ 20,000 **b. ₹ 15,000** c. ₹ 25,000 d. ₹ 5,000

29. A diamond ring worth ₹ 1,00,000 was stolen from the shop of Jewelers on 25.03.2012. Insurance claim of ₹ 60,000 was admitted, but not paid by the insurance company till 31.03.2012. In this regard, no entry was passed in the books of A/c. The correct journal entry to be passed while preparing the final accounts on 31.03.2012 is ____

a. P & L A/c Dr. 1,00,000
   To Purchases A/c 1,00,000
b. Insurance claim Receivable A/c Dr. 40,000
   Loss by theft A/c Dr. 60,000
   To purchases A/c 1,00,000
c. P & L A/c Dr. 40,000
   Insurance claim Receivable A/c Dr. 60,000
   To Purchases A/c 1,00,000
d. None of the above

30. If a purchase of goods for ₹ 500 was wrongly posted to the credit side of Purchases A/c, the difference in trial balance will be ____

a. ₹ 500 b. ₹ 250 **c. ₹ 1000** d. ₹ 1500

31. When shares are forfeited Share Capital A/c is debited by ____

a. Nominal value of shares b. Paid up value of shares
c. Called up value of shares d. Forfeited amount

32. The comparison of financial statements of one year with that of another year is possible only when ____ concept is followed

a. Going concern b. Accrual
c. Consistency d. Materiality

33. Calculate G.P when –

Opening stock	₹ 24,000
Closing stock	₹ 15,000
Sales	₹ 6,00,000
Cost of goods sold	₹ 4,55,000

a. ₹ 1,30,000 **b. ₹ 1,45,000** c. ₹ 1,54,000 d. ₹ 1,06,000

34. A company issued 10,000 equity shares of ₹ 10 each at a premium of 20% for the redemption of 15,000 preference shares of ₹ 10 each. If the company has sufficient profits, the amount to be transferred to Capital Redemption Reserve A/c will be

a. ₹ 50,000 b. ₹ 1,00,000 c. ₹ 1,50,000 d. ₹ 30,000

35.

Average capital employed	₹ 5,00,000
Normal rate of return	10%
Goodwill at 5 years purchase of super profit	₹ 98,000

Calculate the average profit

a. ₹ 69,600 b. ₹ 1,48,000 c. ₹ 4,40,000 d. ₹ 48,000

36. Which of the following statements is false ?

a. Issued capital can never be more than authorized capital
b. In case of under subscription, issued capital will be less than the subscribed capital
c. Uncalled capital may be converted into reserve capital
d. Paid up capital is equal to called up capital less calls in arrears

37. The cost of the furniture lost by fire is ₹ 18,000. Provision for depreciation on the date of fire is ₹ 2,700. Insurance claim accepted by ₹ 12,000
Amount of loss to be debited to P & L A/c is ____
a. ₹ 6,000 b. ₹ 15,300 **c. ₹ 3,300** d. ₹ 18,000

38. When shares are issued to the promoters for their services ____ A/c is debited
a. Preliminary Expenses b. Promoters
c. Goodwill d. Share Capital

39. A machine was purchased at the beginning of the year at ₹ 5,30,000. The machine was wrongly depreciated by 10% instead of 25%. What will be the rectification entry ?

a. P & L A/c	**Dr. 79,500**	
To Prov. for Depr. A/c		**79,500**
b. P & L A/c	Dr. 26,500	
To Prov. for Depr. A/v		26,500
c. Prov. for Depr. A/c	Dr. 26,500	
To P & L A/c		26,500
d. Prov. for Depr. A/c	Dr. 79,500	
To P & L A/C		79,500

40. A draws an accommodation bill on B for 3 months. Proceeds are to be shared equally. A got the bill discounted at 12% per annum and remitted the proceeds of ₹ 48,500/- to B. The amount of the bill is _____
a. ₹ 1,00,000 b. ₹ 97,000 c. ₹ 1,10,000 d. ₹ 98,000

41. Called up capital ₹ 4,00,000
Calls in advance ₹ 25,000
Calls in arrears ₹ 40,000
What is the amount of Paid up capital
a. ₹ 3,60,000 b. ₹ 3,85,000 c. ₹ 4,15,000 d. ₹ 4,25,000

42. Profit / Loss is calculated at the stage of _____
a. Recording b. Classifying
c. Interpretation **d. Summarising**

43. A machine was purchased on 1-4-2010 for ₹ 14,400 and installation charges amounted to ₹ 1,600. Expected life time is 8,000 hours. During the year 2010-2011, the machine worked for 2500 hours. The depreciation for the year will be _
a. ₹ 4,500 **b. ₹ 5,000** c. ₹ 3,200 d. ₹ 6,250

44. Which of the following is not the main objective of accounting ?
a. Systematic recording of transactions
b. Ascertainment of profit or loss
c. Ascertainment of a financial position
d. Solving tax disputes with tax authorities

45. For every debit there will be an equal credit according to ____ concept
a. Matching b. Cost
c. Money Measurement **d. Dual aspect**

46. When the debentures are issued at discount and are redeemable at premium, which of the following accounts is debited at the time of issue ?
a. Debentures A/c
b. Premium on redemption of debentures A/c
c. Loss on issue of debentures A/c
d. Capital reserve A/c

47. If the rate of depreciation under W.D.V. method is 15% p.a., the original cost of the machine is ₹ 10,00,000, Scrap value at the end of its useful life is ` 2,00,000, then the depreciation for the first year will be ____

a. ₹ 1,50,000 b. ₹ 1,20,000 c. ₹ 1,00,000 d. ₹ 80,000

48. When debentures are issued as collateral security ____

a. No interest is paid on debentures b. Interest is paid on face value

c. Interest is paid on issue price d. Interest paid don market price

49. Sacrificing ratio is calculated in the case of ____

a. Admission of a partner b. Retirement of a partner

c. Death of a partner d. Insolvency of a partner

50. When an endorsed bill is dishonoured, the journal entry in the books of the drawer will be

a. Drawee A/c Dr.
   To B/R A/c

b. Drawee A/c Dr.
   To Creditor A/c

c. B/R A/c Dr.
   To Creditor A/c

d. None of these

51. A drew a bill on B. A endorsed the bill to C in full settlement of his debt of ₹35,000 at 2% discount and paid cash ₹ 5000. What will be the amount of the bill?

a. ₹ 30,000 b. ₹ 29,700 **c. ₹ 29,300** d. ₹ 30,700

52. If debentures of ₹ 4,70,000 are issued in consideration of net assets of ₹ 5,00,000, the balance of ₹ 30,000 will be credited to ____

a. P & L A/c b. Goodwill A/c

c. General reserve A/c **d. Capital Reserve A/c**

53. Which of the following errors will not be revealed in Trial balance ?

a. Purchases book was overcast by ₹ 100

b. Purchase of goods for ₹ 100 for cash was debited to Purchases A/c, but omitted to be entered in cash book

c. Sales book was undercast by ₹ 500

d. Purchase of material for ₹ 300 used for installation of machinery was debited to Purchases A/c

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BY

CA. AMIT KUMAR JHA

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Batch	Days	Time	Start From	Duration
Batch-I	**M/W/F/Sun**	**7.00 to 11.00AM**	**1st August 2012**	**56 Lectures**
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