

ITFT-Model Test -1

Time: 2 hours 30 minutes Max Marks: 40

Note: All questions are compulsory.

1. Prepare accounting equation and do journal entries.
 - a. Ramesh started business with cash Rs. 60,000
 - b. Borrowed money from bank Rs. 40,000
 - c. Purchased goods for cash Rs. 40,000
 - d. Sold goods to Rajinder Rs. 50,000
 - e. Received Rs. 48,000 in full settlement.
 - f. Purchased machinery Rs. 60,000 on credit from Raj Kumar
 - g. Paid Raj Kumar Rs. 58,000 in full settlement.
 - h. Depreciate machinery by Rs. 4,000.
 - i. Paid personal expenses Rs. 5,000
 - j. Paid salary of workers Rs. 6,000
2. From the following balance extracted from the books of Sharma, prepare the Trading and Profit and Loss Account for the year ended 31st December, 2021 and a Balance Sheet as on that date after taking into consideration the adjustments given below.

Trial Balance as on 31st December 2021

	<i>Dr.</i> Rs.	<i>Cr.</i> Rs.
Drawings and capital	7,500	50,000
Purchases and Sales	72,100	95,000
Returns	1,300	2,700
Sundry Debtors and Creditors	18,200	35,750
Stock (1-1-2009)	19,800	
Bad Debts	3,000	
Bills receivable and Payable	12,000	23,000
Cash in hand	300	
Office Expenses	6,210	
Sales Van	15,000	
Sales Van Expenses	1,400	
Discount		2,910
Rent and Taxes	10,700	
Telephone charges	1,050	
Postage and Telegram	950	
Furniture	5,000	
Printing and Stationery	2,750	
Commission	8,400	
Carriage Inward	3,200	
Salaries and Wages	20,500	
	2,09,360	2,09,360
	0	

Adjustments.

- a. Closing Stock was values at Rs. 61,700
- b. Depreciate Furniture at 10% and Sales Van at 20%.
- c. Outstanding Rent amounted to Rs. 900.
- d. Bad Debts Rs. 200

- e. Make a Provision for Bad and Doubtful Debts @5% Debtors.
 - f. Charges one-fourth of Salaries and Wages to Trading Account
3. From the following particulars for the production of 2,000 sewing machines during last year:
- Cost of materials Rs. 1,60,000; wages Rs. 2,40,000; manufacturing expenses Rs. 1,00,000; salaries Rs. 1,20,000; Rent, rates and insurance Rs. 20,000; selling expenses Rs. 60,000; General Expenses Rs. 40,000; and sales Rs. 8,00,000.
- The company plans to manufacture 3,000 sewing machines during current year. You are required to submit a statement showing the price at which machines would be sold as to show a profit of 10% on selling price. The following additional information is supplied to you

Price of material is expected to rise by 20%, (b) wages rate are expected to show an increase of 5% (c) Manufacturing expenses will rise in proportion to the combined cost of materials and wages (d) selling expenses per unit will remain the same (e) other expenses will remain unaffected by rise in output.

4. A Company is showing the figures of following two years:

Particulars	Year 1	Year 2
Sales (Rs.)	2,00,000	4,00,000
Profits (Rs.)	20,000	80,000

You are required to calculate P/V ratio, Fixed costs, and profit and margin of safety when sales are Rs. 6,00,000. Also calculate the sales to generate profits of Rs. 1,00,000.

Or

A Rapid Meal has two restaurants that are open 24 hours a day. Fixed costs for two restaurants together total Rs. 45,00,000 per year. Service varies from a cup of coffee to full meals. The average sales charges for each customer is Rs. 80 and the average cost of food and other variable costs for each customer is Rs. 32. The income tax is 30% and target net income is Rs. 10,50,000. You are required to calculate the amount of sales and number of customer to break even as well as to earn the targeted income. Also compute the net income if the number of customer is 1,50,000.

ITFT-Model Test -2

Time: 2 hours 30 minutes Max Marks: 40

1. **You are required to pass the journal entries, and to prepare ledger accounts and Trial balance:**
 - a. Ramesh started business with Cash Rs. 1,00,000
 - b. Purchased plant and machinery Rs. 50,000.
 - c. Purchased Furniture Rs. 30,000.
 - d. Purchased goods from Suresh Rs. 50,000.
 - e. Sold goods to Nitin Rs. 1,00,000
 - f. Sold goods to Ashok Rs. 50,000.
 - g. Received from Nitin Rs. 95,000 in full settlement.
 - h. Paid to Suresh Rs. 58,000 in full settlement.
 - i. Depreciation on machinery Rs. 5,000 and on furniture Rs. 3,000.
2. On 31st March, 2021 the following trial balance was extracted from the books of Chatterji :

	Dr. (Rs.)	Cr. (Rs.)
Capital account		
50,000		
Plant and machinery	80,000	
Sales		
1,77,000		
Purchases	60,000	
Returns	1,000	750
Opening stock		30,000
Discount	350	
Bank charges	75	
Sundry debtors		45,000
Sundry creditors		
25,000		
Salaries	6,000	
Manufacturing wages	10,000	
Carriage inwards		750
Carriage outwards		1,200
Bad debts provision		525
Rent, rates and taxes	10,000	
Advertisement		2,000
Cash in hand	900	
Cash at bank	6,000	
	<u>2,53,275</u>	<u>2,53,275</u>

You are asked to prepare final accounts for the year ended 31st March, 2021 and the balance sheet as on that date.

The following adjustments are required :-

- a. Closing stock Rs. 35,000
- b. Depreciate plant and machinery at 6%.
- c. Bad debts provision to be adjusted to Rs. 500.

- d. Interest on capital to be allowed at 5% per annum.
3. In a factory, two types of radios are manufactured: Orient and Sujon model. From the following particulars prepare a statement showing cost and profit per radio sold. There is no opening and closing stock of goods.
Material: Orient-Rs. 27,300, Sujon-Rs. 1,08,680; Labour-Orient: Rs. 15,600, Sujon-Rs. 62,920;
Works overheads are charged @ 80% of labour cost and office overheads are taken at 15% of works cost. The selling price of both radios are Rs. 1,000. 78 Orient and 286 Sujon radios were produced and sold.
4. X Ltd. Produces and sells two products: Product A and Product B. Data regarding selling price and cost per units are given below:

	Product A	Product B
Selling Price Per unit (Rs.)	20	15
Direct Material Cost per unit (Rs.)	10	9
Direct Labour cost per unit (Rs.)	3	2
Variable expenses per unit(Rs.)	3	2

The fixed cost incurred was Rs. 600. You are required to recommend the most profitable sales mix out of the following:

- (a) 100 units of Product A and 200 units of Product B, (b) 150 units of Product a and 150 units of Product B and (c) 200 units of Product A and 100 units of Product B.

What should be number of units sold (total being 300 units) if the company wants to earn profits of (a) Rs. 250, (b) Rs. 350 and (c) Rs. 450.

Or

The following data is given regarding two Products A and B:

	Product A	Product B
Selling Price Per Unit (Rs.)	400	500
Material Cost per unit (Rs. 50 per kg) (Rs.)	100	150
Labour Cost per unit (Rs. 15 per hour) (Rs.)	90	60
Variable Expenses per unit (Rs.)	110	170

(a) You are required to suggest which product is more profitable to sell, if (i) sales in units is the limited factor, (ii) sales in amount is the limiting factor, (iii) material supply is the limiting factor, and (iv) labour hours is the limiting factor.

(b) Suppose 2,200 units of material are available to manufacture either of products and maximum demand of each product is 800 units, suggest how many units of each product should be sold that profits of the company are maximum.