Paper 2- Fundamentals of Accounting

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Full Marks : 100 **Time allowed: 3 hours**

Section – A

1. (a) Choose the correct answer from the given four alternatives: **[30 ×1 = 30]**

(i) Accounting is basically concerned with
- **(a)** Forecasting
- **(b)** **Measurement**
- **(c)** Management
- **(d)** None of the above

(ii) All of the following are function of accounting except
- **(a)** Decision making
- **(b)** Measurement
- **(c)** Forecastiong
- **(d)** **Cost reduction**

(iii) Real a/c debit balance indicates -
- **(a)** Expenses
- **(b)** Income
- **(c)** **Asset**
- **(d)** Loss

(iv) A contingent asset is_____
- **(a)** Usually disclosed in the financial statements
- **(b)** Usually disclosed in the notes to accounts
- **(c)** **Usually disclosed in the reports of approving authority**
- **(d)** Not disclosed anywhere

(v) Wages paid ₹2500 for installation of new machinery wrongly debited to wages a/c instead of machinery a/c. It is an error of _____
- **(a)** Omission
- **(b)** Commission
- **(c)** **Principle**
- **(d)** Clerical errors

(vi) Salaries paid ₹4500 is shown on credit side of trial balance. The debit side of trial balance will be _____.
- **(a)** Short by ₹4500
- **(b)** Excess by ₹4500
- **(c)** **Short by ₹9000**
- **(d)** Excess by ₹9000

(vii) BRS is a part of:
- **(a)** Bank account
- **(b)** Cash book
- **(c)** Financial statements
- **(d)** **None of these**

(viii) While preparing BRS with balance as per cash book which of the following will not be added.
- **(a)** **Cheque deposited but not cleared**

(b) Cheque issued but not presented
(c) Cheque directly deposited in bank by a customer
(d) All of the above

(ix) Inventory valuation affect
(a) Net income
(b) Cash flow
(c) Tax liability
(d) **Above (a) & (c)**

(x) If the closing inventory of a business is undercast, it will
(a) Increase gross profit and decrease net profit
(b) Increase gross profit as well as net profit
(c) **Decrease gross profit as well as net profit**
(d) Decrease gross profit and increase net profit

(xi) Fixed assets are held by business for _____
(a) Converting into cash
(b) **Generating revenue**
(c) Resale
(d) None of the above

(xii) Receipts on sale of building is -
(a) Revenue receipt
(b) Revenue income
(c) Capital income
(d) **Capital receipt**

(xiii) Change in the method of depreciation is change in _____.
(a) Accounting estimate
(b) **Accounting policy**
(c) Measurement discipline
(d) None of the above

(xiv) Discount a/c will always have –
(a) **Only debit balance**
(b) Only credit balance
(c) Debit or credit balance
(d) Nil balance

(xv) Return on capital is computed as -
(a) **Net profit /capital**
(b) Gross profit /capital
(c) Net profit /sales
(d) Sales/capital

(xvi) Bank overdraft is a
(a) An asset
(b) **A liability**
(c) Revenue
(d) Expenses

(xvii) Endownment fun receipt is treated as -
(a) **Capital receipt**

(b) Revenue receipt
(c) Loss
(d) Expenses

(xviii) Inventory is
(a) Included in the category of fixed assets
(b) An investment
(c) **A part of current assets**
(d) An intangible fixed asset

(xix) The purpose of preparing final accounts is to ascertain _____
(a) Profit or loss
(b) Capital
(c) The value of assets
(d) **Profit or loss and financial position**

(xx) If a co-venturer takes away goods under memorandum joint venture method then he will debit these goods in his books to
(a) Joint venture account
(b) Personal account
(c) **Purchases account**
(d) Sales account

(xxi) Commission will be shared by
(a) Consignor and consignee
(b) **Only consignee**
(c) Only consignor
(d) Third party

(xxii) The party who is ordered to pay the amount is known as
(a) Payee
(b) Drawer
(c) **Drawee**
(d) Endorsee

(xxiii) Debit balance as per bank pass book means -
(a) Surplus cash
(b) **Bank overdraft**
(c) Terms deposits with bank
(d) None of these

(xxiv) Import duty of raw material purchased
(a) **Revenue expenditure**
(b) Capital expenditure
(c) Deferred revenue expenditure
(d) None of these

(xxv) Closing enteries are recorded in
(a) Cash book
(b) Ledger
(c) **Journal proper**
(d) Balance sheet

(xxvi) Personal account shows the credit balance of-
(a) Cash in hand
(b) **The amount payable**
(c) Income

(d) The amount receivable

(xxvii) Imprest system is used in-
- **(a)** Journal
- **(b)** Ledger
- **(c)** Cash book
- **(d) Petty cash book**

(xxviii) All sums spent up to the point an asset is ready for use should also be treated as-
- **(a)** Revenue expenditure
- **(b)** Capital expenditure
- **(c) Deferred revenue expenditure**
- **(d)** None of the above

(xxix) _____are made by means of cheque.
- **(a)** Deposits
- **(b) Withdrawls**
- **(c)** Orders
- **(d)** None of the above

(xxx) Depreciation is a -
- **(a)** Reserve
- **(b) Provision**
- **(c)** Liability
- **(d)** Loss

(b) State whether the following statements are True (or) False. [12×1=12]

(i) Overcastting of purchases journal would affect purchases account.
(ii) Depreciation is loss.
(iii) Total of purchase journal is short by ₹1,000 will not affect trial balance.
(iv) Error of commission permit the trial balance to agree.
(v) A bank reconciliation statement is a part of pass book.
(vi) Creditors can draw a bill on debtors.
(vii) When a bill is retired under rebate the holder of a bill debits B/R account.
(viii) Profit and loss on consignment is retained / borne by consignor.
(ix) Joint venture agreement must be registered.
(x) The profit to be shared between the venture in agreed ratio.
(xi) In sole trade, income tax is recorded as drawings.
(xii) Entrance fees unless otherwise stated is to be taken as a capital receipt.

Answer:
(i) True.
(ii) True.
(iii) False.
(iv) False.
(v) False.
(vi) True.
(vii) False.
(viii) True.
(ix) False.
(x) True.
(xi) True.
(xii) False.

(c) Match the following: **[6 × 1 = 6]**

	Column 'A'		Column 'B'
1.	Non-trading concerns collect amount at the time of admission it	**A.**	Profit and Loss Account
2.	Fixed deposit in bank	**B.**	The net amount due by consignee
3.	It is prepared by business	**C.**	Entrance fee
4.	Account sales indicate	**D.**	drawer debits drawee account
5.	The account is not a part of double entry system	**E.**	Not a fixed asset
6.	Dishonour of a bill	**F.**	Memorandum A/c

Answer:

(1) C.
(2) E.
(3) A.
(4) B.
(5) F.
(6) D.

Answer any four questions out of six questions [4×8=32]

2. Journalise the following transactions in the books of Mr. Baheti 2020
April
1. He started business with a capital of – Plant ₹12,000, Bank ₹10,000, Stock ₹8,000
2. Bought furniture for resale ₹5,000 Bought furniture for Office decoration ₹2,000
3. Paid rent out of personal cash for ₹8,000
8. Sold furniture out of those for resale ₹6,000
12.Paid Salary to Mr.Y for ₹1,200 15 Purchased goods from Mr.kothari for cash ₹3,000
18. Sold goods to Mr. Mundhra on credit for ₹8,000
20. Mr.mundhra returned goods valued ₹1,000
22. Received cash from Mr. Mundhra of ₹6,500 in full settlement
28. Bought goods from Mr. Singh on credit for ₹5,000
30. Returned goods to Mr. Singh of ₹500 and paid to Mr. Singh ₹4,000 in full settlement. **[8]**

Answer :

In the Books of Mr. Baheti
Journal Entries

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2020 April 1.	Plant A/c Dr. Bank A/c Dr. Stock A/c Dr. To, Capital A/c [Being Plant, Bank, Stock introduced to the business]		12,000 10,000 8,000	 30,000
2.	Purchase A/c Dr. To, Bank A/c [Being furniture purchased for resale] Furniture A/c Dr. To, Bank A/c [Being furniture purchased for office decoration]		5,000 2,000	 5,000 2,000
3.	Rent A/c Dr. To, Capital A/c [Being rent paid out of personal cash]		8,000	 8,000
8.	Cash A/c Dr. To, Sales A/c		6,000	 6,000

	[Being furniture out of those meant for resale are sold]			
12.	Salary A/c Dr. To, Bank A/c [Being salary paid to Mr. Y]		1,200	 1,200
15.	Purchase A/c Dr. To, Cash A/c [Being goods purchased]		3,000	 3,000
18.	Mr. Mundhra A/c Dr. To, Sales A/c [Being goods sold on credit to Mr. Mundhra]		8,000	 8,000
20.	Returns Inward A/c Dr. To, Mr. Mundhra A/c [Being goods returned from Mr. Mundhra]		1,000	 1,000
22.	Cash A/c Dr. Discount Allowed A/c Dr. To, Mr. Mundhra A/c [Being cash received from Mr. Mundhra in full settlement]		6,500 500	 7,000
28.	Purchase A/c Dr. To, Mr. singh A/c [Being goods purchased from Mr. singh on credit]		5,000	 5,000
30.	Mr. Singh A/c Dr. To, Cash A/c To, Returns Outward A/c To, Discount Received A/c [Being goods returned to Mr. singh and paid cash in full settlement]		5,000	 4,000 500 500

3. The following data is given. Show the provision for repair and renewals a/c for 4 years.

- **Cost of material = ₹ 5 lakhs . Useful life is 10 years . The company adopts straight line depreciation .**
- **The estimated total repairs expenditure during the entire life of asset is ₹ 96,000 . The actual expenditure for the first four years were ₹4,500 , ₹6,800, ₹ 8,100 ₹ 10,800. [8]**

Answer :

1. **Depreciation p.a. = ₹ 5,00,000 ÷ 10 years = ₹ 50,000**
2. **Provision for repairs and renewals p.a. = ₹ 96,000 ÷ 10 years = ₹9,600 p.a**
3. **Provison for repairs and renewals A/C is as under –**

Date	**Particulars**	**₹**	**Date**	**Particulars**	**₹**
Year 1 End End	 To repairs a/c (actual) To balance c/d	 4,500 5,100	Year 1 End	 By profit and loss a/c	 9,600
	Total	**9,600**			**9,600**
Year 2 End End	 To repairs a/c (actual) To balance c/d	 6,800 7,900	Year 2 Beginning End	 By balance b/d By profit and loss a/c	 5,100 9,600
	Total	**14,700**			**14,700**
Year 3 End End	 To repairs a/c (actual) To balance c/d	 8,100 9,400	Year 3 Beginning End	 By balance b/d By profit and loss a/c	 7,900 9,600

	Total				**17,500**
Year 4 End End	To repairs a/c (actual) To balance c/d	10,800 8,200	Year 4 Beginning End	By balance b/d By profit and loss a/c	9,400 9,600
	Total	**19,000**		**Total**	**19,000**

4. on 30th September, the pass book of Radhika showed a balance of ₹3,750. An examination of the cash book and the bank statement reveals the following- [8]

- **Cheques of to ₹500 issued to creditors before 30th September,were not presented for payment until the date.**
- **A cheque for ₹8,200 deposited on 29th September was credited by the bank only on 3rd October .**
- **A cheque issued for ₹750 has been dishonoured before 30th September, but not recorded in cash book till 30th September.**
- **Cheques deposited before 30th September but not cleared amounting to ₹250.**
- **A payment by cheque for ₹150 has been entered twice in the cash book.**
- **A dividend of ₹350, received by the bank directly has not been recorded in the cash book.**
- **On 29th September,the bank credited an amount of ₹1,750 received from a customer of Radhika, but was not intimated to Radhika until 1st October.**
- **Bank charges amounting to ₹50 not entered in the cash book.**
- **On 6th September, the bank credited ₹2,000 to Radhika's account erroneously.**
- **A bill receivable for ₹ 1,000 was discounted by Radhika with her bank.This bill was dishonoured on 28th September, but no entry was made in the books of Radhika.**
- **Cheques issued upto 30 th September but not presented for payment upto that date totaled ₹3,750.**

You are required to prepare a Bank reconciliation statement as on 30th September.

Answer:

Bank Reconciliation Statement as on 30th september

Particulars	**Amount(₹)**	**Amount(₹)**
Balance as per Pass Book (given)		**3,750**
Add:		
(i) cheques deposited with the bank but not credited	8,200	
(ii) cheques deposited with the bank but not cleared	250	
(iii) bill discounted dishonoured not recorded in cash book.	1,000	
(iv) Bank charges not considered in cash book.	50	9500
		13,250
Less:		
(i) cheques issued but not presented for payment.	500	
(ii) cheque dishonoured not recorded in cash book.	750	
(iii) wrong entry in cash book (cheque issued but recorded twice)	150	
(iv) dividend received in bank, not recorded in cash book.	350	
(v) Direct collection from customer by bank, not recorded in cash book.	1750	
(vi) Wrong credit in passbook by bank.	2000	
(vii) Cheques issued but not presented for payment.	3750	9250
Balance as per Cash Book (favourable balance)		**4,000**

5. Ram and Sita entered into a joint venture business to buy and sale garments to share profits or losses in the ratio of 5:3. John supplied 400 bales of shirting at ₹500 each and also paid ₹ 18,000 as carriage & insurance. Sita supplied 500 bales of suiting at ₹ 480 each and paid ₹ 22,000 as advertisement & carriage. Ram paid ₹50,000 as advance to Sita. Ram sold 500

bales of suiting at ₹ 600 each for cash and also all 400 bales of shirting at ₹650 each for cash. Ram is entitles for commission of 2.5% on total sales plus an allowance of ₹2,000 for looking after business. The joint venture was closed and the claims were settled. Prepare Joint Venture Account and Sita's Account in the books of Ram and Ram's Account in the books of Sita.

Answer:

Books of Ram

Dr. Joint venture account Cr.

Particular	Amount (₹)	Particulars	Amount (₹)
To, Goods a/c shirting(400×500)	2,00,000	By, Cash A/c – sales	
To, Bank a/c - carriage & insurance	18,000	Shirting (500× 600)	3,00,000
To, Sita A/c	2,40,000	Suiting (400 × 650)	2,60,000
To, Sita A/c	22,000		
To, Commission A/c	14,000		
To, Allowance A/c	2,000		
To, P & L A/c	40,000		
To, Sita A/c	24,000		
	5,60,000		5,60,000

Dr. Sita's account Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To, Cash A/c – advance	50,000	By, Joint Venture A /c- suiting	2,40,000
To, Cash A/c – balance paid	2,36,000	By, Joint Venture A /c-expenses	22,000
		By, Joint Venture A /c - profit	24,000
	2,86,000		2,86,000

Books of sita

Dr. Ram's account Cr.

Particulars	Amount(₹)	Particulars	Amount (₹)
To, joint venture A/c -sales	5,60,000	By, Cash A/c- advance	50,000
		By, Joint Venture A /c-shirting	2,00,000
		By, Joint Venture A /c - expenses	18,000
		By, Joint Venture A /c-commission	14,000
		By, Joint Venture A /c – allowance	2,000
		By, Joint Venture A /c- profit	40,000
		By, Cash A/c – balance paid	2,36,000
	5,60,000		5,60,000

6. From the following receipts and payments account and other details of Elina Memorial Trust. Which commences its working from 1st January,2019 with a capital of ₹40,000 in cash and furniture ₹20,000, prepare income & expenditure account and balance sheet :

Dr. Receipts and Payments Account Cr.

Receipts	₹	Payments	₹
To balance b/d	40,000	By salaries	16,000
To donations	60,000	By conveyance	6,000
To legacies	16,000	By rent	11,000
To subscriptions	18,000	By subscriptions to journals	5,400

To furniture sold (on 31.12.2019)	**6,000**	**By stationery**	**1,000**
		By books	**4,000**
		By buildings(purchased on 1.1.2019)	**68,000**
		By balance c/d	**24,600**
	1,36,000		**1,36,000**

Additional information :

(a) Provide for depreciation on furniture @10% and on buildings @10% and on books ₹1,000

(b) Outstanding subscriptions at the end of the year 2019 ₹11,000 and subscription received in advance for 2020 were ₹5,000

(c) Outstanding expenses : rent ₹2,000; salary ₹1,000 **[8]**

Answer:

Elina Memorial Trust

Dr. Income and Expenditure Account for the year ended 31.12.2019 Cr.

Expenditure	Amount(₹)	Amount(₹)	Income	Amount(₹)	Amount(₹)
To salaries	16,000		By donations		60,000
Add: outstanding	1,000	17,000	By subscriptions	18,000	
To conveyance		6,000	Add: outstanding subscription	11,000	
				29,000	
To rent	11,000		Less: received in advance	5,000	24,000
Add: outstanding rent	2,000	13,000			
To subscriptions to journals		5,400			
To stationery		1,000			
To depreciation on:					
-Furniture	2,000				
-Buildings	6,800				
-Books	1,000	9,800			
To loss on sale of furniture (20,000-2,000-6,000)		12,000			
To surplus – excess of income over expenditure		19,800			
		84,000			**84,000**

7. Priyanshu consigned 100 radio sets to Ashim at an invoice price of ₹1,250(cost plus 25% mark -up on cost). The following further details are available - [8]

- **Ashim paid an advance of ₹ 75,000 by way of bill of exchange . Priyanshu discounted this B/E for ₹ 73,000.**
- **Priyanshu incurred ₹ 5,000 towards Transportation and Insurance charges.**
- **Ashim incurred ₹2,500 towards taking delivery of goods , ₹ 12,500 towards advertisement and selling expenses .**
- **Ashim is entitled to a commission of 8% + 2% Del Credere commission.**

- **As per the account sales , Ashim had sold 85 sets at ₹ 1,500 per set . A customer for 2 sets had defaulted on payment , and no amount is recoverable from him.**
  Give the journal entries in the books of consignor.

Answer:

Journal entries in the books of PRIYANSHU(CONSIGNOR)

	Particulars		**Dr.(₹)**	**Cr.(₹)**
1	Consigment A/c To goods sent on consignment A/c (Being 100 radio sets at ₹ 1,250 pu sent on consignment basis to Ashim)	Dr.	1,25,000	1,25,000
2	Bills receivables A/c To Ashim A/c (Being advance given by consignee,by way of bill of exchange)	Dr.	75,000	75,000
3	Bank A/c Discount on B/E To bills receivable A/c (Being B/R given by consignee Ashim, discounted with bank)	Dr. Dr.	73,000 2,000	75,000
4	Consignment A/c To cash/bank A/c (Being transport & insurance expenses incurred for goods sent on consignment)	Dr.	5,000	5,000
5	Ashim A/c To Consignment a/c (Being account sales received from consignee,85 sets sold at ₹1,500 pu)	Dr.	1,27,500	1,27,500
6	Consignment A/c To Ashim A/c (Being consignee's expenses reimbursable,i.e. umloading ₹2,500+commission at 10% of ₹1,27,500 = ₹12,750)	Dr.	27,750	27,750
7	Stock on consignment A/c To consignment A/c (Being closing stock 15 radio sets at ₹1,325 – see computation below)	Dr.	19,875	19,875
8	Goods sent on consignment A/c To consignment A/c (Being removal of loading on consigned goods,i.e. 100 sets at ₹250 pu)	Dr.	25,000	25,000
9	Consignment A/c To stock reseve A/c (being removal of loading on closing stock, i.e. 15 sets at ₹250 pu)	Dr.	3,750	3,750
10	Consignment A/c To profit and loss A/c (Being profit on consignment, as below, transferred to P&L)	Dr.	10,875	10,875
11	Goods sent on consignment A/c To Trading A/c (Being transfer of goods sent on consignment, to Trading A/c)	Dr.	1,00,000	1,00,000

Section – B

8. Choose the correct answer: **[12×1=12]**

(i) Which method of costing is used for determination of costs for printing industry?
- **(a)** process costing
- **(b)** operating costing
- **(c)** batch costing
- **(d)** **job costing**

(ii) Cost reduction is
- **(a)** Long term phenomena
- **(b)** It challenges the standards
- **(c)** It is carried out without compromising the quality
- **(d)** **All of the above**

(iii) Which of the following is not a relevant cost?
- **(a)** Replacement cost
- **(b)** **Sunk cost**
- **(c)** Marginal cost
- **(d)** standard cost

(iv) Interest on own capital is
- **(a)** Cash cost
- **(b)** **Notional cost**
- **(c)** Sunk cost
- **(d)** Part of Prime Cost

(v) Advertisements are treated as
- **(a)** direct expenses
- **(b)** cost of production
- **(c)** **selling overheads**
- **(d)** distribution overheads

(vi) Statement showing break-up of costs is known as
- **(a)** **cost-sheet**
- **(b)** statement of profit
- **(c)** production account
- **(d)** Tender

(vii) Variable costs are fixed
- **(a)** for a period
- **(b)** **per unit**
- **(c)** depends upon the entity
- **(d)** for a particular process of production

(viii) The works cost plus administration expenses
- **(a)** Total Cost
- **(b)** **Cost of production**
- **(c)** Cost of sales
- **(d)** Factory cost

(ix) Which of the following items is excluded from cost Accounts?
- **(a)** Income tax
- **(b)** Interest on debentures
- **(c)** Cash discount
- **(d)** **All of these**

(x) In behavioral analysis', costs are divided into
- **(a)** production and non-production costs
- **(b)** controllable and non-controllable costs
- **(c)** direct and indirect costs
- **(d) fixed and variable costs**

(xi) The following is included in financial accounts, but not in cost accounts.
- **(a)** carriage and freight
- **(b)** Excise duty
- **(c)** Royalty
- **(d) Dividend paid**

(xii) Which are the advantage of cost sheet:
- **(a)** discloses the total cost.
- **(b)** control over the cost of production.
- **(c) Both (a) & (b)**
- **(d)** None of the above

Answer any one question out of two questions [8×1=8]

9. (a) Direct material cost is ₹90,000. Direct labour is ₹50,000. Factory overhead is ₹85,000. Beginning goods in process were ₹15,000. The cost of goods manufactured is ₹ 2,40,000. What is the cost assigned to the ending goods in process ?

(b) Given data that :
Finished goods opening inventory ₹20,000
Finished goods closing inventory ₹90,000
Cost of goods sold ₹1,50,000
What will be the value of cost of production? [5+3=8]

Answer:

(a)

Particulars	**₹**
Direct material	90,000
Direct labour	50,000
Prime cost	1,40,000
Add: Factory overhead	85,000
Add: Opening WIP	15,000
Less: Closing WIP	-
Cost of goods manufactured (given)	2,40,000

As cost of goods manufactured is given as ₹ 2,40,000 so there will be no closing goods in process.

(b)

We know, cost of goods sold = cost of production + opening stock of finished goods – closing stock of finished goods.

Particulars	**₹**
Costs of goods sold	1,50,000
Add: closing stock of finished goods	90,000
Less: opening stock of finished goods	(20,000)
Cost of production	2,10,000

9. LP Ltd. a manufacturing company, incurred the following expenses during a certain period. You are required to prepare a statement showing the sub-division of total cost.

	₹		₹
Materials used on jobs	**1,20,540**	**Depreciation of plant**	**3,800**
Wages traceable to jobs	**86,650**	**Depreciation of delivery vans**	**1,600**
Wages paid to men on maintenance work	**12,600**	**Insurance on finished goods**	**2,500**
Salesmen's salaries	**15,100**	**Lubricating oil**	**250**
Director's fees	**10,000**	**Bad debts**	**300**
Carriage inwards on raw materials	**860**	**Commission to salesmen**	**2,850**
Carriage outwards	**2,800**	**Cost of idle time in factory**	**510**
Factory rent and rates	**8,300**	**Auditor's fees**	**3,800**
Works salaries	**20,400**	**Dividends paid**	**6,800**
Hire of crane for jab no. 132	**1,300**	**Lighting of showroom**	**1,500**
Consumable stores	**340**	**Office salaries and expenses**	**7,000**
		Income tax	**8,600**

[8]

Answer:

STATEMENT OF COST

	(₹)	(₹)
Direct materials	1,20,540	
Add: carriage inwards	860	1,21,400
Direct wages		86,650
Direct expenses(hire of crane for job no. 132)		1,300
Prime cost		2,09,350
Works overhead:		
Wages paid to men on maintenance work	12,600	
Factory rent and rates	8,300	
Works salaries	20,400	
Consumable stores	340	
Depreciation of plant	3,800	
Lubricating oil	250	
Cost of idle time in factory(see note 1)	510	46,200
Works cost		2,55,550
Administration overhead:		
Director's fees	10,000	
Auditor's fees	3,800	
Office salaries and expenses	7,000	20,800
Cost of production		2,76,350
Selling and distribution overhead:		
Salesmen's salaries	15,100	
Carriage outwards	2,800	
Depreciation of delivery vans	1,600	
Insurance of finished goods	2,500	
Commission to salesman	2,850	
Lighting of showroom	1,500	
Bad debts (see note 2)	300	26,650
Total cost		3,03,000

NOTES : (1) Assumed that the idle time and bad debt are within normal limits.

(2) dividend paid ₹6,800 and income-tax ₹8,600 have not been included in the statement of cost, because these are appropriation of profits and not expenses of the business.