

Capital and Revenue Transactions-3

Model Exam Question paper - 3

11th Standard

Accountancy

Reg.No. :

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I. Answer all the questions

Time : 01:05:00 Hrs

Total Marks : 50

Part-A

2 x 2 = 4

- 1) Shyam & Co., incurred the following expenses during the year 2003. Classify the following items under capital or revenue. (i) Purchase of furniture Rs.1,000. (ii) Purchase of second-hand machinery Rs.4,000 (iii) Rs.50 paid for carriage on goods purchased. (iv) Rs.175 paid for repairs on second-hand machinery as soon as it was purchased. (v) Rs.600 wages paid for the installation of plant.
- 2) Bharat Company has incurred the following expenditure. You are required to identify the capital, revenue, and deferred revenue expenses. (i) Rs.60,000 traveling expenses of their sales manager who traveled to Japan to attend a meeting in order to increase sales - trip was quite successful. (ii) Rs.500 spent for installing machinery. (iii) Rs.6,00,000 spent on research and development. (iv) Rs.500 paid for fuel.

Part-B

2 x 3 = 6

- 3) What is revenue loss?
- 4) What are capital profits?

Part-C

8 x 5 = 40

- 5) Classify the following into capital and revenue.
 - i. Rs. 560 spent to replacement of a worn out part of a plant.
 - ii. Rs. 1,500 spent on complete overhauling of a second-hand machinery just bought.
 - iii. Carriage expenses Rs. 230
 - iv. Profit on sale of asset Rs. 700
 - v. Rs. 260 loss on sale of furniture
- 6) Raju gives you the following expenses which were incurred in his business during the year 2003, classify the year 2003, classify them into capital, revenue or deferred revenue.
 - i. Rs. 12,000 spent on purchasing a patent right.
 - ii. Freight charges paid on new plant amounts to Rs. 700
 - iii. Repairs of Rs. 575 for furniture
 - iv. Rs. 5,000 spent towards expenses connected with rainwater harvesting as per government order.
 - v. Rs. 7,500 spent towards initial advertising expenses.
- 7) Classify as capital and revenue. i. Carriage paid on goods purchased ii. Legal expense paid for raising of loans iii. Cost of maintenance of building iv. Investments costing Rs. 40,000 were purchased a few years back, sold Rs. 50,000
v. Annual whitewashing charges amounted to Rs.1,000
- 8) Fashion Textiles gives the following transactions of their firm during the year 2003, you are required to classify the transactions into capital or revenue. (i) Rs.2,500 spent on purchasing a tire for their lorry. (ii) They had old machinery of value Rs.10,000 was sold for Rs.9,500. (iii) They received Rs.5,000 towards dividend from their investments in shares (iv) They were able to sell cotton 'T' shirts (cost Rs.1,200) for Rs.1,500. (v) Rs.600 was spent on alternate of a machinery in order to reduce power consumption.
- 9) Vasudevan gives you the following transactions in his business, classify into capital or revenue

i	Purchases of goods worth Rs.7,000 for the purpose of selling
ii	Rs.1200 fire insurance for the building for business
iii	Renewal of magazine subscription fee Rs.75
iv	Cost of Rs.1,00,000 on building a godown
v	Purchased land for Rs.1,00,000.
- 10) Shyam & Co. incurred the following expenses during the year 2003. Classify the following items under capital or revenue.
 - (i) Purchase of furniture Rs.1,000.
 - (ii) Purchase of second-hand machinery Rs.4,000.
 - (iii) Rs.50 paid for carriage of goods purchased.
 - (iv) Rs.175 paid for repairs on second-hand machinery as soon as it was purchased.
 - (v) Rs.600 wages paid for the installation of plant.
- 11) Fashion Textiles gives the following transactions of their firm during the year 2003, you are required to classify the transactions into capital or revenue.
 - (i) Rs.2,500 spent on purchasing a tyre for their lorry
 - (ii) They had old machinery of value Rs.10,000 was sold for Rs.9,500.
 - (iii) They received Rs.5000 towards dividend from their investments in shares.
 - (iv) They were able to sell cotton 'T' shirts (cost Rs. 1,200) for Rs.1,500.
 - (v) Rs.600 was spent on alteration of a machinery in order to reduce power consumption.
- 12) Bharat company has incurred the following expenditure you are required to identify the capital, revenue, and deferred revenue expenses.
 - (i) Rs.60,000 traveling expenses of their sales manager who traveled to Japan to attend a meeting in order to increase sales - trip was quite successful.
 - (ii) Rs.500 spent for installing machinery
 - (iii) Rs.6,00,000 spent on research and development.
 - (iv) Rs.500 paid for fuel.