

		VI)	Capital expenditure is _____ expenditure.				
			a.	abnormal	b.	recurring	
			c.	non - recurring	d.	wasteful	
		VII)	_____ is an example of capital expenditure.				
			a.	Purchase of goods	b.	Cost of repair	
			c.	Wages paid for installation of machinery	d.	Rent of factory	
		VIII)	All the expenditure and receipts of revenue nature go to _____.				
			a.	Trading A/c	b.	Profit and Loss A/c	
				Balance sheet		Either to (a) or (b)	
	(b)	State whether the following statements are true or false.			(07)		
		I)	The purchaser can mortgage the asset purchased on hire purchase system.				
		II)	The seller has the right to repossess the asset sold under hire purchase system if the hire purchaser fails to pay any installment.				
		III)	Interest on asset purchased on hire purchase basis is charged by the vendor.				
		IV)	Hire Purchase is an agreement between the vendor and the agent.				
		V)	Capital Expenditure is shown as liability in the balance sheet.				
		VI)	Dividend received on shares is a capital receipt.				
		VII)	Revenue expenditure includes the cost of improving the storage capacity of a computer by changing the hard disk.				
Q. 2		Solve the following:			[15]	Course Outcome	Knowledge Level
		On 1-1-2010 Mr. Mathur purchased machinery from Mr. Ankush and paid ₹8,000 at the time of delivery. The cash price was ₹48,000. The balance amount was paid in the following four instalments on the 31 st December every year with interest @ 5% on cash price: ₹12,000 on 31-12-2010; ₹11,500 31-12-2011;				CO1, CO2	L1, L2, L3, L4

		₹11,000 on 31-12-2012; and 10,500 on 31-12-2013. Machinery was to be depreciated at 10% p.a. on reducing balance method. Prepare Machinery A/c and Vendor's A/c in the books of Mr. Mathur. Use the Full Cash Price (Credit Purchase) method.			
Q. 3		State with reasons whether the following expenses or incomes are Capital or Revenue.	[15]	Course Outcome	Knowledge Level
	a.	A plant worth ₹7,00,000 is bought by the proprietor for business activities.		CO3, CO4	
	b.	Repairs to the roof of the building ₹1,00,000 for protection against rains.			L1, L2, L3, L4
	c.	Carriage and freight paid for bringing machinery ₹12,000 to be used in the factory.			
	d.	Payment of legal fees to advocate for preparation of Purchase Agreement of Land and Building ₹20,000.			
	e.	Wages paid to workers ₹10,500 for erection of new machinery in their own plant.			

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