

M.Com.(HPP)(A.A.A) Sem-3 Examination
CC 11

Financial Accounting & Auditing-I

Time : 2-00 Hours]

August 2021

[Max. Marks : 50

Instructions: (i) All questions in section – 1 carry equal marks

(ii) Attempt any **TWO** questions in **Section I**

Section – 1

- Q. 1 (A) Explain Ind AS-2 (Inventory Valuation). 10
 (B) Explain the usefulness of Accounting Standards. 10
- Q. 2 The following is the Statement of Profit & Loss Account of Garima Ltd. For the year ending on 31st March, 2020. 20

Particulars	Amt (Rs)	Amt (Rs)
Gross Profit		12,50,000
<u>Other Incomes:</u>		
Profit on sale of Machinery (Cost price of Machinery Rs 3,75,000, Total Depreciation Rs 1,25,000 and selling price Rs 4,50,000)		2,00,000
Dividend (TDS Rs 22,500)		75,000
Share Premium		<u>1,00,000</u>
		<u>16,25,000</u>
Less:		
Salary & Bonus	5,00,000	
Office & Selling Expenses	1,34,375	
Interest on Debenture	31,250	
Donation to recognised institution	12,500	
Loss on sale of investment	25,000	
Depreciation	1,50,000	
Directors Fees	12,500	
Repairs	62,500	
Loss on sale of furniture (Depreciated value Rs 50,000)	28,125	
Bad debt Reserve	37,500	
Scientific research expense (Purchase of Equipments)	50,000	
Provision for Tax	2,50,000	
Debenture issue expense written off	<u>18,750</u>	<u>13,12,500</u>
Net Profit:		<u>3,12,500</u>

P.T.O.

Additional Information:

- 1) Previous year's bonus Rs 31,250 & Ex-gratia payment 18,750 are included in the amount of Salary & Bonus.
- 2) Bad debts written off against Bad Debt reserve is Rs 12,500.
- 3) Allowable depreciation as per company's act is Rs 1,43,750.
- 4) Repairs include Rs 25,000 for Building construction.

From the above information, calculate maximum managerial remuneration under section 198.

3. XYZ Ltd had a stock of 30000 containers as on 1st April, 2019, while the customers had on hand 60,000 containers. The company purchases all the containers at Rs 10 per unit and charges from customers at Rs 12 per unit. A credit of Rs 8 per unit is given to customer when they returns them. During the year, the company purchased 40,000 containers, 90,000 containers were sent to customers, while 76,000 containers were returned by customers. 700 containers were destroyed and 400 containers were sold as scrap at Rs 1.20 per unit. At the end of the year, there were 50,000 containers in the hands of the customers for which return period has not expired. All stocks were valued at Rs 5.
- Prepare container Stock Account & Container Trading Account for the year ending on 31st March, 2020. 20

4. M/s. Kavya Traders are dealers of LED TV sets. They are selling LED TV on hire purchase only. The following information has been available from his books for the accounting year 2019-20.
- April -1 Opening stock at the shop Rs 22,500 20

Instalment due but not received Rs 7,000

During the year 2019-20 the following transactions took place:

Purchase of LED TV sets Rs 67,500

Instalments received from the customers Rs 76,250

TV sets repossessed from customers Rs 800

(on which unpaid instalments were Rs 2,800)

March 31: Instalment not due Rs 37,990.

Instalment due but not received Rs 11,250.

Stock at Shop Rs 28,200.

The firm is selling its goods at a profit of 30% on cost price. You are required to find out profit on hire purchase business by preparing Hire Purchase Trading Account.

Section - B

5. Select the most appropriate answer from the alternatives: (Any Five)

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- 1) Government grant that become refundable should be treated as:
 - (a) Extraordinary items
 - (b) Prior period items
 - (c) Change in accounting estimates
 - (d) Change in accounting policy
- 2) AS-9 deals with _____.
 - (a) Revenue Recognition
 - (b) Accounting of Borrowing Cost
 - (c) Accounting of Government Grants
 - (d) None of the above
- 3) Cost of conversion is consisted of _____.
 - (a) Direct material cost + Direct labour cost + Direct expenses
 - (b) Direct labour cost + Direct expenses
 - (c) Direct labour cost + Direct expenses + Production overheads
 - (d) Direct labour cost + Direct expenses + Production overheads + Administration overheads
Selling overheads
- 4) Total profit on sale of machinery is Rs 60,000, cost of plant and machinery sold was Rs 2,00,000 while its sales price was Rs 2,20,000. What is capital profit on sale?
 - (a) Rs 40,000
 - (b) Rs 20,000
 - (c) Rs 60,000
 - (d) None of the above
- 5) From the following which is the non-current assets?
 - (a) Fixed assets and Debtors
 - (b) Debtors and Inventory
 - (c) Fixed Assets and Short term Investment
 - (d) Fixed Assets and Long term investment
- 6) Debtors fall under _____ head on asset side of Balance Sheet.
 - (a) Long term Loans & Advances

- (b) Trade Receivables
 - (c) Trade Payables
 - (d) Non-Current Liability
- 7) Cash price of Asset + Interest = _____ price
- (a) contract
 - (b) Market
 - (c) Purchase
 - (d) None of the above
- 8) Which of the following statement is correct with respect to hire purchase?
- (a) Depreciation is calculated on the cash price of the assets purchased
 - (b) Depreciation is calculated on the contract price of the assets purchased.
 - (c) Depreciation is calculated on the market price of the assets purchased.
 - (d) None of the above
- 9) Which of the following item is considered as "Contingent Liability" for a company?
- (a) Proposed Dividend
 - (b) Unpaid dividend on Cumulative Preference Shares
 - (c) Unclaimed dividend
 - (d) Provision for taxes
- 10) Container suspense account is prepared at ____.
- (a) Purchase price
 - (b) Charged to customer price (Sent out to customer price)
 - (c) Credit given to customer price
 - (d) Stock Valuation price
- 11) Which one of the following is not considered as an advantage of leasing?
- (a) It provides full finance
 - (b) Savings of recurring cost of raising finance
 - (c) It provides flexibility to the lessee
 - (d) All of the above
- 12) When goods sold on Hire purchase are repossessed, how much amount is debited to Goods Repossessed Account?
- (a) Amount received from the customer
 - (b) Amount due but not received from the customer
 - (c) Amount not received on the goods sold
 - (d) None of the above

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