

<b>Q-1</b>	<p><b>A)</b> Write a note on Fundamental Accounting Assumptions.</p> <p><b>B)</b> Explain the Following:</p> <p>(i) Input Tax Credit</p> <p>(ii)Contingent Liability</p> <p>(iii)Provisions Related to Managerial Remuneration</p> <p style="text-align: center;"><b>OR</b></p> <p><b>B)</b> From the following transactions write journal entries in the books of X ltd..</p> <p>1)A business is commenced with introduction of cash Rs.2,00,000 , Liability of Rs.20,000 , Stock of goods of 22,500 and receivables of Rs.50,000.</p> <p>2)Machine worth Rs.5,00,000 Purchased and paid Rs.5000 as installation charges.</p> <p>3) To earn 33% profit on selling price goods of Rs.1,00,000 sold.</p> <p>4)Goods of Rs. 70,000 destroyed by the fire , Insurance company has admitted the claim of Rs. 50,000 and Rs.2,000 received by selling of scrap.</p> <p>5)Received the order of selling of the goods of Rs.50,000.</p> <p>6)Goods of Rs.5,00,000 Purchased from Tesla Limited at 10% Trade discount and 10% Cash Discount, half amount paid by the cheque.</p> <p>7)Paid Insurance premium of Rs.10,000 and Medical premium of Rs. 5,000 by cheque.</p>	<p><b>7</b></p> <p><b>7</b></p>
<b>Q-2</b>	<p><b>A)</b> You are required to prepare a Statement of Profit and Loss and Balance Sheet from the following Trial Balance extracted from the books of the International Hotels Ltd., on 31st March, 20X2:</p>	<b>14</b>

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	Dr	Cr.
Authorised Capital-divided into 5,000 6% Preference Shares Of Rs.100 each and 10,000 equity Shares of Rs.100 each		15,00,000
Subscribed Capital -5,000 6% Preference Shares of ` 100 each		5,00,000
Equity Capital		8,05,000
Purchases - Wines, Cigarettes, Cigars, etc.	45,800	
- Foodstuffs	36,200	
Wages and Salaries	28,300	
Rent, Rates and Taxes	8,900	
Laundry	750	
Sales - Wines, Cigarettes, Cigars, etc.		68,400
- Food		57,600
Coal and Firewood	3,290	
Carriage and Cooliage	810	
Sundry Expenses	5,840	
Advertising	8,360	
Repairs	4,250	
Rent of Rooms		48,000
Billiard		5,700
Miscellaneous Receipts		2,800
Discount received		3,300
Transfer fees		700
Freehold Land and Building	8,50,000	
Furniture and Fittings	86,300	
Inventory on hand, 1st April, 20X1 Wines, Cigarettes. Cigars, etc.	12,800	
Foodstuffs	5,260	
Cash in hand	2,200	
Cash with Bankers	76,380	

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Preliminary and formation expenses 2,000 Debentures of ` 100 each (6%)	8,000	2,00,000
Profit and Loss Account		41,500
Trade payables		42,000
Trade receivables	19,260	
Investments	2,72,300	
Goodwill at cost	5,00,000	
General Reserve		2,00,000
	<u>19,75,000</u>	<u>19,75,000</u>

Wages and Salaries Outstanding 1,280

Inventory on 31st March, 20X2 22,500

Wines, Cigarettes and Cigars, etc.

Foodstuffs 16,400

Depreciation: Furniture and Fittings @ 5% p.a. : Land and Building @ 2% p.a.

The Equity capital on 1st April, 20X1 stood at Rs. 7,20,000, that is 6,000 shares fully paid and 2,000 shares Rs. 60 paid. The directors made a call of Rs.40 per share on 1st October 20X1. A shareholder could not pay the call on 100 shares and his shares were then forfeited and reissued @ Rs.90 per share as fully paid. The Directors declared a dividend of 8% on equity shares on 2nd April, 20X2, transferring any amount that may be required from General Reserve. Ignore Taxation.

OR

E/211-6

Ring Ltd. was registered with a nominal capital of Rs. 10,00,000 divided into shares of Rs. 100 each. The following Trial Balance is extracted from the books on 31<sup>st</sup> March, 20X2:

Particulars	Rs.	Particulars	Rs.
Buildings	5,80,000	Sales	10,40,000
Machinery	2,00,000	Outstanding Expenses	4,000
Closing Stock	1,80,000	Provision for Doubtful	6,000
Loose Tools	46,000	Debts (1-4-20X1)	
Purchases(finished goods)	4,20,000	Equity Share Capital	4,00,000
Salaries	1,20,000	General Reserve	80,000
Directors' Fees	20,000	Profit and Loss A/c	50,000
Rent	52,000	(1-4-20X1)	
Depreciation	40,000	Creditors	1,84,000
Bad Debts	12,000	Provision for depreciation:	
Investment	2,40,000	On Building 1,00,000	
Interest accrue on investment	4,000	On Machinery <u>1,10,000</u>	2,10,000
Debenture Interest	56,000	14% Debentures	4,00,000
Advance Tax	1,20,000	Interest on Debentures	28,000
Carriage expenses	36,000	accrued but not due	
Debtors	2,50,000	Interest on Investments	24,000
Bank	60,000	Unclaimed dividend	10,000
	24,36,000		24,36,000

You are required to prepare statement of Profit and Loss for the year ending 31<sup>st</sup> March, 20X2 and Balance sheet as at that date after taking into consideration the following information:

- Closing stock is more than opening stock by ` 1,60,000;
- Provide to doubtful debts @ 4% on Debtors
- Make a provision for income tax @30%.
- Depreciation expense included depreciation of ` 16,000 on Building and that of Rs.24,000 on Machinery.
- The directors declared a dividend @ 25% on 2<sup>nd</sup> April, 20X2 and transfer to General Reserve

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	@ 10%. (f) Bills Discounted but not yet matured Rs. 20,000.																																																																																																																																							
Q-3	A) From the following Balance Sheets and information, prepare Cash Flow Statement of Ryan Ltd. by Indirect method for the year ended 31st March, 20X1:					14																																																																																																																																		
<table><tr><th colspan="2">Particulars</th><th>Notes</th><th>31<sup>st</sup> March 20X1 Rs.</th><th>31<sup>st</sup> March 20X0 Rs.</th></tr><tr><td></td><td colspan="2"><b>Equity and Liabilities</b></td><td></td><td></td><td></td></tr><tr><td>1</td><td colspan="2"><b>Shareholders' funds</b></td><td></td><td></td><td></td></tr><tr><td></td><td>A</td><td>Share capital</td><td>1</td><td>6,00,000</td><td>7,00,000</td></tr><tr><td></td><td>B</td><td>Reserves and Surplus</td><td>2</td><td>4,20,000</td><td>3,00,000</td></tr><tr><td>2</td><td colspan="2"><b>Non-current liabilities</b></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td>Long term borrowings</td><td>3</td><td>2,00,000</td><td>-</td></tr><tr><td>3</td><td colspan="2"><b>Current liabilities</b></td><td></td><td></td><td></td></tr><tr><td></td><td>A</td><td>Trade Payables</td><td></td><td>1,15,000</td><td>1,10,000</td></tr><tr><td></td><td>B</td><td>Other current liabilities</td><td>4</td><td>30,000</td><td>80,000</td></tr><tr><td></td><td>C</td><td>Short term provision (provision for tax)</td><td></td><td>95,000</td><td>60,000</td></tr><tr><td></td><td></td><td></td><td></td><td>14,60,000</td><td>12,50,000</td></tr><tr><td></td><td colspan="2"><b>Assets</b></td><td></td><td></td><td></td></tr><tr><td>1</td><td colspan="2"><b>Non-current assets</b></td><td></td><td></td><td></td></tr><tr><td></td><td>A</td><td>Property, plant and Equipment</td><td>5</td><td>9,15,000</td><td>7,00,000</td></tr><tr><td></td><td>B</td><td>Non-Current Investments</td><td></td><td>50,000</td><td>80,000</td></tr><tr><td>2</td><td colspan="2"><b>Current assets</b></td><td></td><td></td><td></td></tr><tr><td></td><td>A</td><td>Inventories</td><td></td><td>95,000</td><td>90,000</td></tr><tr><td></td><td>B</td><td>Trade receivables</td><td></td><td>2,50,000</td><td>2,25,000</td></tr><tr><td></td><td>C</td><td>Cash and Cash equivalents</td><td></td><td>50,000</td><td>90,000</td></tr><tr><td></td><td>D</td><td>Other Current assets</td><td></td><td>1,00,000</td><td>65,000</td></tr><tr><td></td><td></td><td><b>Total</b></td><td></td><td><b>14,60,000</b></td><td><b>12,50,000</b></td></tr></table>						Particulars		Notes	31 <sup>st</sup> March 20X1 Rs.	31 <sup>st</sup> March 20X0 Rs.		<b>Equity and Liabilities</b>					1	<b>Shareholders' funds</b>						A	Share capital	1	6,00,000	7,00,000		B	Reserves and Surplus	2	4,20,000	3,00,000	2	<b>Non-current liabilities</b>							Long term borrowings	3	2,00,000	-	3	<b>Current liabilities</b>						A	Trade Payables		1,15,000	1,10,000		B	Other current liabilities	4	30,000	80,000		C	Short term provision (provision for tax)		95,000	60,000					14,60,000	12,50,000		<b>Assets</b>					1	<b>Non-current assets</b>						A	Property, plant and Equipment	5	9,15,000	7,00,000		B	Non-Current Investments		50,000	80,000	2	<b>Current assets</b>						A	Inventories		95,000	90,000		B	Trade receivables		2,50,000	2,25,000		C	Cash and Cash equivalents		50,000	90,000		D	Other Current assets		1,00,000	65,000			<b>Total</b>		<b>14,60,000</b>	<b>12,50,000</b>
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Notes to accounts				
No.			31 <sup>st</sup> March, 20X1	31 <sup>st</sup> March, 20X0
<b>1.</b>	<b>Share capital</b>			
	Equity share capital		6,00,000	5,00,000
	10% Redeemable Preference share capital		---	<u>2,00,000</u>
	<b>Total</b>		<b><u>6,00,000</u></b>	<b><u>7,00,000</u></b>
<b>2</b>	<b>Reserves and Surplus</b>			
	Capital redemption reserve		1,00,000	-
	Capital reserve		70,000	-
	General reserve		1,50,000	2,50,000
	Profit and Loss account		<u>1,00,000</u>	<u>50,000</u>
	<b>Total</b>		<b><u>4,20,000</u></b>	<b><u>3,00,000</u></b>
<b>3</b>	<b>Long term borrowings</b>			
	9% Debentures		<u>2,00,000</u>	---
<b>4.</b>	<b>Other current liabilities</b>			
	Dividend payable		-	60,000
	Liabilities for expenses		<u>30,000</u>	<u>20,000</u>
	<b>Total</b>		<b><u>30,000</u></b>	<b><u>80,000</u></b>
<b>5</b>	<b>Property, plant and equipment</b>			
	Plant and machinery		7,65,000	5,00,000
	Land and building		<u>1,50,000</u>	<u>2,00,000</u>
	<b>Net carrying value</b>		<b><u>9,15,000</u></b>	<b><u>7,00,000</u></b>
<b>Additional Information:</b>				
(i) A piece of land has been sold out for Rs.1,50,000 (Cost – Rs.1,20,000) and the balance land was revalued. Capital Reserve consisted of profit on revaluation of land.				
(ii) On 1st April, 20X0 a plant was sold for Rs.90,000 (Original Cost –Rs.70,000 and W.D.V. – Rs. 50,000) and Debentures worth Rs.1 lakh were issued at par as part consideration for plant of Rs.4.5 lakhs acquired.				
(i) Part of the investments (Cost – Rs.50,000) was sold for Rs.70,000.				
(ii) Pre-acquisition dividend received Rs.5,000 was adjusted against cost of investment.				
(iii) Interim dividend was declared and paid @ 15% during the current year.				

- (iv) Income-tax liability for the current year was estimated at Rs.1,35,000.
- (v) Depreciation @ 15% has been charged on Plant and Machinery but no depreciation has been charged on Building.

**OR**

**B)**

(i) From the following ratios and information given below, PREPARE Trading Account, Profit and Loss Account and Balance Sheet of Aebece Company:

Fixed Assets	Rs. 40,00,000
Closing Stock	Rs. 4,00,000
Stock turnover ratio	10
Gross profit ratio	25 percent
Net profit ratio	20 percent
Net profit to capital	1/5
Capital to total liabilities	1/2
Fixed assets to capital	5/4
Fixed assets/Total current assets	5/7

- (iii) Write a note on Techniques of Financial Analysis.

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**4**

**Q-4**

Write a note following (Any 3)

- (i) Management Discussion & Analysis
- (ii) Board Report
- (iii) Related Party Transaction and Disclosures
- (iv) Segment Reporting
- (v) Audit Report

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**Q-5**

**A)** Write a note on Zero Base Budget

**B)** A single product company estimated its quarter-wise sales for the next year as under:

Quarter	Sales (Units)
I	30,000
II	37,500
III	41,250
IV	45,000

The opening stock of finished goods is 6,000 units and the company expects to maintain the closing stock of finished goods at 12,250 units at the end of the year. The production pattern in each quarter is based on 80% of the sales of the current quarter and 20% of the sales of the next quarter. The company maintains this 20% of sales of next quarter as closing stock of current quarter.

**4**

**10**

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The opening stock of raw materials in the beginning of the year is 10,000 kg. and the closing stock at the end of the year is required to be maintained at 5,000 kg. Each unit of finished output requires 2 kg. of raw materials.

The company proposes to purchase the entire annual requirement of raw materials in the first three quarters in the proportion and at the prices given below:

Quarter	Purchase of raw materials % to total annual requirement in quantity	Price per kg. (Rs.)
I	30%	2
II	50%	3
III	20%	4

The value of the opening stock of raw materials in the beginning of the year is Rs. 20,000. You are required to PREPARE the following for the next year, quarter wise:

- (i) Production budget (in units).
- (ii) Raw material consumption budget (in quantity).
- (iii) Raw material purchase budget (in quantity and value)

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