



Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

SECTION – A

1. Multiple Choice Questions:

[15 x 2 = 30]

- (i) The concept that business is assumed to exist for an indefinite period and is not established with the objective of closing down is referred to as \_\_\_\_\_.
- Money Measurement concept
  - Going Concern concept
  - Full Disclosure concept
  - Dual Aspect concept
- (ii) Income Statement of a charitable institution is known as \_\_\_\_\_.
- Profit and Loss A/c
  - Receipts and payments A/c
  - Income and Expenditure A/c
  - Statement of Affairs
- (iii) Goods are transferred from Department A to Department B at a price so as to include a profit of 33.33% on cost. If the value of closing stock of Department Y is ₹36,000, then the amount of stock reserve on closing stock will be \_\_\_\_\_.
- ₹12,000
  - ₹9,000
  - ₹18,000
  - None of the above
- (iv) In the hire purchase system interest charged by vendor is calculated on the basis of \_\_\_\_\_.
- Outstanding cash Price
  - Hire purchase Price
  - Installment amount
  - None of the above
- (v) Bad debts Recovered ₹750. It will be \_\_\_\_\_.
- Credited to Bad debts A/c
  - Credited to debtor's personal A/c
  - Debited to creditor's personal A/c
  - Credited to bad debts recovered A/c
- (vi) A Charitable Institution has 250 members with a annual subscription of ₹5,000 each. The subscription received during 2020-21 were ₹11,25,000, which include ₹65,000 and ₹25,000 for the years of 2019-20 and 2021-22 respectively. The amount of outstanding subscription for the 2020-21 will be \_\_\_\_\_.
- ₹90,000



- b. ₹1,25,000  
c. ₹2,15,000  
d. ₹1,90,000
- (vii) Shiva draws a bill on Sanat on 25th October, 2021 for 90 days, the maturity date of the bill will be \_\_\_\_\_.
- a. 25th February, 2022  
b. 30th January, 2022  
c. 25th January, 2022  
d. 28th Feb, 2022
- (viii) In a Cash Book Debit balance of ₹112 brought forward as credit balance of ₹121, while preparing a Bank Reconciliation Statement taking the balance as per Cash Book as the starting point \_\_\_\_\_.
- a. ₹112 to be added  
b. ₹121 to be added  
c. ₹233 to be added  
d. ₹112 to be subtracted
- (ix) Del credere commission is allowed to consignee \_\_\_\_\_.
- a. For making cash sales  
b. for making credit sales  
c. For making extra sales  
d. for undertaking risk of bad debts
- (x) KCS purchased a machine from JPS on hire purchase system, whose cash price was ₹8,64,000. ₹2,16,000 being paid on delivery and balance in three annual installments of ₹2,88,000 each. The amount of interest included in first installment would be \_\_\_\_\_.
- a. ₹72,000  
b. ₹57,600  
c. ₹1,08,000  
d. ₹36,000
- (xi) Provision for Doubtful Debt on 1st April, 2021 was ₹21,500. During the year 2021 – 22 the Bad-debt and Recovery of Bad-debt were ₹10,500 and ₹2,100 respectively. The Sundry Debtors on 31st March, 2022 were ₹2,25,000. Provision is to be made @ 5% on Debtors. If on 31st March, 2022, there was additional Bad-debt of ₹2,500 then Provision for doubtful-debt will be \_\_\_\_\_.
- a. Debited to Profit & Loss Account by ₹11,250.  
b. Debited to Profit & Loss Account by ₹2,625.  
c. Debited to Profit & Loss Account by ₹3,000.  
d. Debited to Profit & Loss Account by ₹900.
- (xii) AS -16 Deals with \_\_\_\_\_.
- a. Accounting of Inventory Cost  
b. Accounting for transactions in Foreign Currencies  
c. Accounting for Depreciation  
d. Accounting for Borrowing Costs



- (xiii) The Foreign Currency receivables as per books of accounts 10,000\$ USD= ₹80, ₹8,00,000 accounted on 09-Feb-2023. On 31-Mar-2023, The USD= INR 82 then what is the amount of Foreign Currency Receivables to be reported on 31-Mar-2023 balance sheet as Assets \_\_\_\_\_.
- ₹2,000
  - (₹2,000)
  - ₹82,000
  - ₹80,000
- (xiv) The main objective of average clause contained in a fire insurance policy is to \_\_\_\_\_.
- Encourage full Insurance
  - Discourage full Insurance
  - Encourage under Insurance
  - Encourage full Insurance and Discourage under Insurance
- (xv) Discount given in the Sales - Invoice itself is \_\_\_\_\_.
- Cash discount
  - Trade discount
  - Rebate
  - Allowance

## SECTION – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks)

2. (a) On comparing the Cash Book of Saksham with the Bank Pass Book for the year ended 31st March, 2022, following discrepancies were noticed:
- Out of ₹82,000 paid in by cheques into the bank on 25th March, cheques amounting to ₹30,000 were collected on 5th April.
  - Out of cheques drawn amounting to ₹31,200 on 28th March a cheque for ₹10,000 was presented on 3<sup>rd</sup> April.
  - A cheque for ₹4,000 entered in Cash Book but omitted to be banked on 31st March.
  - A cheque for ₹2,400 deposited into bank but omitted to be recorded in Cash Book and was collected by the bank on 29th March.
  - A bill receivable for ₹2,080 previously discounted (discount ₹80) with the bank had been dishonoured but advice was received on 3rd April.
  - A bill for ₹40,000 was retired/paid by the bank under a rebate of ₹600 but the full amount of the bill was credited in the bank column of the Cash Book.
  - A cheque of ₹10,000 wrongly credited in the Pass Book on 29th March was reversed on 2nd April.
  - Bank had wrongly debited ₹20,000 in the account on 31st March and reversed it on 10th April, 2022.
  - A cheque of ₹800 drawn on the Savings Account has been shown as drawn on Current Account in Cash Book.

Prepare a Bank Reconciliation Statement as on 31st March, 2022, if the Balance as per Cash Book on 31st March was ₹1,58,280. [7]



2.(b) Rectify the following errors:

- i. A credit sale of goods to X ₹ 3,000 posted as ₹ 30,000.
- ii. A cash sale of goods to Y ₹ 3,000 posted as ₹ 30,000.
- iii. A credit sale of furniture to Z ₹ 3,000 posted as ₹ 30,000
- iv. A credit sale of goods of ₹ 3,000 to Krishan entered in the purchases book as ₹ 30,000 and posted therefrom to the credit of Kishan as ₹3,000.
- v. A cash sale of goods of ₹ 3,000 to Krishan posted to the credit of Kishan as ₹ 30,000.
- vi. A credit purchase of old machinery from Sohan for ₹17,000 was entered in the purchases book as purchase from Mohan for ₹71,000. ₹3,000 paid as Repair Charges of this Machinery debited to General Expenses Account.
- vii. A bill drawn on Meenu for ₹ 30,000 was passed through bills payable book with ₹ 3,000 and posted therefrom to the credit of Meena as ₹300.
- viii. Sales included a sale of furniture having a book value of ₹900 for ₹850 on 31<sup>st</sup> March, 2022. [7]

3.(a) On 1<sup>st</sup> July, 2022 B. Dutta of Kolkata consigned 250 computers costing ₹28,000 each to T. Ramasami, Chennai. Expenses of ₹17,000 were met by the consignor. T. Ramasami spent ₹14,500 for clearance on 31<sup>st</sup> July, 2022 and selling expenses were ₹1,500 per computer as and when the sale made by consignee. T. Ramasami sold on 4<sup>th</sup> September, 2022, 150 computers at ₹40,000 per computer and again on 21<sup>st</sup> September, 75 computers at ₹42,500.

Mr. Ramasami was entitled to a commission of ₹1,500 per computer sold plus one-fourth of the amount by which the gross sale proceeds less total commission there on exceeded a sum calculated at the rate of ₹35,000 per computer sold. T. Ramasami sent the account sale and the amount due to B. Dutta on 30<sup>th</sup> September, 2022 by bank demand draft.

You are required to prepare the Consignment Account and T. Ramasami's Account in the books of B. Dutta. [7]

3.(b) Chinu sells goods on hire purchase at cost plus 60 percent. Prepare Hire Purchase Trading Account from the following information for the year ending 31<sup>st</sup> March, 2021.

	₹
01-4-2020 Stock with customers at hire purchase price	96,000
31-3-2021 Sale of hire purchase goods during the year at hire purchase price	5,68,000
31-3-2021 Cash received from hire purchase customers	2,65,000
31-3-2021 Stock with customers at hire purchase price	3,64,000

[7]

4. Jodhpur Club furnishes you the Receipts and Payments Account for the year ended 31.3.2022:

Receipts	₹	Payments	₹
Cash in hand (1.4.2021)	40,000	Salary	20,000
Cash at bank (1.4.2021)	1,00,000	Repair expenses	5,000
Donations	50,000	Furniture	60,000
Subscriptions	1,20,000	Investments	60,000
Entrance Fees	10,000	Misc. expenses	5,000
Interest on investments	1,000	Insurance Premium	2,000



Interest from banks	4,000	Billiards table and other	80,000
Sale of old newspapers	1,500	sports items	
Sale of drama tickets	10,500	Stationery expenses	1,500
		Drama expenses	5,000
		Cash in hand (31.3.2022)	26,500
		Cash at bank (31.3.2022)	72,000
	3,37,000		3,37,000

Additional Information:

- Subscriptions in arrear for 2021-22 ₹9,000 and subscription in advance for the year 2022-23 ₹3,500.
- ₹400 was the insurance premium outstanding as on 31.3.2022.
- Miscellaneous expenses prepaid ₹900.
- 50% of donation is to be capitalised.
- Entrance fees to be treated as revenue income.
- 8% interest has accrued on investments for five months.
- Billiards table and other sports equipments costing ₹3,00,000 were purchased in the financial year 2020-21 and of which ₹80,000 was not paid 31.3.2021. There is no charge for depreciation to be considered.

You are required to prepare Income and Expenditure Account for the year ended 31.3.2022 and balance sheet of the Club as at 31.3.2022. [14]

5. P, Q, R and T have been carrying on business in partnership sharing profits and losses in the ratio of 4:1:2:3.

The following is their Balance Sheet as on 31<sup>st</sup> March, 2022:

Liabilities	₹	Assets	₹
Capital Accounts:		Premises	2,80,000
P ₹7,00,000		Furniture	30,000
T ₹3,00,000	10,00,000	Stock-in-Trade	2,00,000
Trade Creditors	3,00,000	Trade Debtors ₹3,50,000	
		Less: Provision for	
		Bad debts ₹50,000	3,00,000
		Cash at Bank	1,40,000
		Capital Accounts:	
		Q ₹2,00,000	
		R ₹1,50,000	3,50,000
	13,00,000		13,00,000

It has been agreed to dissolve the partnership on 1<sup>st</sup> April, 2022 on the basis of the following points agreed upon:

- P is to take over Trade Debtors at 80% of Book Value (₹ 3,50,000)
- T is to take over the Stock in Trade at 95% of the value; and
- R is to discharge Trade Creditors
- The realisation is : Premises ₹ 2,75,000 and Furniture ₹ 25,000.
- The expenses of realisation come to ₹ 30,000.
- Q is found insolvent and ₹ 21,900 is realised from his estate.



Note: The loss arising out of capital deficiency may be distributed following decision in Garner V Murray.

You are required to prepare:

- I. Realisation Account
  - II. Bank/Cash Account
  - III. Capital Accounts of the Partners
- [14]

- 6.(a) Prepare Branch Account in the books of the Head Office and also debtors account from the following information given below for the year 2022:

The Unique Shoe Stores has an old branch at Kanpur. Goods are invoiced at the branch at 25% profit on cost price. The branch has been instructed to send all cash daily to the Head Office. All expenses are paid by the Head Office except petty expenses which are met by the Branch Manager:

	₹	
Stock on 1.1.2022 (Invoice Price)	15,000	
Sundry debtors on 1.1.2022	9,000	
Cash in hand on 1.1.2022	400	
Office furniture on 1.1.2022	1,200	
Goods supplied by the Head Office (invoice price) for the year	80,000	
Goods returned to Head Office for year	1,000	
Goods returned by debtors at the end of year	480	
Debtors at the end of year	8,220	
Cash sales for year	50,000	
Credit sales for year	30,000	
Discount allowed for year	300	
Expenses paid by Head Office: for year	₹	
Rent	1,200	
Salary	2,400	
Stationery	<u>300</u>	3,900
Petty expenses paid by Branch Manager during year	280	
Stock on 31.12.2022	14,000	
Provide depreciation on furniture at 10% per year.		[7]

- 6.(b) Due to flood, business of Mr. Singh was dislocated from 1.4.2021 to 31.8.2021 (5 months). From the following details, suggest the amount of claim to be lodged in respect of loss of profit policy.

Particulars	₹
Policy amount	1,25,000
Turnover from 1.4.2021 to 31.8.2021	2,40,000
Standing charges from 1.4.2021 to 31.8.2021	60,000
Turnover during 1.4.2020 to 31.3.2021	12,00,000
Gross profit ratio	10% on sales
Standing charges for the year 2020-21	84,000
The turnover for the year 2021-22 was anticipated to increase by 10% over the turnover of the preceding year.	[7]



7.(a) On 14.08.2022, Pushkar Ltd. obtained a loan from RBC Bank of ₹65 lakhs to be utilised as under:

Purchase of equipment: ₹ 19,50,000;

Construction of factory shed: ₹ 26,00,000;

Advance for purchase of delivery vehicle: ₹ 6,50,000;

Working capital: ₹ 13,00,000.

In March, 2023 installation of the machinery was completed and also construction of factory shed was completed and the machinery installed. However, the truck was not delivered within 31.03.2023. Total interest charged by the bank for the year ending 31.3.2023 was ₹11.70 lakhs. Discuss how the interest amount would be treated in the financial statements of the company as per AS-6. [7]

7(b) Big Box Ltd., a start-up purchased on April 1, 2019, a machine worth ₹ 44,85,000 in relation to which it received ₹7,35,000 as grant from Government of India. The company decided to treat this grant as a capital receipt. It is estimated that the realizable value of the machine at the end of its useful life of 4 years will be ₹15,36,000.

During the financial year 2021-22, the grant became refundable as the start-up company failed to comply with the necessary terms and conditions of the grant.

You are required to examine the amount of depreciation that is to be charged to the Statement of Profit and Loss for the years 2021-22 and 2022-23 given that the company follows straight line method of charging depreciation. [7]

8. Answer the following questions:

(a) Infer with reason how the following will be classified as Timing Difference and Permanent Difference and also state whether they would result in Deferred Tax Asset or Deferred Tax Liability:

i. Unabsorbed depreciation

ii. Income tax penalty

iii. Interest on loan taken from scheduled bank accounted in the books, but not paid till the date of filing Return of Income. [5]

(b) A company maintains its reserve for bad debts @ 5% and a reserve for discount on debtors @ 2%. You are given the following details:

Particulars	2021	2022
Bad debts	₹800	₹1,500
Discount allowed	₹1,200	₹500
Sundry Debtors (before providing all bad debts and discounts)	₹60,000	₹42,000

On 1-1-2021, Reserve for bad debts and Reserve for discount on debtors had balance of ₹ 4,550 and ₹ 800 respectively.

Prepare Reserve for Bad Debts Account for the year 2021 and 2022. [5]

(c) Write a note on - Applicability of Garner V Murray Rule. [4]