

Time: 2 Hours

Marks: 60

- Note:** 1. All questions are compulsory
 2. Figures to the right indicate full marks.
 3. Working Notes should form the part of your answer.

Q.1 The following is the Trial Balance from the books of of Kadamba Bank Ltd as on 31st March 2022. (15)

Particulars	Dr ₹	Cr ₹
Equity Share Capital , ₹ 100 each, ₹ 50 Paid up		16,00,000
Profit and Loss Account on 1 st April 2017		6,40,000
Fixed Deposit Account		54,56,000
Director Fees	72,000	
Savings Account		62,40,000
Current Account		41,04,000
Furniture (Cost ₹ 16,00,000)	13,92,000	
Audit Fees	16,000	
Commission and Exchange		16,00,000
Interest and Discount Received		33,60,000
Printing and Stationary	11,20,000	
Rent and Taxes	1,36,000	
Reserve Fund		5,60,000
Salary	64,000	
Branch Adjustment Account		20,80,000
Borrowings		32,00,000
Building (Cost ₹ 48,00,000)	36,00,000	
Law Charges	24,000	
Cash in hand	2,56,000	
Cash with RBI	56,00,000	
Cash with other Bank	52,00,000	
Investment at Cost	19,20,000	
Loans, Cash Credit and Overdrafts	48,00,000	
Bills Discounted and purchased	22,40,000	
Interest Paid	24,00,000	
	2,88,40,000	2,88,40,000

Additional Information

- 1) Rebate on Bills Discounted Rs 88,000 as on 31st March 2022
 - 2) Provide for taxation ₹. 2,25,000
 - 2) Acceptances on behalf of customers ₹ 24,00,000.
 - 3) Transfer 25% of net profit to Statutory Reserve
- Prepare Profit and Loss Account for the year ended 31st March 2022 and Balance Sheet as on that date.

OR

Q. 1 Following is the Trial Balance from the books of Subhiksha Bank Ltd as on 31st March 2022

Particulars	Dr. ₹	Cr. ₹
Share Capital , 4,00,000 Shares of ₹ 10 each, ₹ 5 paid up		20,00,000
Fixed Deposits		80,00,000
Savings Bank Deposits		1,20,00,000
Sundry Creditors		1,20,000
Loans, Advances, Overdrafts and Cash Credits	2,80,00,000	
Bills Discounted	20,00,000	
Current Account		2,80,00,000
Money at Call and Short Notice	12,00,000	
Borrowed from Bank		8,00,000
Investments	1,20,00,000	
Premises	48,00,000	
Cash in hand	2,40,000	
Cash at bank	1,12,00,000	
Interest accrued and paid	8,00,000	
Salaries	3,20,000	
Rent	1,20,000	
Bills Payable		12,00,000
Interest and Discount		20,00,000
Profit and Loss Account (1 st April 2021)		24,40,000
Unclaimed Dividend		1,20,000
Statutory Reserve Fund		40,00,000
	6,06,80,000	6,06,80,000

Additional Information

- 1) Create Provision for taxation ₹ 2,20,000
- 2) Provide ₹ 1,10,000 for Doubtful Debts.
- 3) Transfer 25% of Net Profit to Statutory Reserve Fund
- 4) Acceptances on behalf of customers ₹ 5,25,000

Prepare Bank Final Accounts for the year ended 31st March 2022 in the books of Subhiksha Bank Ltd.

Q.2 Following is the Trial Balance of Sanskar Consumer Co operative Society Airoli, as on 31st March 2022. (15)

Particulars	Dr. ₹	Cr. ₹
Share Capital		17,60,000
Purchases	1,80,40,000	
Sundry Debtors	3,30,000	
Sundry Creditors		2,20,000
Reserve Fund		1,65,000
Cash at Bank	18,70,000	
Cash in hand	2,75,000	
Sales		2,26,65,500
Consumer Welfare Fund		55,000
Stock of goods (1 st April 2021)	12,10,000	
Furniture	5,28,000	88,000
Education Fund		44,000
Commission Payable		
Salaries	7,81,000	
Printing and Stationary	1,91,400	
Rent, Rates and Taxes	2,20,000	
Postage	1,33,100	
Premises	11,00,000	1,10,000
Interest on Investment		
Equipment	2,20,000	
Wages	1,10,000	
Motor Vehicles	99,000	
	2,51,07,500	2,51,07,500

Adjustments

- 1) Closing Stock of goods is valued at cost ₹ 15,40,000
 - 2) Outstanding Salary on 31st March 2022 was ₹ 22,000
 - 3) Transfer to Education Fund ₹ 1,100
 - 4) Charge Depreciation on Furniture and Motor Vehicles at 10% p.a
- Prepare Trading and Profit and Loss Account for the year ending 31st March 2022 and Balance Sheet as on that date

OR

Q. 2 Aadhar Insurance Ltd furnishes the following information of fire insurance business for the year ended 31st March 2022. (15)

Particulars	₹
Claims admitted but not paid on 31 st March 2022	12,71,280
Claims paid for the year	4,50,000
Commission Paid for the year	15,00,000
Expenses of Management	4,29,000
Premium received	3,02,50,000
Claims outstanding as on 1 st April 2021	14,85,000
Reserve for Unexpired Risk as on 1 st April 2021	69,00,000
Commission on Re insurance ceded received	3,60,000
Additional Reserve for Unexpired Risk Opening	12,00,000
Legal Expenses regarding claims	75,000

Other information

- 1) Premium outstanding at the end of the year amounted to ₹. 12,00,000
 - 2) It is the policy of the company to maintain 50% Reserve for unexpired risks on the net premium of the year.
 - 3) Additional reserve at 10% of the net premium to be maintained.
- Prepare the Revenue Account for Fire Insurance business in the books of Aadhar Insurance Ltd for the year ended 31st March 2022.

Q.3 CSP Ltd has Head Office at Mumbai and Branch at California, USA. The Branch submits the following Trial Balance as on 31st March 2022. (15)

Particulars	Dr US \$	Cr US \$
Purchase and Sales	1,29,172	2,03,622
Head Office Account		4,236
Goods Received from Head Office	3,867	
Stock as on 1 st April 2021	4,772	
Plant and Machinery	11,374	
Furniture and Fixture	5,438	
Wages	150	
Salaries	22,672	
Cash at Bank	438	
Cash in Hand	1,272	
Office Rent	14,113	
Taxes and Insurance	3,891	
Debtors and Creditors	41,810	42,659
Legal Charges	817	
Internet Charges of computers	906	
Postage and Telegram	4,049	
Printing and Stationary	3,670	
Courier Charges	2,106	
	2,50,517	2,50,517

Other Information

- 1) The Branch Account in Head Office showed a debit balance of ₹ 1,94,833 and goods sent to branch account showed a credit balance of ₹ 1,85,600.

- 2) Plant and Machinery and Furniture and Fixture were acquired by the branch on 31st December 2021 when one US \$ was equal to ₹65
- 3) Head office provides depreciation on Plant and Machinery @ 10% p.a. and the Furniture and Fixture @20% p.a.
- 4) The branch reported a Closing Stock of US \$ 5,115 on 31st March 2022.
- 5) The exchange rates were as under
 - On 1st April 2021 US \$ 1 = ₹ 70
 - On 31st March 2022 US \$ 1 = ₹ 68
 - Average : US \$ 1 = ₹ 69

Prepare

- a) Branch Trial Balance in Indian Rupees
- b) Branch Trading and Profit and Loss Account for the year ending 31st March 2022
- 3) Balance Sheet of the Branch as at 31st March 2022

OR

Q.3 Following balances of Marine insurance business section appears as on 31st March 2022 in the books of Samudra Insurance Ltd. (15)

Particulars	Direct Business ₹	Re-Insurance Business ₹
Premium		
Premium Received	25,30,000	3,96,000
Receivable for the year ending 31 st March 2022	1,03,125	1,37,500
For the year ending 31 st March 2021	1,43,000	1,40,250
Premium Paid		2,53,000
Payable for the year ending 31 st March 2022		1,54,000
Payable for the year ending 31 st March 2021		2,00,750
Claims		
Claims Paid	12,92,500	1,65,000
Payable for the year ending 31 st March 2022	68,750	15,125
Payable for the year ending 31 st March 2021	85,250	18,150
Claims Received		70,150
Receivable for the year ending 31 st March 2022		15,125
Receivable for the year ending 31 st March 2021		6,600
Commission		
Commission Paid	1,21,000	11,000
Commission Received on Re insurance ceded	---	13,750
Other Expenses and Incomes		
Dividend and Interest Received	7,70,000	
Postage	16,500	
Printing and Stationary	1,65,000	
Legal Expenses (Including regarding claims 19000)	99,000	
Rent and Rates	2,20,000	
Reserve for unexpired risk as on 1st April 2021	21,17,500	

Prepare Revenue Account of Samudra Insurance Ltd for the year ending 31st March 2022.

Q.4 A Choose the most appropriate answer from the following (8)

- 1) Revenue Account of Marine Insurance Company must be prepared in
 - a) Form A
 - b) Form B
 - c) Form C
 - d) Form A- RA
- 2) "Reserve for unexpired risk" should be maintained in Fire Insurance business is at
 - a) 75%
 - b) 25%
 - c) 100%
 - d) 50%
- 3) Salary Outstanding of Integral foreign branch should be translated at
 - a) Opening Rate
 - b) Closing Rate
 - c) Average Rate
 - d) Historical rate
- 4) Internet Charges of Integral foreign branch should be translated at
 - a) Opening Rate
 - b) Average Rate
 - c) Closing Rate
 - d) Historical rate
- 5) Rebate on Bills Discounted is
 - a) Current Year Income
 - b) Current Year Expenses
 - c) Income Received in Advance
 - d) Expenses paid in advance
- 6) Gold is shown in Balance Sheet of Banking Company under the head of
 - a) Fixed Assets
 - b) Other Assets
 - c) Investments
 - d) Cash and Balances with RBI
- 7) In Co Operative Society, the amount of Profit to be transferred to Reserve Fund is
 - a) 25%
 - b) 5%
 - c) 50%
 - d) 15%
- 8) Electricity Deposits of Co Operative Society Balance Sheet should be shown under the head of
 - a) Other Items
 - b) Investment
 - c) Fixed Assets
 - d) Current Assets

Q.4 B State whether the following statements are True or False (7)

- 1) Fixed Deposits is shown under the head of Reserves and Surplus in Balance Sheet of Banking business
- 2) Outstanding Expenses is translated at average rate in foreign branch conversion of accounts.
- 3) Premium on reinsurance ceded is deducted from the premium received to get net premium.
- 4) Provision for unexpired risk in case of fire insurance is 100%
- 5) Balance Sheet of Co operative society is prepared in form T
- 6) Non Performing Assets (NPA) of banks is related to fixed assets of the banks
- 7) Savings Bank Deposits is shown in Schedule No. 3 of the bank Balance sheet

OR

Q. 4 Write Short Notes (Any Three) (15)

- a) Integral and Non Integral Foreign Operation
- b) Direct Insurance and Re insurance
- c) Money at Call and Short Notice
- d) Reserve and Fund and Other Funds of Co operative Societies
- e) Loans and Advances of Banks

Time: 2 Hours

Total Marks: 60

1. All Questions are compulsory of 15 marks each.
2. Exercise internal options wherever given.
3. Figures to the right represent full marks to the question.
4. All questions should be answered w.r.t assessment year 2022-23.
5. All workings shall form part of the main answer.
6. Use of simple calculator is allowed.

Q1. M/S GS Firm with Mr. Gold and Mr. Silver as partners have provided you with its profit and loss account for financial year 2021-22. They trade in FMCG goods under B2C business structure. You are required to compute the taxable income of the firm and its tax liability for the Assessment year 2022-23 (15)

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Office Salaries	30,400	By Gross Profit	10,58,650
To Postage	60,000	By Income from Sub letting	15,000
To Interest on Bank Overdraft	60,000	By Interest on Fixed Deposit	12,000
To Bad Debts	3,000	By Sale of export license	3,000
To Provision for Bad Debts	1,000		
To Travelling expenses of Salesman	1,750		
To Salary to Partners	2,25,000		
To Interest on Capital@ 15%	30,000		
To Advertisement expenses	17,500		
To Net Profit			
Gold	4,40,000		
Silver	2,20,000		
	10,88,650		10,88,650

Other Information

- a. Depreciation as per Section 32 is Rs 20000.
- b. Salaries are to be paid equally amongst the two partners i.e., Gold and Silver. Their profit-sharing ratio is 2:1
- c. Advertisement expenses include Rs 5000 paid to political party.

OR

Q1. Miss Rani is a Chartered Accountant. She furnishes following information for the year ended 31/03/2022. (15)

Receipt	Rs.	Payment	Rs.
To Balance b/d	1,75,000	By Salaries and Stipend	4,00,000
To Audit Fees	12,50,000	By Printing and Stationary	1,25,000
To Certification fees & Peer Review Remuneration	7,00,000	By Conveyance and travelling Expenses	6,00,000
To Rent from House Property	3,00,000	By Municipal tax	50,000
		By Personal Expenses	3,80,000
		By Membership Fees (ICAI)	25,000
		By Interest on Loan	1,50,000
		By Purchase Tax Saver Mutual Fund	2,60,000
		By Balance c/d	4,35,000
	24,25,000		24,25,000

Additional information:

1. Allowable Depreciation on Business Assets is Rs.75,000.
2. Personal expenses include Rs. 10,000 spend on medical treatment of her son.
3. Salaries include Rs.25,000 to office servants and Rs.30,000 to domestic servants.
4. 50% of the municipal tax is towards rented property.
5. Travelling expenses includes Rs.5,000 paid for travelling while on Peer review visit.
6. Two third of the interest is attributable towards housing loan and balance for business loan.
7. Miss Rani is Physically Challenged person. Her disability prescribed by Government Hospital is 80%.

Compute Tax payable by her for the assessment year 2022-23.

Q.2 : Mr. Ravi works is a sales manager of Raj Ltd. He gives you the following information for the year ended 31st March, 2022. (15)

Particulars	Amount (Rs)	
Basic salary (Gross)	50,000	per month
Dearness allowance	20,000	per month
Bonus	45,000	per annum
Commission on sales	55,000	per annum
Conveyance Allowance (Amount spent Rs. 16,000)	24,000	per annum
Perquisite value of Gas, Water and Electricity	35,000	per annum
Profession tax deducted from salary	2,500	per annum
Other Information:		
Dividend from Indian Companies	20,000	
Interest on saving bank account with Bank of Baroda	15,000	
Gift from Grandfather	51,000	

He paid Medical Insurance Premium for self, by cheque of Rs. 23,500

Compute Net Taxable Income for Assessment year 2022-23.

OR

Q.2 (15)

Mr. Nelson is a stage artist who entrusts his accounts for the assessment year 2022-23. From an analysis of his bank accounts, you find the following information:

Particulars	Rs.
1. Concert Receipts (local)	3,17,000
2. Royalty receipts from companies on record sold	10,000
3. Amount from Life Insurance Corporation on maturity of a policy in the name of wife	26,000
4. Dividend on Mutual Funds	10,150
5. Concert Costs	22,000
6. Motor car expenses- car used to attend concerts recording session etc	18,000
7. Rent paid (half premises used for professional purposes)	9,000

Mr Nelson also trains his disciples in his spare time and in the relevant year, he collected Rs. 12,000 in cash from his disciples which was used for household expenses.

His father had left some government securities on which he collected interest (gross) of Rs. 1200 in the year. He paid Rs. 5850 towards LIP premium and Rs. 40,000 towards medical insurance for self, spouse and dependent parents who are senior citizens. Compute Mr Nelson's Taxable Income.

Q3. Mr. Shankar owns two Houses. The details regarding these houses for the year ended 31-3-2022 are as follows: (15)

(a) The First House the fair rent of which was Rs. 5,00,000 was let out at Rs. 25,000 p.m. He paid Rs. 10,000 as interest on Money Borrowed for construction of this house, Rs. 1,000 as ground rent and Rs. 20,000 as Municipal Taxes.

(b) The Second House of the Annual value of Rs. 10,00,000 was occupied by him for his residence. Municipal Taxes paid by him were Rs.50,000. He has borrowed Rs. 20 lakhs from ICICI Ltd. in April 2015 for acquiring this House property. Interest due for the year was Rs. 2,00,000 and he has repaid Rs. 40,000 principal amount of the loan at the end of financial year.

The details of his other Income during the year 2021-22 are as follows:

- (i) Directorship fees received from JDC Ltd. Rs. 2,00,000.
- (ii) Winning from Horse races Rs. 4,00,000.
- (iii) Award received from Maharashtra Government Rs. 5,00,000.

He also paid Medical Insurance Premium for self, by cheque of Rs. 10,000.

Compute the Net Taxable Income of Mr. Shankar for the previous year ended 2021-22, relevant to Assessment Year 2022-23.

OR

Q3 A Determine the scope of total income in respect of the following incomes if the assessee is a (07)
(1) a resident and ordinarily resident
(2) a resident but not ordinarily resident:

a. Interest on Tata Motors Ltd Debentures, received in Sweden	Rs. 60,000
b. Profit from business in Jalgoan controlled from Jaipur	Rs. 50,000
c. Profit on sale of Plant at Bhilai	Rs. 40,000
d. Past Untaxed Profit of business in Dubai, now brought to India	Rs. 30,000
e. Pension from an Indian Employer received in Egypt	Rs. 1,20,000
f. Savings Bank Interest from State Bank of India, London Branch	Rs. 10,000

Q3.B Mr. Sunny shares the information of asset transferred by him during the financial year 2021-22. (08)

In December 1993, he had inherited a residential house from his father located in Goa. His father had bought the property in September 1991 for Rs. 9,78,000/-.

In November 1996, Mr. Sunny spent Rs. 8,68,000/- on the repairs and renovation of the said property

Fair Market Value of the said property as on 01.04.2001 was Rs. 24,35,000/-.

He sold the property on 16th August 2021 for Rs. 2,80,00,000/-.

2 % brokerage is payable to Mr. Dalal, a real estate agent.

Out of the sale proceeds, he invested in the following assets:

- a. Purchased a New Residential house at Munnar for Rs.60,00,000/- on 14.03.2022.
- b. Invested in 3 years Bonds of National highway Authority of India (NHAI) Rs. 60,00,000/-
- c. Balance amount was placed in Bank FDR with IDBI Bank Ltd.

You are required to compute his capital gains liability for Assessment year 2022-2023.

(CII : 2001-02 : 100, 2018-19: 280 2019-20 : 289 2021-22 : 317)

Q4A. State whether following statements are True or False. (08)

1. Illegal Income is taxable under Income Tax Act 1961.
2. Limit of Investment in the 'Long term specified asset' U/S. 54EC by an assessee during any financial year should not exceed Rs 50,00,000.
3. University of Mumbai is assessable under Income Tax Act as a local authority.
4. Previous year can be a period of 12 months or less than 12 months.
5. Bonus is taxable on receipt basis only.
6. If house property is located in foreign country, the taxability of rental income from such property depends on the residential status of an individual.
7. Deduction under section 80E under chapter VI A i.e. Interest on Higher Education Loan is maximum allowable to Rs 1,50,000.
8. The due date for filing income tax return for an individual is 31st July.

Q4B. Choose the correct alternative and rewrite the sentence (07)

1. Employer's contribution to statutory provident fund is
 - a. Exempt upto 12% of salary
 - b. Exempt upto 9.5% of salary
 - c. Fully Taxable
 - d. Fully Exempt
2. Surcharge is applicable at ---% where the total income of an individual is between Rs 50,00,000 and Rs 1,00,00,000.
 - a. 5%
 - b. 10%
 - c. 15%
 - d. 20%
3. Rebate is available to an individual assessee whose income doesn't exceed Rs -----
 - a. Rs 5,00,000
 - b. Rs 10,00,000
 - c. Rs 2,50,000
 - d. Rs 20,00,000
4. Received Audi car worth Rs.80,00,000 on his birthday from Non-relative. The amount taxable under head as -----
 - a. Income from Business and Profession
 - b. Income from Capital Gain
 - c. Income from other sources
 - d. Income from House Property

5. Received Interest on fixed deposit with bank of India Rs. 56,000 net of (TDS Rs. 4000), the amount taxable under income from other sources would be -----
- Rs 60,000
 - Rs 56,000
 - Rs 4,000
 - Rs 52,000
6. Kirit came to India for the first time on 02.10.2020. He continues to stay in India thereafter. His residential status for AY 2022-23 would be -----
- Resident
 - Resident and Ordinary Resident
 - Resident but Not Ordinary Resident
 - Non- Resident
7. The maximum limit for Pension Plan u/s 80 CCC is Rs -----
- 1,00,000
 - 1,50,000
 - 2,50,000
 - 2,00,000

OR

Q. 4 Write shorts notes (Any 3)

(15)

- Assessee.
- Tax Treatment of Gratuity under Income Tax Act
- Deemed to be let out property
- Deduction u/s 80DD of chapter VI A.
- Due date of filing Income Tax Returns

Time : 2 Hours

Marks : 60

- Note: 1) All questions are compulsory subject to internal option.
2) Figures to the right indicate full marks.
3) All workings shall form part of your answer.

Q-1) The following data pertains to Process I for March 2019 of Beta Limited : (15)

Opening Work in Progress	1,500 units at	Rs. 15,000
Degree of completion		
Materials 100% : Labour and Overheads	$33\frac{1}{3}\%$	
Input of Materials	18,500 Units at	Rs. 52,000
Direct Labour		Rs. 14,000
Overheads		Rs. 28,000
Closing Work in Progress	5,000 units	

Degree of Completion Materials 90% and Labour and Overheads 30%

Normal Process Loss is 10% of total Input (opening work in progress units + units put in)

Scrap value Rs. 2.00 per unit

Units transferred to the next process 15,000 units.

Your are required to :-

- Compute equivalent units of production.
- Compute cost per equivalent unit for each cost element i.e., materials, labour and overheads.
- Compute the cost of finished output and closing work in progress.
- Prepare the process and other Accounts.

Assume: (I) FIFO Method is used by the Company.

- The cost of opening work in progress is fully transferred to the next process.

OR

Q-1) The following data are available in respect of Process I for February 2019 : (15)

(1) Opening stock of work in process : 800 units at a total cost of Rs. 4,000.

(2) Degree of completion of opening work in process:

Material	100%
Labour	60%
Overheads	60%

(3) Input of materials at a total cost of Rs. 36,800 for 9,200 units.

(4) Direct wages incurred Rs. 16,740

(5) Production overhead Rs. 8,370.

(6) Units scrapped 1,200 units. The stage of completion of these units was:

Materials	100%
Labour	80%
Overheads	80%

Q-2) Polimore Ltd has three production departments A,B,C and two service departments X and Y. The following details are extracted from the books of accounts in respect of expenses incurred during December 2019. (15)

Particulars	Amount
Indirect Wages	45,000
Lighting	6,000
Rent	60,000
Electric Power	30,000
Depreciation	120,000
Sundry Expenses	39,000

Following further details are collected for distribution of the above cost:

Particulars	Department				
	A	B	C	X	Y
Value of Machinery	6000	5000	8000	1000	0
Horse Power of Machine	40	45	60	5	0
Light Points (No s)	10	15	20	10	5
Floor Space (Sq. Mtrs)	150	200	250	100	50
Direct Wages	15000	10000	20000	2000	3000

- 1) Prepare Overhead distribution summary(Primary Distribution).
- 2) Prepare a statement of secondary distribution on the basis of following details under repeated distribution method.

Particulars	Department				
	A	B	C	X	Y
Expenses of Department X	20%	25%	35%		20%
Expenses of Department Y	25%	25%	40%	10%	0

Q-3) Company has two Division, Division 'A' and Division 'B'. Division 'A' has a budget of selling 2,00,000 nos. of a particular component 'x' to fetch a return of 20% on the average assets employed. The following particulars of Division 'A' are also known: (15)

Fixed Overhead	Rs.5 lakhs
Variable Cost	Re.1 per unit
Average Assets	
Sundry Debtors	Rs.2 lakhs
Inventories	Rs.5 lakhs
Plant & Equipments	Rs.5 lakhs

However, there is constraint in Marketing and only 1,50,000 units of the component 'x' be directly sold to the proposed price.

It has been gathered that the balance 50,000 units of component 'x' can be taken up by Division 'B' Division 'A' wants a price of Rs.4 per unit of 'x' but Division 'B' is prepared to pay Rs.2 per unit of 'x'.

Division 'A' has another option in hand, which is to produce only 1,50,000 units of component 'x'. This will reduce the holding of assets by Rs.2 lakhs and fixed overhead by Rs.25,000.

You are required to advise the most profitable course of action for Division 'A'.

OR

Q-3) A business has two divisions with the following result applicable: (15)

Particular	Division A	Division B
Profit Before Depreciation	800	1000
Non Current Assets B/F	2000	3000
Net Current Assets at year end	500	750

The noncurrent assets are depreciated on 20% straight line depreciation.

The company assesses the performance of its divisions on the basis of the Return on Investment. Calculate the ROI for each division for this year and the next if the profit before Depreciation and net current assets are the same for each period.

Q-4(A) State whether following statements are True or False? (8)

- 1) Expected Units are the difference between unit introduced and normal loss.
- 2) Weight loss has no scrap value.
- 3) ABC is an accounting methodology that assigns cost to activities rather than product and services.
- 4) responsibility centres are, usually, classified as Cost Centre , Profit Centre and Investment Centre
- 5) The basic idea of responsibility accounting is that a manager should be held responsible only for those items over which he can exercise a significant degree of control.
- 6) ROI will decrease, if same amount of profit earned with additional investment.
- 7) (Transfer Price × quantity of goods exchanged) is an expense for the purchasing centre and a revenue for the selling centre.
- 8) Weighted Average method is never used for calculating equivalent production.

Q-4(B) Fill in the blanks

(7)

- 1) Sale of scrap _____ cost per unit. (Increase, Decrease, Not affects)
- 2) _____ costing is applicable when Output of one process becomes raw material of another process. (Activity Base Costing, Process Costing, Job Costing)
- 3) Stock of _____ is expressed in terms of equivalent units. (semi-finished Goods, Finished Goods, Raw Material)
- 4) Secondary distribution refers to distribution of cost of _____ departments among production department.(Service Department, Production Department, Purchase Department)
- 5) _____accounting distinguishes between controllable and uncontrollable costs. (Responsibility, Traditional, Modern)
- 6) _____costs are those costs which can be influenced by a specified person or a particular level of management of a company. (Controllable, Non Controllable, Abnormal)
- 7) Insurance of goods is apportionment on the base of _____ (Opening Stock, Closing Stock, Average Stock)

OR

Q-4 Write short notes on following (Any Three)

(15)

- 1) Abnormal Gain
- 2) Transfer Pricing
- 3) Responsibility Accounting
- 4) Advantages of ABC
- 5) Allocation of overheads
