

CODE: 196001  
NOVEMBER 2020

TIME: 2 Hrs  
MAX. MARKS: 50

*PART A*

*(10 x 2=20)*

*Answer any **TEN** questions.*

1. What do you understand by Accounting Standards?
2. Explain the objectives of Accounting Standards.
3. Goods of ₹40,000 of M/s. Saravanan & Sons are insured for ₹35,000 subject to average clause. Loss due to fire is assessed at ₹8,000. Calculate what claim the insured will get from the insurers.
4. From the following, calculate the amount of claim in respect of a fire occurred in a business on 31-12-19.

	₹
Sales 1-4-19 to 31-12-19	6,00,000
Purchases 1-4-19 to 31-12-19	4,00,000
Stock on 31-3-19	1,00,000
Gross Profit – 20% on Sales.	

5. From the following data, compute the amount to be charged to Revenue A/c:  
Present cost of replacing the old works ₹ 90,000  
Amount realized on the sale of old materials ₹ 5,000  
Value of old Materials used in the reconstruction ₹ 125
6. Compute the amount of surplus from the data given below:  
Clear Profit ₹ 9,80,000  
Reasonable Return ₹ 7,30,000
7. What is Inflation Accounting?
8. Define Historical accounting.
9. Define the Human Resource Accounting.
10. Give the any two cost-based methods of human resources valuation.
11. Expand the term CPP.
12. Name the two accounts prepared under the double account system instead of income statement.

*PART B*

*(2 x 5=10)*

*Answer any **TWO** questions.*

13. Explain the scope of accounting standards.

14. A fire occurred in the premises of a trader on 10.4.2019. From the following particulars ascertain amount of claim in respect of loss of stock.
- |  | ₹         |
|--|-----------|
| Stock on 1.1.2019                                  | 1, 25,000 |
| Transactions for the period 1.1.2019 to 10.4.2019: |           |
| Purchases  | 5,00,000  |
| Wages  | 1,00,000  |
| Manufacturing expenses                             | 50,000    |
| Sales  | 7, 50,000 |
- The gross profit ratio is 20% on Sales. The stock salvaged was estimated at ₹73,500.

15. The Vellore Municipal Corporation replaces part of its existing water mains with larger mains at the cost of ₹75,00,000. The original cost of laying the old mains was ₹15,00,000 and the present cost of laying those mains would be three times the original cost. ₹1,25,000 was realized by the sale of old materials and old materials of ₹3,75,000 were used in the replacement and included in the cost given above. Give the journal entries to record the above and show the allocation of expenses between revenue and capital along with Replacement Account.

16. What are the limitations of Historical Accounting?

17. What are the limitations of Human Resource Accounting?

18. What is the procedure for issuing Accounting Standards?

19. A fire occurred at the premises of a trader on 31.5.19 destroying a great part of his goods. His stock at 1.1.19 was ₹1,20,000. The value of stock salvaged was ₹27,000. The gross profit on sales was 30% and sales amounted to ₹3,06,000 from January to date of fire, while for the same period the purchases amounted to ₹2,07,000. Prepare a statement of claim.

20. What are the salient features of double account system.

### PART C

(2 x 10=20)

Answer any **TWO** questions.

21. Describe the significance and merits of Accounting Standards.

22. From the following information you are required to workout claim under the loss of profit insurance policy.

- Cover Gross Profit ₹2,00,000
- Indemnity Period : six months
- Damage was caused due to a fire accident on 28<sup>th</sup> December. The accounting year ends on 31<sup>st</sup> December.
- Net Profit plus all standing charges in the prior accounting year ₹3,00,000.
- Standing Charges uninsured ₹50,000.
- Turnover of the last accounting year was ₹10, 00,000, the rate of gross profit being 25%.

- The annual turnover, namely, the turnover for 12 months immediately preceding the fire ₹10,40,000.
- As a consequence of fire, there was a reduction in certain insured standing charges at the rate of ₹50,000 per annum.
- The standard turnover ₹5,20,000.
- Increased cost of working during the period of indemnity was ₹40,000.
- Turnover during the period of indemnity was ₹2,00,000 and out of this turnover of ₹1,60,000 was maintained due to increased cost of working.

23. Star Electricity Ltd. earned a profit of ₹4, 22,500 during the year ended 31<sup>st</sup> March 2005 after debenture interest @7.5% on ₹1, 25,000. With the help of the figures given below, show the disposal of profits:

	₹
Original cost of fixed assets	50,00,000
Formation and other expenses	2,50,000
Monthly average of current assets (net)	12,50,000
Reserve Fund (represented by 4% Govt. securities)	5,00,000
Contingencies Reserve Fund Investments	1,20,000
Loan from Electricity Board	7,50,000
Total depreciation written off to date	10,00,000
Tariff and Dividend Control Reserve	25,000
Security deposits received from customers	1,00,000

Assume Bank Rate to be 6%.

24. Describe the merits and limitations of Accounting for price level changes.

25. Explain the objectives of Human Resource Accounting.

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