



National Officers Academy

Mock Exams CSS-2022

March 2022(Mock-8)

ACCOUNTANCY AND AUDITING, PAPER-I

TIME ALLOWED: THREE HOURS

PART-I(MCQS): MAXIMUM 30 MINUTES

PART-I (MCQS)

PART-II

MAXIMUM MARKS = 20

MAXIMUM MARKS = 80

NOTE:

- i. **Part-II** is to be attempted on the separate **Answer Book**.
- ii. Attempt **ONLY FOUR** questions from **PART-II**, by selecting **TWO** questions from **EACH SECTION**. **ALL** questions carry **EQUAL** marks.
- iii. All the parts (if any) of each Question must be attempted at one place instead of at different places.
- iv. Write Q. No. in the Answer Book in accordance with Q. No. in the Q. Paper.
- v. No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
- vi. **Use of calculator is allowed.**

SECTION - I

Q – 2 (a), On January 1, 2015, Hydri Construction acquired a small excavator for Rs.85,000. This device had a 4-year service life. It is expected that the equipment will be sold for Rs.10,000 salvage value at the end of 4 years. The company uses the double-declining balance depreciation method.

- (a) Prepare a schedule showing annual depreciation expense, accumulated depreciation and related calculations for each subsequent year.
- (b) Show how the asset and related accumulated depreciation would appear on a balance sheet at December 31, 2015.
- (c) Prepare journal entries to record the asset's acquisition, annual depreciation for each year, and the asset's eventual sale for Rs.10,000.

(b). Rabika Limited has the following balance sheet and income statement for 2015
(in thousands rupees)

Balance sheet			
Cash	Rs. 400	Accounts payable	Rs. 320
Accounts receivable	1,300	Accruals	260
Inventories	<u>2,100</u>	Short-term loans	<u>1,100</u>
Current assets	3,800	Current liabilities	1,680
Net fixed assets	3,320	Long-term debt	2,000
		Shareholders' equity	3,440
Total assets	<u>7,120</u>	Total liabilities & Equity	<u>7,120</u>
Income Statement			
Net sales (all credit)		Rs. 12,680	
Cost of goods sold*		<u>8,930*</u>	
Gross profit		Rs. 3,750	
Selling, general, and admin expenses		2,230	
Interest expense		<u>460</u>	
Profit before taxes		Rs. 1,060	
Taxes		390	
Profit after taxes		<u>Rs. 670</u>	

* Includes depreciation of Rs. 480

On the basis of this information, compute the following:

- Current ratio
- Acid test ratio
- Average collection period
- Inventory turnover ratio
- Debt to net worth ratio
- Gross profit margin
- Net profit margin
- Rate of return on common stock equity

Q-3_ The following information is available:

Trial Balance as at December 31, 2012.

Particulars	Debit Rs.	Credit Rs.
Capital		6400000
Drawings	1813800	
Goodwill	3618200	
Land & Buildings	2400000	
Plant & Machinery	1600000	
Loose Tools	120000	
Bills Receivable	145800	
Bills Payable		1352000
Creditors		3068840
Purchase Returns		106000
Sales		8720000
Stock, 1 st Jan 2011	1677800	
Purchases	2050800	
Wages	858000	
Carriage Outward	22160	
Carriage inward	55000	
Coal & gases	234160	
Salaries	1414560	
Rent, Rates & Taxes	113000	
Discount	60520	
Cash at Bank	1016840	
Cash in Hand	18600	
Sundry Debtors	1800000	
Repairs & maintenance	74600	
Printing & Stationery	20600	
Bad Debts	48520	
Advertisements	140840	
Sales Returns	85000	
Furniture	48000	
General Expenses	210040	
	19646840	19646840

The following adjustments are to be made:

1. Closing Stock as on December 31, 2011 was Rs 1400000.
2. Depreciation is to be provided on the following assets:

— Plant & Machinery	10 %
— Loose Tools	10 %
— Furniture	10 %
— Land & Buildings	2.5 %
3. Provide for the following payables:

— Wages – Rs. 60000
— Advertisements – Rs. 20000
— Salaries – Rs.120000
— Repairs & Maintenance – Rs. 15000
4. Provide 5 % on the debtors against bad debts and 2 % against discounts.

Required: - Prepare Trading, Profit & Loss Account and Balance Sheet as at December 31, 2011 from the above Data.

Q 4: A, B, and C were partners sharing profits and losses in the ratio of 2:2:1. C decided to retire on December 31, 2013. The following is the balance sheet of partnership firm

Balance sheet
December 31, 2013

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	10000	Stock of goods	10000
Reserve account	2000	Sundry Debtors	10000
Capital account A	24000	Bills receivable	4000
Capital account B	16000	Bank A/c	10000
Capital account C	12000	Land and building	30000
	64000		64000

A and B decided to share profits and losses in the ratio of 3:2 in future. Goodwill is valued at Rs. 10000. Land and building was appreciated by Rs.6000 and stock by Rs.2000. There was bad debt loss of Rs.1000 but not recorded in books. A and B decided to bring sufficient cash to settle the account of C and to make their capital proportionate. They also decided to maintain Rs.15000 bank balances for meeting the day to day business expenses.

Prepare necessary journal entries and prepare balance sheet of newly constituted firm.

SECTION - II

Q. 5. The records of the Electronic Equipment Company show the following information for the year ended 31 December 2015:

	(Rs.)
Material purchased	1,946,700
Inventories, January 1, 2015:	
1) Finished goods (100 calculator)	43,000
2) Material	268,000
Direct labour	2,125,800
Factory overhead	764,000
Marketing expense	516,000
General and administrative expenses	461,000
Sales (14,200 calculators)	6,634,000

Inventories, December 31, 2015:

1. No unfinished work on hand.
2. Finished goods (200 calculators) costed at Rs.395 each.
3. Material 167,000

Required:

- An income statement for the period.
- The number of units manufactured.
- The unit cost of calculators manufactured.
- The gross profit per unit sold.
- The income per unit sold.
- The ratio of gross profit to sales.
- The income to sales percentage.

Q-6. (a) Define characteristics difference between Fixed Cost and Variable Cost.

(b) Following information of the manufacturing unit is made available to you for the month July 1996.

BUDGET DATA:

Q. 7. Seven Seas Ltd. has developed a process for the manufacture of after-shave. Material is added at the beginning of the process and conversion costs are incurred uniformly. Detail for the month ended December 31,2015 are as follows:

Work-in-process at 1st December, 2015: 4,000 Units 75 % complete.

Work-in-process at 31st December, 2015: 15,000 Units 60% complete

Units added in process during the month of December, 2015: 30,000 units.

	<u>Materials</u>	<u>Conversion cost</u>
Value of opening work-in-process (Rs.)	108,000	85,000
Cost added during December , 2015	300,000	475,000

Required: Using weighted average basis, prepare a cost of production report for the process for December, 2015. Showing:

- (a). A quantity schedule; (3)
- (b). Cost charged to process; (4)
- (c). Cost of equivalent units; (5)
- (d). Cost of finished goods; (4)
- (e). Value of closing work-in-process (4)

Units 1000
 Material used 3 kg per unit @ Rs. 20 per kg
 Labour per unit 2 hours
 Labour rate per hour Rs. 10.00

FACTORY OVERHEADS:

Fixed Rs. 10,000

Variable Rs. 20,000

ACTUAL PERFORMANCE:

Units completed 900

Materials used 2750 kg at Rs. 22 per kg

Labour hours worked 1850 hours at Rs. 11 per hour

Required:

Compute Two Variance for each of the following items

- a) Materials
- b) Labour
- c) Factory overheads

Q.8. Using the information given below, prepare Cash Budget showing expected Cash Receipts and Disbursements for the month of April, 2007 and the Cash Balance expected as of April 30, 2007.

- Bank Loan due on April 10, Rs.90, 000 plus Rs.4, 500 interest.
- Depreciation for April, Rs.2, 100.
- Two years Insurance Policy due April 14, for renewal Rs.1, 500 to be paid in cash.
- Cash Balance March 31, Rs.80, 000.
- Merchandise purchases for April Rs.500, 000, 40% paid in the month of purchase, 60% paid in next month.
- Account receivable as of March 31, Rs.60, 000 from February sales, Rs.450,000 from March sales.
- Salaries due in April Rs.90, 000.
- Other expenses for April, payable in April Rs.45, 000.
- Accrued taxes for April, payable in June 2007 Rs.7, 500.
- Sales for April Rs.1,000,000, half collected in the month of sale, 40% in next month, 10% in third month.
- Accounts payable March 31, Rs.460, 000.
