

SECTION A

Answer any FIVE of the following questions. Each question carries two marks. (5x2=10)

1. Give the meaning of Short workings.
2. Mention any two advantages of Accounting standards.
3. "Anticipate no profit, provide for all possible losses", state which convention is best suitable for this statement. Give an example for this convention.
4. Expand IFRS and what does it comprise of?
5. A company acquired a lease of a mine with a Minimum Rent of Rs. 10,000. As per the contract, the lessee will get a concession of 30% in the Minimum Rent for the period of strike. For the year 2016, there was a strike for 3 months. Calculate the amount of Minimum Rent to be paid by the Lessee for the year 2016.
6. If the royalties received are less than the minimum rent, what is the Journal entry in the books of Land Lord? How the Land Lord treat short workings?
7. Brief out Realisation concept.

SECTION B

Answer any TWO of the following questions. Each question carries five marks. (2x5=10)

8. Explain the standard setting process in India.
9. Mithun obtained lease of land from Mr. Kiran for a period of 20 years from 1st Jan 2012, paying a minimum rent of Rs. 15,000 pa, merging into a royalty of Rs. 2 per ton of stones cut. The stones cut amount to production is as follows:

Year	2012	2013	2014	2015
Production in tones	8,000	8,500	10,000	7,000

Kiran granted recoupment rights for Short workings if any, within first four years of lease. On 1<sup>st</sup> January 2012, there was a balance of Rs. 3000 in the short workings account of

which Rs. 2,000 arose in 2009 and the balance in 2010. Prepare Analysis table for the amount payable to land lord.

10. List out all the concepts of Accounting and brief out any two them.

### SECTION C

Answer the following compulsory question. The question carries ten marks. (1x10=10)

11. ABC Ltd, obtained a piece of land for 15 years for the extraction of crude oil in 2011 on the following terms:

- Royalties payable: Rs. 3 per tonne extracted.
- Minimum rent Rs. 1, 00,000.
- In case of Minimum Rent over Royalties, recoupment can be done in subsequent two years.
- In case of strike or lockout the actual Royalty earned will be paid to the land lord.

Year	2011	2012	2013 (3 months strike)	2014
Sales (in tones)	29,500	32,000	34,000	30,000
Closing Stock (in tones)	1,500	3,000	2,000	1,000

Open Minimum Rent Account, Royalty Account, Landlord's Account and Short Workings Account in the books of ABC Ltd.

