**Indian Accounting Standards**

**December 2023 Examination**

**1. Every asset get depreciate in its useful life. This depreciation amount reduces the cost of that asset & also recorded to expense side & ultimately reduces net income. Different methods of depreciation show different amount & this impact on financial statement. Describe those methods. (10 Marks)**

**Ans:**

**Introduction:**

Depreciation is a crucial concept in accounting because it performs a significant role in determining the actual price of an asset over the years. Each tangible or intangible asset has a restrained, helpful lifestyle. As it ages and is utilized, the purchase loses value, and this price reduction is accounted for as Depreciation. Depreciation allocates the asset's cost over its valuable lifestyles, matching the price with the sales it generates.

Depreciation's primary objective is to accurately reflect the wear and tear or obsolescence of assets. Doing so ensures that financial statements offer an extra correct picture of a company's financial health, performance, and the actual economic value of its assets.

Depreciation is identified as a price on the profits statement, reducing a company's said net

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**2. Investment means growth of current savings by aiming with more return in future. In finance investment refers to allocation of surplus money, after all expenditures in some investment avenues. Elaborate different investment avenues. (10 Marks)**

**Ans:**

**Introduction:**

Investment is a fundamental idea in finance, and it plays a vital role in the growth and management of private, corporate, and national finances. Funding refers to allocating surplus money or assets to generate returns and wealth. This leftover cash can come from various assets, including savings, income, or the proceeds from the sale of assets. The primary objective of the funding is to make your money work for you, to grow it over time, and to secure your financial destiny. In this introductory section, we can discover the middle ideas of investment, its importance, and the diverse funding avenues available to individuals,

**3. a. Seller transfer goods to the buyer to generate an income. But revenue from sale transaction is recognized when some basic conditions are fulfilled. Explain those basic conditions. (5 Marks)**

**Ans:**

**Introduction:**

Recognizing sales in a business transaction is a critical aspect of financial accounting. It formally acknowledges the profits generated from selling goods or services inside the company's financial statements. However, revenue recognition is a complex process. Several primary conditions must be met before revenue can be recognized following commonly accepted accounting principles (GAAP). These conditions ensure that payment is recorded

**b. ABC Ltd. purchased goods at the cost of Rs.50, 00,000. Till the end of the year 75% of the stocks were sold. The company wants to disclose closing stock. Expected sale value is Rs.13, 50,000 and the commission at 10% on sale is payable. Advice what is the correct closing stock to be disclosed at the end of the year? (5 Marks)**

**Ans:**

**Introduction:**

Closing stock, also known as finishing inventory or year-end inventory, is a crucial accounting concept for companies. It represents the fee of products, products, or raw materials a company has on hand at the end of its monetary reporting duration, such as a fiscal year or a quarter. The accurate valuation and disclosure of remaining stock are crucial for several reasons, including financial reporting, tax compliance, and management decision-