

Roll No.

Total No. of Questions – 7

Time Allowed – 3 Hours

Total No. of Printed Pages – 8

Maximum Marks – 100

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Answers to questions are to be given in English except in the case of candidates who have opted for Hindi Medium. If a candidate had not opted for Hindi medium, his/her answers in Hindi will not be valued.

Question No. 1 is compulsory.

Attempt any five questions from the remaining six questions.

Working notes should form part of the answer.

Wherever necessary, suitable assumptions may be made by the candidate.

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- ✓ 1. (a) Z Ltd. purchased a fixed asset for ₹ 75 lakhs, which has the estimated useful life of 5 years with the salvage value of ₹ 7,50,000. On purchase of the asset, government granted it a grant of ₹ 15 lakhs. Pass the necessary journal entries in the books of the company for first two years. 4×5
=20
5

- (b) A Liquidator is entitled to receive remuneration at 2% on the assets realized, 3% on the amount distributed to Preferential Creditors and 3% on the payment made to Unsecured Creditors. The assets were realized for ₹ 25,00,000 against which payment was made as follows : 5

Liquidation expenses ₹ 25,000

Secured Creditors ₹ 10,00,000

Preferential Creditors ₹ 75,000

The amount due to Unsecured Creditors was ₹ 15,00,000. You are asked to calculate the total Remuneration payable to Liquidator. Calculation shall be made to the nearest multiple of a rupee.

- (c) ABC Ltd. wants to re-classify its investments in accordance with AS-13. Decide and state on the amount of transfer, based on the following information : 5

(1) A portion of Current Investments purchased for ₹ 20 lakhs, to be reclassified as Long Term Investment, as the company has decided to retain them. The market value as on the date of Balance Sheet was ₹ 25 lakhs.

(2) Another portion of current investments purchased for ₹ 15 lakhs, to be reclassified as long term investments. The market value of these investments as on the date of balance sheet was ₹ 6.5 lakhs.

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- (3) Certain long term investments no longer considered for holding purposes, to be reclassified as current investments. The original cost of these was ₹ 18 lakhs but had been written down to ₹ 12 lakhs to recognize permanent decline as per AS 13.

- (d) An earthquake destroyed a major warehouse of Daya Ltd. on 18.5.2011. The accounting year of the company ended on 31.3.2011. The accounts were approved on 30.6.2011. The loss from earthquake is estimated at ₹ 45 lakhs. State with reasons, whether the loss due to earthquake is an adjusting or non-adjusting event and how the fact of loss is to be disclosed by the company ? 5

2. Ram Limited and Shyam Limited carry on business of a similar nature and it is agreed that they should amalgamate. A new company, Ram and Shyam Limited, is to be formed to which the assets and liabilities of the existing companies, with certain exceptions, are to be transferred. On 31st March 2011 the Balance Sheets of the two companies were as under : 16

Ram Limited

Balance Sheet as at 31st March, 2011

Liabilities	₹	Assets	₹
Issued and Subscribed Share Capital :		Freehold Property, at cost.	2,10,000
30,000 Equity Shares of ₹ 10 each, fully paid	3,00,000	Plant and Machinery, at cost less Depreciation	50,000
General Reserve	1,60,000	Motor Vehicles, at cost	
Profit and Loss Account	40,000	Less Depreciation	20,000
Sundry Creditors	1,50,000	Stock	1,20,000
		Debtors	1,64,000
		Cash at Bank	86,000
	6,50,000		6,50,000

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Shyam Limited

Balance Sheet as at 31st March, 2011

Liabilities	₹	Assets	₹
Issued and Subscribed		Freehold Property, at cost	1,20,000
Share Capital :		Plant and Machinery, at cost less Depreciation	30,000
16,000 Equity Shares of ₹ 10 each, fully paid	1,60,000	Stock	1,56,000
Profit and Loss Account	40,000	Debtors	42,000
6% Debentures	1,20,000	Cash at Bank	36,000
Sundry Creditors	64,000		
	3,84,000		3,84,000

Assets and Liabilities are to be taken at book-value, with the following exceptions :

- Goodwill of Ram Limited and of Shyam Limited is to be valued at ₹ 1,60,000 and ₹ 60,000 respectively.
- Motor Vehicles of Ram Limited are to be valued at ₹ 60,000.
- The debentures of Shyam Limited are to be discharged by the issue of 6% Debentures of Ram and Shyam Limited at a premium of 5%.
- The Debtors of Shyam Ltd. realised fully and Bank Balance of Shyam Limited are to be retained by the liquidator and the Sundry Creditors of Shyam Ltd. are to be paid out of the proceeds thereof.

You are required to :

- Compute the basis on which shares in Ram and Shyam Limited will be issued to the Shareholders of the existing companies assuming that the nominal value of each share in Ram and Shyam Limited is ₹ 10.
- Draw up a Balance Sheet of Ram and Shyam Limited as of 1st April, 2011, the date of completion of amalgamation.
- Write up Journal entries, including Bank entries, for closing the books of Shyam Limited.

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3. (a) The following particulars are extracted from the Books of the Commercial Bank Ltd. for the year ending 31st March, 2011. 8

(i) Interest and Discounts	1,98,64,800
(ii) Rebate on Bills Discounted (balance on 1.4.2010)	70,080
(iii) Bills Discounted and purchased	77,46,400

It is ascertained that proportionate discount not yet earned on the Bills Discounted which will mature during 2011-2012 amounted to ₹ 96,860.

Pass the necessary Journal entries with narration adjusting the above and show :

- (a) Rebate on Bills Discounted Account ; and
- (b) Interest and Discount Account in the ledger of the Commercial Bank Limited.
- (b) On 1st January, 2011 X's account in Y's ledger showed a debit balance of ₹ 5,000. The following transactions took place between Y and X during the quarter ended 31st March, 2011 : 8

2011		₹
Jan.	11 Y sold goods to X	6,000
Jan.	24 Y received a promissory note from X	
	3 months date	5,000
Feb.	01 X sold goods to Y	10,000
Feb.	04 Y sold goods to X	8,200
Feb.	07 X returned goods to Y	1,000
March	01 X sold goods to Y	5,600
March	18 Y sold goods to X	9,200
March	23 X sold goods to Y	4,000

Accounts were settled on 31st March, 2011 by means of a cheque. Prepare an Account Current to be submitted by Y to X as on 31st March, 2011, taking interest into account @ 10% per annum. Calculate interest to the nearest multiple of a rupee.

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4. From the following information in respect of a trader, prepare Trading and Profit and Loss Account for the year ended 31st March, 2011 and a Balance Sheet as at that date : 16

	31-03-2010	31-03-2011
(1) Liabilities and Assets	₹	₹
Stock in trade	1,60,000	1,40,000
Debtors for sales	3,20,000	?
Bills receivable	—	?
Creditors for purchases	2,20,000	3,00,000
Furniture at written down value	1,20,000	1,27,000
Expenses outstanding	40,000	36,000
Prepaid expenses	12,000	14,000
Cash on hand	4,000	3,000
Bank Balance	20,000	9,500

- (2) Receipts and Payments during 2010-2011 :

Collections from Debtors (after allowing 2½% discount)	11,70,000
Payments to Creditors (after receiving 2% discount)	7,84,000
Proceeds of Bills receivable discounted at 2%	1,22,500
Proprietor's drawings -	1,40,000
Purchase of furniture midway through the year	20,000
4% Government securities purchased at 96% on 1-10-2010	1,92,000
Expenses	3,50,000
Miscellaneous Income	10,000

- (3) Sales are effected so as to realize a gross profit of $33\frac{1}{3}\%$ on the sale proceeds.
- (4) Goods, costing ₹ 18,000, were issued as advertisement articles.
- (5) During the year, Bills Receivable of ₹ 2,00,000 were drawn on debtors. Of these, Bills amounting to ₹ 40,000 were endorsed in favour of creditors. Out of this latter amount, a Bill for ₹ 8,000 was dishonoured by the debtor.

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- (6) Capital introduced during the year by the proprietor by cheques was omitted to be recorded in the Cash Book, though the bank balance of ₹ 9,500 on 31st March, 2011 (as shown above), is after taking the same into account.
- (7) Purchases and Sales are made only on credit.

5. (a) On 19th May, 2011, the premises of Shri Garib Das were destroyed by fire, but sufficient records were saved, wherefrom the following particulars were ascertained :

	₹
Stock at cost on 1.1.2010	36,750
Stock at cost on 31.12.2010	39,800
Purchases less returns during 2010	1,99,000
Sales less returned during 2010	2,43,500
Purchases less returns during 1.1.2011 to 19.5.2011	81,000
Sales less returns during 1.1.2011 to 19.5.2011	1,15,600

In valuing the stock for the Balance Sheet as at 31st Dec. 2010, ₹ 1,150 had been written off on certain stock which was a poor selling line having the cost ₹ 3,450. A portion of these goods were sold in March, 2011 at a loss of ₹ 125 on original cost of ₹ 1,725. The remainder of this stock was now estimated to be worth the original cost. Subject to the above exceptions, gross profit has remained at a uniform rate throughout. The stock salvaged was ₹ 2,900.

Show the amount of the claim of stock destroyed by fire. Memorandum Trading Account to be prepared for the period from 1-1-2011 to 19-5-2011 for Normal and abnormal items.

- (b) X Ltd. has three departments A, B and C. From the particulars given below compute :

- (a) the values of stock as on 31st Dec. 2011 and
(b) the departmental results

	A	B	C
	₹	₹	₹
Stock (on 1.1.2011)	24,000	36,000	12,000
Purchases	1,46,000	1,24,000	48,000
Actual Sales	1,72,500	1,59,400	74,600
Gross Profit on normal selling price	20%	25%	33 1/3%

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- (ii) During the year certain items were sold at discount and these discounts were reflected in the value of sales shown above. The items sold at discount were :

Departments

	A	B	C
	₹	₹	₹
Sales at normal price	10,000	3,000	1,000
Sales at actual price	7,500	2,400	600

6. Read, Write and Add give you the following Balance Sheet as on 31st March, 2011. 16

Liabilities	₹	Assets	₹
Read's Loan	15,000	Plant and Machinery at cost	30,000
Capital Accounts :		Fixtures and Fittings	2,000
Read 30,000		Stock	10,400
Write 10,000		Debtors 18,400	
Add 2,000	42,000	Less : Provision 400	18,000
Sundry Creditors	17,800	Joint Life Policy	15,000
Loan on Hypothecation of Stock	6,200	Patents and Trademarks	10,000
Joint Life Policy Reserve	12,400	Cash at Bank	8,000
	93,400		93,400

The partners shared profits and losses in the ratio of Read 4/9, Write 2/9 and Add 1/3. The firm was dissolved on 31st March, 2011 and you are given the following information :

- Add had taken a loan from insurers for ₹ 5,000 on the security of Joint Life Policy. The policy was surrendered and Insurers paid a sum of ₹ 10,200 after deducting ₹ 5,000 for Add's loan and ₹ 300 as interest thereon.
- One of the creditors took some of the patents whose book value was ₹ 6,000 at a valuation of 4,500. The balance to that creditor was paid in cash.
- The firm had previously purchased some shares in a joint stock company and had written them off on finding them useless. The shares were now found to be worth ₹ 3,000 and the loan creditor agreed to accept the shares at this value.
- The remaining assets realised the following amounts :

	₹
Plant and Machinery	17,000
Fixtures and Fittings	1,000
Stock	9,000
Debtors	16,500
Patents 50% of their book value	

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- (e) The liabilities were paid and a total discount of ₹ 500 was allowed by the creditors.
- (f) The expenses of realisation amounted to ₹ 2,300.
- Prepare the Realisation Account, Bank Account and Partners Capital Accounts in columnar form.

7. Answer any four of the following :

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=16
4

- | | ₹ | |
|---|-------------|---|
| (a) Net profit for the current year | 2,00,00,000 | |
| No. of equity shares outstanding | 1,00,00,000 | |
| Basic earnings per share | 2.00 | |
| No. of 12% convertible debentures of ₹ 100 each | 2,00,000 | |
| Each debenture is convertible into 10 equity shares. | | |
| Interest expense for the current year | 24,00,000 | |
| Tax relating to interest expense (30%) | 7,20,000 | |
| Compute Diluted Earnings per Share. | | |
| (b) A trader purchased goods for ₹ 3,40,000. The opening stock of inventory prior to the said purchases was ₹ 60,000. His sale was ₹ 4,20,000. Find out the closing stock of inventory if the Gross profit margin is 25% on cost. | | 4 |
| (c) What are the advantages of outsourcing the accounting functions ? | | 4 |
| (d) Perfect Assurance Co. Ltd. received ₹ 11,80,000 as premium on new policies and ₹ 2,40,000 as renewal premium. The company received ₹ 1,80,000 towards reinsurance accepted and paid ₹ 1,40,000 towards reinsurance ceded. How much will be credited to Revenue Account towards premium ? | | 4 |
| (e) Computer Point sells computers on Hire Purchase basis at cost plus 25%. Terms of sale are ₹ 10,000 down payment and eight monthly instalments of ₹ 5000 for each computer. Two computers were repossessed for non-payment of instalments and to be valued at 50% of cost price. Compute the value of repossessed computers. | | 4 |

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