Roll No. ....

Total No. of Questions – **7** Total No. of Printed Pages – **11**

Time Allowed – **3** Hours Maximum Marks – **100**

HAL

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

Question No. **1** is compulsory.

Candidates are also required to answer any **five** questions from the remaining **six** questions.

Wherever necessary suitable assumptions may be made and disclosed by way of a note.

Working Notes should form part of the answer.

Marks

1. (a) A business concern maintains self-balancing ledgers. On the basis of following information, prepare General Ledger Adjustment Account in Debtors Ledger for the month of April, 2012 : 4×5 =20 5

	₹
Debit balances in Debtors Ledger on 01-04-2012	3,58,200
Credit balances in Debtors Ledger on 01-04-2012	9,400
Transactions during the month of April, 2012 are :	
Total Sales (including Cash Sales, ₹ 1,00,000)	20,95,400
Sales Returns	33,100
Cash received from credit customers	17,25,700
Bills Receivable received from customers	95,000
Bills Receivable dishonoured	7,500
Cash paid to customers for returns	6,000
Transfers to Creditors Ledger	16,000
Credit balances in Debtors Ledger on 30-04-2012	9,800

Marks

(b) Arun and Varun were partners sharing profits in the ratio of 13 : 11 respectively. On 1st April, 2012 they admitted Tarun as a new partner on the following conditions : **5**

(i) All partners would share profits equally in the new firm.

(ii) Tarun would bring in ₹ 52,000 as his capital and ₹ 36,000 as his share of goodwill. No goodwill account appeared in the books of the firm at the time of Tarun's admission and it was decided not to open any goodwill account. Adjustment for Tarun's goodwill being made through capital accounts.

Pass journal entries to record all the transactions on Tarun's admission. Clearly show the calculation of ratio of sacrifice.

(c) On 1st April, 2012 Fastrack Motors Co. sells a truck on hire purchase basis to Teja Transport Co. for a total hire purchase price of ₹ 9,00,000 payable as to ₹ 2,40,000 as down payment and the balance in three equal annual instalments of ₹ 2,20,000 each payable on 31st March, 2013, 2014 and 2015. The hire vendor charges interest @ 10% per annum. **5**

You are required to ascertain the cash price of the truck for Teja Transport Co. Calculations may be made to the nearest rupee.

(d) During the year ended 31st March, 2012, Sachin Cricket Club received subscriptions as follows : **5**

	₹
For year ending 31st March, 2011	12,000
For year ending 31st March, 2012	6,15,000
For year ending 31st March, 2013	18,000
Total	**6,45,000**

There are 500 members and annual subscription is ₹ 1,500 per member.

 Marks

On 31st March, 2012, a sum of ₹ 15,000 was still in arrears for subscriptions for the year ended 31st March, 2011.

Ascertain the amount of subscriptions that will appear on the credit side of Income and Expenditure Account for the year ended 31st March, 2012. Also show how the items would appear in the Balance Sheet as on 31st March, 2011 and the Balance Sheet as on 31st March, 2012.

2. The following was the Balance Sheet of V Ltd. as on 31st March, 2012 : **16**

Particulars	**Note No.**	**Amount ₹ (in lakhs)**
Equity and Liabilities		
(1) Shareholders' Funds		
(a) Share Capital	1	1,150
(b) Reserves and Surplus	2	(87)
(2) Non-current Liabilities		
(a) Long-term Borrowings	3	630
(3) Current Liabilities		
Trade Payables		170
Total		**1,863**
Assets		
(1) Non-current Assets		
Tangible Assets	4	1,152
(2) Current Assets		
Inventories		380
Trade Receivables		256
Cash and Cash equivalents	5	75
Total		**1,863**

Notes :

(1) Share Capital

Authorised :	?
Issued, Subscribed and Paid up :	
80 lakh Equity Shares of ₹ 10 each, fully paid up	800
35 lakh 12% Cumulative Preference Shares of ₹ 10 each, fully paid up	350
Total	**1,150**

(2) Reserves and Surplus

Debit Balance of Profit & Loss Account	(87)
Total	(87)

(3) Long-Term Borrowings

10% Secured Cumulative Debentures of ₹ 100 each, fully paid up	600
Outstanding Debenture Interest	30
Total	**630**

(4) Tangible Assets

Land and Buildings	445
Plant and Machinery	593
Furniture, Fixtures and Fittings	114
Total	**1,152**

(5) Cash and Cash Equivalents

Balance at Bank	69
Cash in hand	6
Total	**75**

On 1st April, 2012 P Ltd. took over the entire business of V Ltd. on the following terms :

V Ltd.'s equity shareholders would receive 4 fully paid equity shares of P Ltd. of ₹ 10 each issued at a premium of ₹ 2.50 each for every five shares held by them in V Ltd.

Preference shareholders of V Ltd. would get 35 lakh 13% Cumulative Preference Shares of ₹ 10 each fully paid up in P Ltd., in lieu of their present holding.

All the debentures of V Ltd. would be converted into equal number of 10.5% Secured Cumulative Debentures of ₹ 100 each, fully paid up after the take over by P Ltd., which would also pay outstanding debenture interest in cash.

Expenses of amalgamation would be borne by P Ltd. Expenses came to be ₹ 2 lakh.

P Ltd. discovered that its creditors included ₹ 7 lakh due to V Ltd. for goods purchased.

Also P Ltd.'s stock included goods of the invoice price of ₹ 5 lakh earlier purchased from V Ltd., which had charged profit @ 20% of the invoice price.

You are required to :

(i) Prepare Realisation A/c in the books of V Ltd.

(ii) Pass journal entries in the books of P Ltd. assuming it to be an amalgamation in the nature of merger.

3. (a) A Trader sold out goods on hire purchase at a profit of 25% on cost price. Prepare (i) Hire Purchase Stock A/c (ii) Shop Stock A/c (iii) Hire Purchase Debtors' A/c and (iv) Hire Purchase Adjustment A/c in the books of the trader from the following details : 8

		₹
Stock in Godown	on 01-04-2011	6,00,000
	on 31-03-2012	5,00,000
Overdue Instalments :		
	on 01-04-2011	40,000
	on 31-03-2012	60,000
Goods with Customer on		
Hire Purchase	on 01-04-2011	7,20,000
Purchases		12,92,000
Instalments received		12,00,000

Marks

(b) The following notes pertain to Brite Ltd.'s Balance Sheet as on 31st March, 2012 : **8**

Notes	**₹ in lakhs**
(1) Share Capital	
Authorised :	
20 crore shares of ₹ 10 each	20,000
Issued and Subscribed :	
10 crore Equity Shares of ₹ 10 each	10,000
2 crore 11% Cumulative Preference Shares of ₹ 10 each	2,000
Total	**12,000**
Called and paid up :	
10 crore Equity Shares of ₹ 10 each, ₹ 8 per share called and paid up	8,000
2 crore 11% Cumulative Preference Shares of ₹ 10 each, fully called and paid up	2,000
Total	**10,000**
(2) Reserves and Surplus :	
Capital Reserve	485
Capital Redemption Reserve	1,000
Securities Premium	2,000
General Reserve	1,040
Surplus i.e. credit balance of Profit & Loss (Appropriation) Account	273
Total	**4,798**

On 2nd April, 2012 the company made the final call on equity shares @ ₹ 2 per share. The entire money was received in the month of April, 2012.

On 1st June, 2012 the company decided to issue to equity shareholders bonus shares at the rate of 2 shares for every 5 shares held and for this purpose, it decided to utilize the capital reserves to the maximum possible extent.

Pass journal entries for all the above mentioned transactions. Also prepare the notes on Share Capital and Reserves and Surplus relevant to the Balance Sheet of the company immediately after the issue of bonus shares.

Marks

4. Following information of the Final Accounts of Kumaran Ltd. are missing as shown below : 16

Trading and Profit & Loss A/c for the year ended 31-03-2012

	(₹ '000)		(₹ '000)
To Opening Stock	7,000	By Sales	?
To Purchases	?	By Closing Stock	?
To Manufacturing Expenses	1,750		
To Gross Profit c/d	?		
Total	?	Total	?
To Office and Administration Expenses	7,400	By Gross Profit b/d	?
		By Commission Received	1,000
To Interest on Debentures	600		
To Provision for Taxation	?		
To Net Profit for the year c/d	?		
Total	?	Total	?
To Proposed Dividends	?	By Balance b/f	1,400
To Transfer to General Reserves	?	By Net Profit for the year b/d	?
To Balance Transfer to Balance Sheet	?		
Total	?	Total	?

Balance Sheet as on 31-03-2012

Liabilities	(₹ '000)	Assets	(₹ '000)
Paid up Capital	10,000	Fixed Assets :	
General Reserves :		Plant and Machinery	14,000
Balance at the beginning of the year	?	Other Fixed Assets	?
		Current Assets :	
Proposed addition	?	Stock in Trade	?
Profit and Loss Appropriation A/c	?	Sundry Debtors	?
		Bank Balance	1,250
10% Debentures	?		
Current Liabilities	?		
Total	?	Total	?

You are required to provide the missing figures with the help of following information :

(i) Current Ratio 2 : 1.

(ii) Closing stock is 25% of sales.

(iii) Proposed dividends are 40% of the paid up capital.

(iv) Gross profit ratio is 60%.

(v) Ratio of Current Liabilities to Debentures is 2 : 1.

(vi) Transfer to General Reserves is equal to proposed dividends.

(vii) Profit carried forward are 10% of the proposed dividends.

(viii) Provision for taxation is 50% of profits.

(ix) Balance to the credit of General Reserves at the beginning of the year is twice the amount transferred to that account from the current profits.

5. (a) On 01-04-2011, Mr. T. Shekharan purchased 5,000 equity shares of ₹ 100 each in V. Ltd. @ ₹ 120 each from a broker, who charged 2% brokerage. He incurred 50 paisa per ₹ 100 as cost of shares transfer stamps. On 31-01-2012 bonus was declared in the ratio of 1 : 2. Before and after the record date of bonus shares, the shares were quoted at ₹ 175 per share and ₹ 90 per share respectively. On 31-03-2012 Mr. T. Shekharan sold bonus shares to a broker, who charged 2% brokerage. 8

Show the Investment Account in the books of T. Shekharan, who held the shares as Current Assets and closing value of investments shall be made at cost or market value whichever is lower.

(b) On 29th August, 2012 the godown of a trader caught fire and a large part of the stock of goods was destroyed. However, goods costing ₹ 1,08,000 could be salvaged incurring fire fighting expenses amounting to ₹ 4,700. 8

The trader provides you the following additional information :

	₹
Cost of stock on 1st April, 2011	7,10,500
Cost of stock on 31st March, 2012	7,90,100
Purchases during the year ended 31st March, 2012	56,79,600
Purchases from 1st April, 2012 to the date of fire	33,10,700
Cost of goods distributed as samples for advertising from 1st April, 2012 to the date of fire	41,000
Cost of goods withdrawn by trader for personal use from 1st April, 2012 to the date of fire	2,000
Sales for the year ended 31st March, 2012	80,00,000
Sales from 1st April, 2012 to the date of fire	45,36,000

The insurance company also admitted firefighting expenses. The trader had taken the fire insurance policy for ₹ 9,00,000 with an average clause.

Calculate the amount of the claim that will be admitted by the insurance company.

6. Atul, Balbir and Chatur were carrying on a business in partnership sharing profits in the ratio of 5 : 3 : 2 respectively. On 31st March, 2012 their Balance Sheet stood as follows : 16

Liabilities	₹	Assets	₹	₹
Atul's Capital	6,25,000	Goodwill		80,000
Balbir's Capital	3,75,000	Land and Buildings		7,00,000
Chatur's Capital	2,50,000	Furniture		1,65,000
General Reserve	1,00,000	Stock		2,86,000
Trade Creditors	2,10,000	Trade Debtors	1,80,000	
		Less : Provision for Bad Debts	3,600	1,76,400
		Cash at Bank		1,52,600
Total	**15,60,000**	**Total**		**15,60,000**

 Marks

Atul retired on the above mentioned date and partners agreed that :

(i) The current value of goodwill be taken to be equal to the book value of the asset.

(ii) Land and Buildings be considered worth ₹ 9,00,000.

(iii) The provision for bad debts on trade debtors be raised to 5%.

(iv) Provision be made for compensation of ₹ 5,000 to an ex-employee.

(v) Half of the amount due to Atul be paid immediately in cash and the balance be treated as 10% loan, repayable within 3 years.

In order to facilitate cash payment to Atul, Balbir and Chatur brought in ₹ 3,00,000 in the ratio of 3 : 2 respectively.

Prepare Revaluation Account, the Capital Accounts of all the partners and Bank Account.

Also draw the Initial Balance Sheet of Balbir and Chatur, immediately after Atul's retirement.

7. Answer any **four** out of the following : **4×4 =16**

(a) T owes to K the following amounts : **4**

₹ 7,000 due on 15th March, 2012

₹ 12,000 due on 5th April, 2012

₹ 30,000 due on 25th April, 2012

₹ 20,000 due on 11th June, 2012

He desires to make the full payment on 30th June, 2012 along with interest @ 10% per annum from the average due date. Find out the average due date and the amount of interest. Amount of interest may be rounded off to the nearest rupee.

Marks

(b) From the following information ascertain the value of stock as on 31st March, 2012 : 4

	₹
Stock as on 01-04-2011	28,500
Purchases	1,52,500
Manufacturing Expenses	30,000
Selling Expenses	12,100
Administration Expenses	6,000
Financial Expenses	4,300
Sales	2,49,000

At the time of valuing stock as on 31st March, 2011 a sum of ₹ 3,500 was written off on a particular item, which was originally purchased for ₹ 10,000 and was sold during the year of ₹ 9,000. Barring the transaction relating to this item, the gross profit earned during the year was 20% on sales.

(c) PQR Ltd. constructed a fixed asset and incurred the following expenses on its construction : 4

	₹
Materials	16,00,000
Direct Expenses	3,00,000
Total Direct Labour	6,00,000
(1/15th of the total labour time was chargeable to the construction)	
Total Office & Administrative Expenses	9,00,000
(4% is chargeable to the construction)	
Depreciation on assets used for the construction of this asset	15,000

Calculate the cost of the fixed asset.

(d) "In determining the cost of inventories, it is appropriate to exclude certain costs and recognize them as expenses in the period in which they are incurred." Provide example of such costs as per AS-2 : Valuation of Inventories. 4

(e) Write any four disadvantages of Pre-packaged Accounting Software. 4