

Roll No.

Total No. of Questions – 7

Total No. of Printed Pages – 11

Time Allowed – 3 Hours

Maximum Marks – 100

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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 / her 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.

Working Notes should form part of the answer.

“Wherever necessary, suitable assumptions should be made and indicated in answer by the candidates.”

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1. (a) Amna Ltd. contracted with a supplier to purchase a specific machinery to be installed in Department A in two months time. Special foundations were required for the plant, which were to be prepared within this supply lead time. The cost of site preparation and laying foundations were ₹ 47,290. These activities were supervised by a technician during the entire period, who is employed for this purpose of ₹ 15,000 per month. The Technician's services were given to Department A by Department B, which billed the services at ₹ 16,500 per month after adding 10% profit margin.

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The machine was purchased at ₹ 52,78,000. Sales Tax was charged at 4% on the invoice. ₹ 18,590 transportation charges were incurred to bring the machine to the factory. An Architect was engaged at a fee of ₹ 10,000 to supervise machinery installation at the factory premises. Also, payment under the invoice was due in 3 months. However, the Company made the payment in 2nd month. The company operates on Bank Overdraft @ 11%.

Ascertain the amount at which the asset should be capitalized under AS 10.

- (b) Narmada Ltd. purchased an existing bottling unit from Kaveri Ltd. Kaveri Ltd. followed straight line method of charging depreciation on machinery of the sold unit whereas Narmada Ltd. followed written down value method in its other units. The directors of Narmada Ltd. want to continue to charge depreciation for the acquired unit in Straight Line Method which is not consistent with the WDV method followed in other units. Discuss the contention of the directors with reference to the Accounting Standard 6. 5

Further during the year, Narmada Ltd. set up a new plant on coastal land. In view of the corrosive climate, the Company felt that its machine life is reducing faster. Can the Company charge a higher rate of depreciation ?

- (c) A Ltd. entered into a contract with B Ltd. to despatch goods valuing ₹ 25,000 every month for 4 months upon receipt of entire payment. B Ltd. accordingly made the payment of ₹ 1,00,000 and A Ltd. started despatching the goods. In third month, due to a natural calamity, B Ltd. requested A Ltd. not to despatch goods until further notice though A Ltd. is holding the remaining goods worth ₹ 50,000 ready for despatch. A Ltd. accounted ₹ 50,000 as sales and transferred the balance to Advance Received against Sales. Comment upon the treatment of balance amount with reference to the provisions of Accounting Standard 9. 5
- (d) A Ltd. is amalgamating with B Ltd. They are undecided on the method of accounting to be followed. You are required to advice the management of B Ltd. on the method of accounting that can be adopted under AS-14. 5

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2. Pathak, Quereshi and Ranjeet were partners sharing profits in the ratio of 7 : 5 : 3 respectively. On 31st March, 2013 Quereshi retired when the firm's Balance Sheet was as follows :

Liabilities	₹	Assets	₹
Capital Account :		Land & Building ↗	10,00,000
Pathak	8,50,000	Plant & Machinery ↘	4,65,000
Quereshi	6,20,000	Furniture, Fixture & Fittings	2,30,100
Ranjeet	3,70,000	Stock	1,82,200
General Reserve	2,25,000	Trade Debtors 2,00,000 ↘	
Trade Creditors	1,13,000	Less : Provision	
		for Bad Debts 6,000	1,94,000
		Cash at Bank	1,06,700
Total	21,78,000	Total	21,78,000

It was agreed that :

- (i) Land & Building be appreciated by 20%.
- (ii) Plant & Machinery be depreciated by 10%.
- (iii) Provision for Bad Debts be made equal to 4% of Trade Debtors.
- (iv) Outstanding repairs bill amounting to ₹ 1500 be recorded in the books of account.
- (v) Goodwill of the firm be valued at ₹ 3,00,000 and Quereshi's capital account be credited with his share of goodwill without raising goodwill account.
- (vi) Half of the amount due to Quereshi be immediately paid to him by means of a cheque and the balance be treated as a loan bearing interest @ 12% per annum.

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After Quereshi's retirement, Pathak and Ranjeet admitted Swamy as a new partner with effect from 1st April, 2013. Pathak, Ranjeet and Swamy agreed to share profits in the ratio of 2 : 1 : 1 respectively. Swamy brought patents valued at ₹ 20,000 and ₹ 3,80,000 in cash including payment for his share of goodwill as valued by the old firm. The entire amount of ₹ 4,00,000 was credited to Swamy's Capital Account. Adjustments were made in the capital account for Swamy's share of goodwill.

You are required to :

- (a) Pass journal entries for all the above transactions without any narration, and
- (b) Prepare the capital account of all the partners.

3. (a) The details of Assets and Liabilities of Mr. 'A' as on 31-3-2012 and 31-3-2013 are as follows :

	31-3-2012 ₹	31-3-2013 ₹
Assets :		
Furniture	50,000	
Building	1,00,000	
Stock	1,00,000	2,50,000
Sundry Debtors	60,000	1,10,000
Cash in hand	11,200	13,200
Cash at Bank	60,000	75,000
Liabilities :		
Loans	90,000	70,000
Sundry Creditors	50,000	80,000

Mr. 'A' decided to provide depreciation on building by 2.5% and furniture by 10% for the period ended on 31-3-2013. Mr. 'A' purchased jewellery for ₹ 24,000 for his daughter in December 2012. He sold his car on 30-3-2013 and the amount of ₹ 40,000 is retained in the business.

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You are required to :

- Prepare statement of affairs as on 31-3-2012 & 31-3-2013.
- Calculate the profit received by 'A' during the year ended 31-3-2013.

- (b) Surya Ltd. has provided you the following particulars. Prepare Cash Flow from Operating Activities by Indirect Method in accordance with AS 3 :

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**Profit & Loss Account of Surya Ltd.
for the year ended 31st March, 2013**

Particulars	₹	Particulars	₹
To Depreciation	86,700	By Operating Profit before depreciation	11,01,600
To Patents written off	35,000	By Profit on Sale on Investments	10,000
To Provision for Tax	1,25,000	By Refund of Tax	3,000
To Proposed dividend	72,000	By Insurance Claim-Major Fire Settlement	1,00,000
To Transfer to Reserve	87,000		
To Net Profit	8,08,900		
TOTAL	12,14,600	TOTAL	12,14,600

Additional information :

in ₹

	31-3-2012	31-3-2013
Stock	1,20,000	1,60,000
Trade Debtors	7,500	75,000
Trade Creditors	23,735	87,525
Provision for Tax	1,18,775	1,25,000
Prepaid Expenses	15,325	12,475
Marketable Securities	11,775	29,325
Cash Balance	25,325	35,340

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4. Highend Club appointed a new accountant for maintaining books of account. He prepared following Receipts and Payments A/c for the year ended as on 31st March, 2013. 16

Receipts and Payments Account

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d	9,000	By Printing & Stationery	21,000
To Annual subscription for current year	9,18,000	By Telephone Expenses	45,000
Add : Outstanding of last year received this year	36,000	By Repair & Maintenance Expenses (including payment for sports material ₹ 54,000)	1,26,000
	9,54,000	By Garden Upkeep	55,000
Less : Subscription recd. in Advance as on 31-03-2012	18,000	By Electricity Charges	36,000
	9,36,000	By Loss on sale of furniture (Cost as per books ₹ 90,000)	36,000
To Sale Of Old Newspaper	36,000		
To 5% Interest on Investments	27,000		
To Entrance Fees	68,000		
To Donation for building	18,00,000	By Balance c/d	25,57,000
	28,76,000		28,76,000

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Additional information :

Highend Club had balances	01-04-2012	01-04-2013
	₹	₹
Furniture	3,60,000	
Stock of Sports material	1,33,200	36,000
Subscription receivable		√54,000
Subscription received in advance		√18,000
Outstanding Printing & Stationery Exp.	1,500	2,500
Outstanding Electricity Charges		3,200

50% Entrance Fees is to be capitalized.

Do you agree with above Receipts and Payments Account ? If not, prepare correct Receipts and Payments Account and Income and Expenditure Account for the year ended 31st March, 2013 and Balance Sheet as on that date.

5. On 31st March, 2013 Bose and Sen Ltd. provides to you the following ledger balances after preparing its Profit and Loss Account for the year ended 31st March, 2013 :

Credit Balances :

	₹
Equity shares capital, fully paid shares of ₹ 10 each	70,00,000
General Reserve	15,49,100
Loan from State Finance Corporation	10,50,000
Secured by hypothecation of Plant & Machinery (Repayable within one year ₹ 2,00,000)	
Loans : Unsecured (Long term)	8,47,000
Sundry Creditors for goods & expenses (Payable within 6 months)	14,00,000
Profit & Loss Account	7,00,000
Provision for Taxation	3,25,500
Proposed Dividend	4,20,000
Provision for Dividend Distribution Tax	71,400
	<u>1,33,63,000</u>

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Debit Balances :

	₹
Calls in arrear	7,000
Land	14,00,000
Buildings	20,50,000
Plant and Machinery	36,75,000
Furniture & Fixture	3,50,000
Stocks : Finished goods	14,00,000
Raw Materials	3,50,000
Sundry Debtors	14,00,000
Advances : Short-term	2,98,900
Cash in hand	2,10,000
Balances with banks	17,29,000
Preliminary Expenses	93,100
Patents & Trade marks	4,00,000
	1,33,63,000

The following additional information is also provided :

- (i) 4,20,000 fully paid equity shares were allotted as consideration for land & buildings.
- (ii) Cost of Building ₹ 28,00,000
 Cost of Plant & Machinery ₹ 49,00,000
 Cost of Furniture & Fixture ₹ 4,37,500
- (iii) Sundry Debtors for ₹ 3,80,000 are due for more than 6 months.

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- (iv) The amount of Balances with Bank includes ₹ 18,000 with a bank which is not a scheduled Bank and the deposits of ₹ 5 lakhs are for a period of 9 months.
- (v) Unsecured loan includes ₹ 2,00,000 from a Bank and ₹ 1,00,000 from related parties.

You are not required to give previous year figures. You are required to prepare the Balance Sheet of the Company as on 31st March, 2013 as required under Revised Schedule VI of the Companies Act, 1956.

6.

Monalisa & Co. runs plastic goods shop. Following details are available from quarterly sales tax return filed.

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Sales	2009	2010	2011	2012
	₹	₹	₹	₹
From 1 st January to 31 st March	1,80,000	1,70,000	2,05,950	1,62,000
From 1 st April to 30 th June	1,28,000	1,86,000	1,93,000	2,21,000
From 1 st July to 30 th September	1,53,000	2,10,000	2,31,000	1,75,000
From 1 st October to 31 st December	1,59,000	1,47,000	1,90,000	1,48,000
Total	6,20,000	7,13,000	8,19,950	7,06,000

Period

₹

Sales from 16-09-2011 to 30-09-2011

34,000

Sales from 16-09-2012 to 30-09-2012

Nil

Sales from 16-12-2011 to 31-12-2011

60,000

Sales from 16-12-2012 to 31-12-2012

20,000

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A loss of profit policy was taken for ₹ 1,00,000. Fire occurred on 15th September, 2012. Indemnity period was for 3 months. Net Profit was ₹ 1,20,000 and standing charges (all insured) amounted to ₹ 43,990 for year ending 2011.

Determine the Insurance Claim ?

7. Answer any **four** out of the following :

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(a) On 01-05-2012, Mr. Mishra purchased 800 equity shares of ₹ 10 each in Fillco Ltd. @ ₹ 50 each from a broker who charged 5%. He incurred 20 paise per ₹ 100 as cost of shares transfer stamps. On 31-10-2012, bonus was declared in the ratio 1 : 4. The shares were quoted at ₹ 110 and ₹ 60 per share before and after the record date of bonus shares respectively. On 30-11-2012, Mr. Mishra sold the bonus shares to a broker who charged 5%. You are required to prepare Investment Account in the books of Mr. Mishra for the year ending 31-12-2012 and closing value of Investment shall be made at cost or market value whichever is lower.

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(b) Pass journal entries for the following transactions :

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(i) Conversion of 2 lakh fully paid equity shares of ₹ 10 each into stock of ₹ 1,00,000 and balance has 12% fully convertible Debenture.

(ii) Consolidation of 40 lakh fully paid equity shares of ₹ 2.50 each into 10 lakh fully paid equity share of 10 each.

(iii) Sub-division of 10 lakh fully paid 11% preference shares of ₹ 50 each into 50 lakh fully paid 11% preference shares of ₹ 10 each.

(iv) Conversion of 12% preference shares of ₹ 5,00,000 into 14% preference shares ₹ 3,00,000 and remaining balance as 12% Non-cumulative preference shares.

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- (c) Roshan has a current account with partnership firm. It has debit balance of ₹ 75,000 as on 01-07-2012. He has further deposited the following amounts : 4

Date	Amount (₹)
14-07-2012	1,38,000
18-08-2012	22,000

He withdrew the following amounts :

Date	Amount (₹)
29-07-2012	97,000
09-09-2012	11,000

Show Roshan's A/c in the ledger of the firm. Interest is to be calculated at 10% on debit balance and 8% on credit balance. You are required to prepare current account as on 30th September, 2012.

- (d) The following transactions took place between Thick and Thin. They desire to settle their account on average due date. 4

Purchases by Thick from Thin	(₹)
9 th July, 2013	7,200
14 th August, 2013	12,200

Sales by Thick to Thin	(₹)
15 th July, 2013	18,000
31 st August, 2013	16,500

Calculate Average Due Date and the amount to be paid or received by Thick.

- (e) Explain the reasons due to which the manual accounting system was replaced by the computerized accounting system in modern time. 4

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