

TIME ALLOWED:-3 HRS.

NOTE:-ALL QUESTION ARE COMPLUSARY

Question 1

The following are the summarized Balance Sheets of 'X' Ltd. as on March 31, 2005 and 2006:

Liabilities	As on 31.3.2005 (Rs.)	As on 31.3.2006 (Rs.)
Equity share capital	10,00,000	12,50,000
Capital Reserve	---	10,000
General Reserve	2,50,000	3,00,000
Profit and Loss A/c	1,50,000	1,80,000
Long-term loan from the Bank	5,00,000	4,00,000
Sundry Creditors	5,00,000	4,00,000
Provision for Taxation	50,000	60,000
Proposed Dividends	<u>1,00,000</u>	<u>1,25,000</u>
	<u>25,50,000</u>	<u>27,25,000</u>

Assets	Year 2005 (Rs.)	Year 2006 (Rs.)
Land and Building	5,00,000	4,80,000
Machinery	7,50,000	9,20,000
Investment	1,00,000	50,000
Stock	3,00,000	2,80,000
Sundry Debtors	4,00,000	4,20,000
Cash in Hand	2,00,000	1,65,000
Cash at Bank	<u>3,00,000</u>	<u>4,10,000</u>
	<u>25,50,000</u>	<u>27,25,000</u>

Additional Information:

- (i) Dividend of Rs.1,00,000 was paid during the year ended March 31, 2006.
- (ii) Machinery during the year purchased for Rs.1,25,000.
- (iii) Machinery of another company was purchased for a consideration of Rs.1,00,000 payable in equity shares.
- (iv) Income-tax provided during the year Rs.55,000.

- (v) Company sold some investment at a profit of Rs.10,000, which was credited to Capital reserve.
- (vi) There was no sale of machinery during the year.
- (vii) Depreciation written off on Land and Building Rs.20,000.

From the above particulars, prepare a cash flow statement for the year ended March, 2006 as per AS 3 (Indirect method).
(16 Marks) (PE-II - Nov. 2006)

Question 2

Shri Kisan, a farmer, maintains a cash book, through which he records all receipts and payments and a diary in which he records other relevant information. On 31st March, 1999 he had cash in hand Rs. 1,000 and balance of Rs. 500 with local Grameen Bank. He also owed Rs. 600 to Beej Bhandar for seeds purchased by that date.

During the year ended 31st March, 2000, he realised :

	Rs.
Sale proceeds of crops	59,100
Sale proceeds of cattle and cattle products	12,500
Sale proceeds of wood and grass	3,000
Sale of cowdung	5,000
Receipt on account from Babu (a credit customer)	12,000
Grant from Zila Parishad for installing tubewell—cheque	10,000
During the year ended 31st March, 2000 he paid :	
Wages	65,000
Beej Bhandar	600
Seeds, feeds and fertiliser	3,000
Power	5,000
Land revenue	2,000
Tools purchased	2,500
Household expenses	10,000

During the year ended 31st March, 2000 his other transactions were :

	Rs.
(i) Sale of crop to Babu on credit	20,000
(ii) Purchased on 25th March, 2000 from Beej Bhandar on credit of one month seeds of	2,000
(iii) Efforts put in by self and family members on the farm were conservatively valued at	60,000
(iv) Value of crop used for consumption by :	
Self and family	30,000
Agricultural labourers	40,000

On 31st March, 2000, his cash in hand was only Rs. 2,500

The rest was banked. He did not have any stock of seeds.

The tubewell for which the grant cheque was realised in the last week of March, 2000 is to be installed in April, 2000.

Shri Kisan asks you to prepare his cash and income summaries for the year ended 31st March, 2000 and his statement of financial position as on that date.

(12 marks) (Intermediate–May 2000)

Question 3

The following is the Balance Sheet of A Ltd. as at 31st March, 2006:

Liabilities	Rs.	Assets	Rs.
8,000 equity shares of Rs.100 each	8,00,000	Building	3,40,000
10% debentures	4,00,000	Machinery	6,40,000
Loan from A	1,60,000	Stock	2,20,000
Creditors	3,20,000	Debtors	2,60,000
General Reserve	80,000	Bank	1,36,000
		Goodwill	1,30,000
		Misc. Expenses	<u>34,000</u>
	<u>17,60,000</u>		<u>17,60,000</u>

B Ltd. agreed to absorb A Ltd. on the following terms and conditions:

- (1) B Ltd. would take over all Assets, except bank balance at their book values less 10%. Goodwill is to be valued at 4 year's purchase of superprofits, assuming that the normal rate of return be 8% on the combined amount of share capital and general reserve.
- (2) B Ltd. is to take over creditors at book value.
- (3) The purchase consideration is to be paid in cash to the extent of Rs.6,00,000 and the balance in fully paid equity shares of Rs.100 each at Rs.125 per share.

The average profit is Rs.1,24,400. The liquidation expenses amounted to Rs.16,000. B Ltd. sold prior to 31st March, 2006 goods costing Rs.1,20,000 to A Ltd. for Rs.1,60,000. Rs.1,00,000 worth of goods are still in stock of A Ltd. on 31st March, 2006. Creditors of A Ltd. include Rs.40,000 still due to B Ltd.

Show the necessary Ledger Accounts to close the books of A Ltd. and prepare the Balance Sheet of B Ltd. as at 1st April, 2006 after the takeover.

(20 Marks) (PE-II – Nov. 2006)

Question 4

Fruit Juice Ltd., Mumbai has factories at Ratnagiri (alphonso mango pulp) and Nagpur (Orange juice).

During the year ended 31st March, 1999, the following locationwise revenue statements were furnished by the two factories (from which the total column has been compiled) :

	Ratnagiri	Nagpur	Total
	Rs.	Rs.	Rs.
Opening stock :			
Work in process	24,000	12,000	36,000

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Finished goods	<u>8,000</u>	<u>2,000</u>	<u>10,000</u>
	32,000	14,000	46,000
Raw material consumption	25,00,000	10,00,000	35,00,000
Employee cost	5,00,000	6,00,000	11,00,000
Power and Fuel	1,00,000	50,000	1,50,000
Consumable stores	15,000	7,000	22,000
Rates and taxes	14,000	9,000	23,000
Repairs to factory :			
Building	4,000	5,000	9,000
Machinery	80,000	50,000	1,30,000
Other assets	3,000	1,000	4,000
Other expenses	65,000	55,000	1,20,000
Depreciation	<u>1,00,000</u>	<u>90,000</u>	<u>1,90,000</u>
	34,13,000	18,81,000	52,94,000
Less : Closing stock			
Work in process	28,000	13,000	41,000
Finished goods	<u>5,000</u>	<u>8,000</u>	<u>13,000</u>
	<u>33,000</u>	<u>21,000</u>	<u>54,000</u>
Cost of goods transferred to marketing division	<u>33,80,000</u>	<u>18,60,000</u>	<u>52,40,000</u>

The marketing division furnishes you with the following information of its productwise revenue statement for the year ended 31st March, 1999 (from which the total column has been compiled) :

	Mango pulp	Orange juice	Total
Opening stock :	12,000	5,000	17,000
Receipt during the year out of :			
Last year's despatch from factory	10,000	5,000	15,000
Current year's despatch from factory	<u>33,65,000</u>	<u>18,50,000</u>	<u>52,30,000</u>
	33,75,000	18,55,000	52,30,000
Transport "in" cost from factory	<u>50,000</u>	<u>60,000</u>	<u>1,10,000</u>
	34,37,000	19,20,000	53,57,000
Less : Closing stock	<u>7,000</u>	<u>10,000</u>	<u>17,000</u>
	34,30,000	19,10,000	53,40,000
Sales commission	5,00,000	2,50,000	7,50,000

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Sales tax	4,00,000	1,25,000	5,25,000
Profit	<u>6,70,000</u>	<u>2,15,000</u>	<u>8,85,000</u>
Sales	<u>50,00,000</u>	<u>25,00,000</u>	<u>75,00,000</u>

You are asked to prepare sectional and consolidated revenue statement for the year ended 31st March, 1999 for consideration of the board of directors and presentation to the members of Fruit Juice Ltd. Also work out the percentage of net profit to sales.

Show your working, if any.

(16 marks) (Intermediate May 1999)

Question 5

Ram, Rahim and Robert are partners, sharing Profits and Losses in the ratio of 5 : 3 : 2. It was decided that Robert would retire on 31.3.2005 and in his place Richard would be admitted as a partner with new profit sharing ratio between Ram, Rahim and Richard at 3 : 2 : 1.

Balance Sheet of Ram, Rahim and Robert as at 31.3.2005:

Liabilities	Rs.	Assets	Rs.
Capital Accounts:		Cash in hand	20,000
Ram	1,00,000	Cash in Bank	1,00,000
Rahim	1,50,000	Sundry Debtors	5,00,000
Robert	2,00,000	Stock in Trade	2,00,000
General Reserve	2,00,000	Plant & Machinery	3,00,000
Sundry Creditors	8,00,000	Land & Building	5,30,000
Loan from Richard	<u>2,00,000</u>		
	<u>16,50,000</u>		<u>16,50,000</u>

Retirement of Robert and admission of Richard is on the following terms:

- (a) Plant & Machinery to be depreciated by Rs. 30,000.
- (b) Land and Building to be valued at Rs. 6,00,000.
- (c) Stock to be valued at 95% of book value.
- (d) Provision for doubtful debts @ 10% to be provided on debtors.
- (e) General Reserve to be apportioned amongst Ram, Rahim and Robert.
- (f) The firm's goodwill to be valued at 2 years purchase of the average profits of the last 3 years. The relevant figures are:

Year ended 31.3.2002	–	Profit Rs. 50,000
Year ended 31.3.2003	–	Profit Rs. 60,000
Year ended 31.3.2004	–	Profit Rs. 55,000
- (g) Out of the amount due to Robert Rs. 2,00,000 would be retained as loan by the firm and the balance will be settled immediately.
- (h) Richard's capital should be equal to 50% of the combined capital of Ram and Rahim.

Prepare:

- (i) Capital accounts of the partners; and

(ii) Balance Sheet of the reconstituted firm.

(16 Marks) (PE-II – Nov. 2005)

Question 13

Following is the Balance Sheet as at March 31, 2005:

				(Rs. '000)	
Liabilities	Max Ltd.	Mini Ltd.	Assets	Max Ltd.	Mini Ltd.
Share capital:			Goodwill	20	–
Equity shares of Rs. 100 each	1,500	1,000	Other fixed assets	1,500	760
9% Preference shares of Rs. 100 each	500	400	Debtors	651	440
General reserve	180	170	Stock	393	680
Profit and loss account	–	15	Cash at bank	26	130
12% Debentures of Rs. 100 each	600	200	Own debenture (Nominal value Rs. 2,00,000)	192	
Sundry creditors	415	225	Discount on issue of debentures	2	
			Profit and loss account	<u>411</u>	
	<u>3,195</u>	<u>2,010</u>		<u>3,195</u>	<u>2,010</u>

On 1.4.2005, Max Ltd. adopted the following scheme of reconstruction:

- Each equity share shall be sub-divided into 10 equity shares of Rs. 10 each fully paid up. 50% of the equity share capital would be surrendered to the Company.
- Preference dividends are in arrear for 3 years. Preference shareholders agreed to waive 90% of the dividend claim and accept payment for the balance.
- Own debentures of Rs. 80,000 were sold at Rs. 98 cum-interest and remaining own debentures were cancelled.
- Debentureholders of Rs. 2,80,000 agreed to accept one machinery of book value of Rs. 3,00,000 in full settlement.
- Creditors, debtors and stocks were valued at Rs. 3,50,000, Rs. 5,90,000 and Rs. 3,60,000 respectively. The goodwill, discount on issue of debentures and Profit and Loss (Dr.) are to be written off.
- The Company paid Rs. 15,000 as penalty to avoid capital commitments of Rs. 3,00,000.

On 2.4.2005 a scheme of absorption was adopted. Max Ltd. would take over Mini Ltd. The purchase consideration was fixed as below:

- Equity shareholders of Mini Ltd. will be given 50 equity shares of Rs. 10 each fully paid up, in exchange for every 5 shares held in Mini Ltd.
- Issue of 9% preference shares of Rs. 100 each in the ratio of 4 preference shares of Max Ltd. for every 5 preference shares held in Mini Ltd.
- Issue of one 12% debenture of Rs. 100 each of Max Ltd. for every 12% debentures in Mini Ltd.

You are required to give Journal entries in the books of Max Ltd. and draw the resultant Balance Sheet as at 2nd April, 2005.

(20 Marks) (PE-II – Nov. 2005)