

Duration: 3 Hours

Marks: 100

- Note: 1) Question No. 1 and Question No. 2 are compulsory.
 2) Attempt any Three from Question No. 3 to Question No.7
 3) Figure to the right indicate full marks.
 4) Give working notes and state clearly the assumptions made by you whenever necessary.

(1) On 1st October, 2017 Bag Ltd. acquired 3,000 shares of Rs. 10 each of Tara Ltd. at Rs. 75,000. No balance sheet was prepared at the date of acquisition. The balance sheets on 31st March, 2018 were as follows: (20)

BAG LTD.

Liabilities	Amount	Amount	Assets	Amount	Amount
Authorised, Issued and Subscribed Capital: 2,000 shares of Rs. 100 each		2,00,000	Land and Building	1,00,000	
General Reserve		30,000	Less: Depreciation	10,000	90,000
Profit and Loss A/c: Balance on 1-4-2017	40,000		Plant and Machinery	2,50,000	1,70,000
Profit for 2017-18	50,000	90,000	Less: Depreciation	80,000	10,000
Sundry Creditors		45,000	Stock-in-trade		75,000
			Investment in shares of Tara Ltd. at cost		10,000
		3,65,000	Sundry Debtors		10,000
			Cash and Bank Balances		3,65,000

TARA LTD.

Liabilities	Amount	Amount	Assets	Amount	Amount
Authorised, Issued and Subscribed Capital: 5,000 shares of Rs. 10 each		50,000	Sundry Debtors		60,000
General Reserve		20,000	Stock-in-trade		40,000
Profit and Loss Account: Balance on 1-4-2017	10,000		Cash and Bank Balances		15,000
Profit for 2017-18	25,000	35,000			
Sundry Creditors		10,000			
		1,15,000			1,15,000

Prepare a consolidated balance sheet as on 31st March, 2018 showing the details of capital profit, current profit, minority interest and goodwill.

2 (A) State whether the following statements are True or False:- (10)

- (1) Consolidation of accounts is governed by a AS-21.
- (2) Balance sheet of banking companies is prepared in the form of A with schedule 1 to 12.
- (3) The insured gets compensation only in case of loss.
- (4) Co-operative societies cannot pay dividend exceeding 15%.
- (5) Average rate = All transaction during certain period.
- (6) Annual report is mandatory for companies.
- (7) AS-20 deals with Earning per share.
- (8) FMP is the adjusted average profit.
- (9) IFRS are the reporting standard issued by IASB.
- (10) The Maharashtra Co-operative Society Act was passed in 1960.

(B) Match the following:- (10)

Column A	Column B
1 Minority interest	a) Balance of non-monetary items
2 Borrowing cost	b) Balance of monetary item
3 Geographical segment	c) Form A
4 Diluted earning	d) Form N
5 Income Tax	e) Cover risk due to accident
6 IND AS-1	f) An intangible assets
7 Goodwill	g) Presentation of financial statement
8 Accidental policy	h) Taxable income
9 Balance sheet of co-operative society	i) Due to potential factor
10 Closing rate	j) Location of customer
	k) Includes interest
	l) Share of outsider

3) From the following information, prepare Profit and Loss account of Mumbai Bank Ltd. as on 31-3-2018. (Rs. In '000) (20)

Interest and Discount	30,45	Printing and Stationery	1,80
Income from Investments	1,15	Advertisement and publicity	95
Interest on balances with RBI	1,80	Depreciation	92
Commission, exchange and brokerage	8,20	Director's fees	2,20
Profit on sale of investments	1,10	Auditor's fees	1,20
Interest on Deposits	12,25	Law charges	2,30
Interest to RBI	1,61	Postage, telegrams and telephone	70
Payment to and provision for employees	10,44	Insurance	56
Rent, taxes and lighting	2,10	Repairs and maintenance	48

Additional information:

(Rs. '000)

1. Interest and discount mentioned above is after adjustment for the following:	
Tax provision for the year	2,20
Provision during the year for doubtful debts	1,02
Loss on sale of investments	12
Rebate on bills discounted	58
2. 20% of profit is transferred to statutory reserve and 5% of profit is transferred to revenue reserves	
Profit brought forward from last year	16

4) Tom Enterprises had a branch at Chicago. Its Trial Balance as at 31st March, 2018 is as follows:-

(20)

<i>Particulars</i>	<i>Dr. US \$</i>	<i>Cr. US \$</i>
Plant	2,40,000	
Furniture	16,000	
Stock, on 1-4-2017	1,12,000	
Purchases	4,80,000	
Sales		8,32,000
Goods from Indian Co. (H.O)	1,60,000	
Wages	4,000	
Carriage Inward	2,000	
Salaries	12,000	
Rent, Rates and Taxes	4,000	
Insurance	2,000	
Trade Expenses	2,000	
Head Office A/c		2,28,000
Trade Debtors	48,000	
Trade Creditors		34,000
Cash at Bank	10,000	
Cash in Hand	2,000	
	10,94,000	10,94,000

The following further information is given:

- (1) Wages outstanding \$ 2,000.
- (2) Depreciate Plant and Furniture @ 10% p.a.
- (3) The Head Office sent goods to branch for Rs.78,80,000
- (4) The Head Office shows an amount of Rs.86,00,000 due from branch.
- (5) Stock on 31st March,2018 \$ 1,04,000.
- (6) There were no in transit items either at the start or the end of the year.
- (7) On 1st March, 2017 when fixed assets were purchased, the rate of exchange was Rs. 38 to 1\$.
 On 1st April, 2017 the rate was Rs. 39 to 1\$.
 On 31st March, 2018 the rate was Rs. 41 to 1\$.
 Average rate during the year was Rs. 40 to 1\$.

You are asked to prepare – *assuming that the foreign operation is in the nature of an integral operation:*

- (1) Trial balance incorporating adjustment given under 1 to 4 above converting dollars into rupees.
- (2) Trading and Profit and Loss Account for the year ended 31st March, 2018 and
- (3) Balance Sheet as on 31th March, 2018.

5) From the following figures taken from the books of Aditi Insurance Co. Ltd. doing fire underwriting business, prepare the set of final accounts for the year 2017-2018: (20)

Fire fund (as on 1-4-2017)	9,30,000	Commission on Direct Business	2,99,777
General Reserve	4,50,000	Commission in re-insurance	
Investments	36,00,000	accepted	60,038
Premium	27,01,533	Outstanding Premium	22,300
Claims Paid	6,02,815	Claims intimated but not paid(1-4-2017)	60,000
Share capital-Dividend into Equity Shares of Rs. 100 each	9,00,000	Expenses on management	4,31,947
Additional Reserve	3,30,000	Audit fees	36,000
Profit and Loss A/c	75,000	Rates and Taxes	5,804
Re-insurance premium	1,12,525	Rents	67,500
Claim recovered from re-insurers	21,119	Income from Investments	1,53,000
Commission on re-insurance ceded	48,016	Sundry Creditors	22,500
Advance income-tax paid	2,50,000	Agent's Balances (Dr.)	20,000
		Cash in Hand and Bank Balances	1,82,462

The following further information may also be noted:

1. Expenses of management include survey fees and legal expenses of Rs. 36,000 and Rs. 20,000 relating to claims.
2. Claims intimated but not paid on 31st March, 2018 Rs. 1,04,000.
3. Income-tax to be provided at 55%.
4. Transfer of Rs. 2,00,000 to be made from current profits to general reserve.
5. Create reserve for unexpired risks @ 40% of net premium.

6) Following is the Trial Balance of Manjra Consumer's Co-operative Society Ltd. as on 31.3.2018. (20)

Trial Balance

Particulars	Debit. Rs.	Credit. Rs.
Share Capital	-	30,000
Deposits from members	-	60,000
Dead Stock	14,000	-
Printing and Stationery	2,000	-
Investment in PMC Bank	50,000	-
Investment in Shares of Manek Consumer Society	24,000	-

Loan from Bank (Unsecured)	-	62,000
Loan to members	90,000	-
Interest earned on Members Loan	-	30,000
Purchases of Machinery	2,40,000	-
Sale of Machinery	-	3,00,000
Office Rent	18,000	-
Office salaries	16,000	-
Travelling Expenses	3,000	-
Carriage Inward	2,600	-
Freight	3,800	-
Bank Current A/c	91,200	-
Bank Interest	16,600	-
Reserve fund	-	1,18,000
Cash in hand	8,800	-
Bank Saving A/c	20,000	-
Total	6,00,000	6,00,000

Adjustment:

1. Closing stock of machinery as on 31.3.2018 was Rs. 40,000.
2. Outstanding office rent Rs. 6,000.
3. Provide Depreciation @ 5% on Dead Stock.
4. Create Provision for Bad and Doubtful Debts Rs. 3,000.
5. Provide for Audit Fees Rs. 1,200.
6. Contribute to Education Fund Rs. 200.

You are required to prepare Trading and Profit and Loss Account for the year ending on 31.3.2018 and Balance Sheet as on that date.

7) The following is the balance sheet of ABC Ltd. as at 31st March, 2018: (20)

Liabilities	Amount	Assets	Amount
<i>Share Capital:</i>		Land and Building	30,000
10,000 shares of Rs. 5 each	50,000	Plant and Machinery	30,000
General Reserve	15,000	Trade Marks	5,000
Profit and Loss Account	8,000	Stock	12,000
Workmen Savings Account	7,500	Debtors	20,000
Creditors	24,500	Cash at Bank	15,000
Taxation Reserve	10,000	Preliminary Expenses	3,000
	1,15,000		1,15,000

The land and building have been valued at Rs. 65,000 and the plant and machinery is worth Rs. 25,000. Debtors to the extent of Rs. 2,000 are to be considered as bad. The profits of the company for the last three years have been as follows:

2015-2016-Rs.22,000; 2016-2017-Rs.23,000; and 2017-2018-Rs.26,000.

It is the company's practice to transfer 25% of the profits to reserve. Ignoring taxation.

Find out the value of the shares. Similar companies give a yield of 10% on the market value of their shares. Goodwill may be taken of the value of Rs. 40,000.