

Q.P. Code : 11731

(3 Hours)

[Total Marks : 100

- N.B. :** (1) Question Nos. 1 and 2 are **compulsory**.
(2) Attempt any three questions from the the remaning.
(3) **Figures to the right indicate full marks.**
(4) All **working notes** should from part of your answer.
(5) Use of simple **Calculator** is allowed

1. AB Ltd acquired 80% share of CD Ltd as on 1-4-2014 at a cost of Rs.4,60,000. **20**
The balance sheets as on 31-03-2015 were as follows.

Liabilities	AB Ltd	CD Ltd	Asset	AB Ltd	CD Ltd
Share Capital	7,50,000	2,50,000	Fixed Asset	6,65,000	2,85,000
General reserve	4,75,000	10,000	Investment	6,00,000	----
Profit and Loss Alc	4,00,000	1,80,000	Current Assets	4,35,000	2,25,000
Current Liabilities	75,000	70,000	Preliminary		
Unclaimed Dividend	----	10,000	Expenses	-----	10,000
	17,00,000	5,20,000		17,00,000	5,20,000

AB Ltd. purchase goods worth Rs.60,000 from CD Ltd. which were supplied at cost plus 1/3 of cost and 50% of these goods remained unsold. This purchase had remained unpaid and was included in current liabilities. The balance in profit and loss account of CD Ltd. on 1-4-2014 was Rs. 1,40,000 whereas general reserve has remained unchanged. An item of plant of CD Ltd. which had book value of Rs.25,000 on 1-4-2014 was to be revalued at Rs. 40,000 as from 1-4-2014. Depreciation @ 20% is provided on this item. However, no entries were passed for revaluation and depreciation.

Prepare Consolidated Balance Sheet.

2. (a) Choose the most appropriate answer form the following and rewrite the statements **10**
- (1) Minority Interest consists of
- (a) Face Value of the shares held by outsider
(b) Proportional Capital profits
(c) Proportional Revenue profits
(d) All of the above
- (2) Rebate on bill discounted is
- (a) Discount received by bank but not earned
(b) discount earned by bank but not received.
(c) rebate allowed by customers on bills discounted
(d) discount charged by bank on bills discounted.

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- (3) Exchange difference of Internal foreign operation is
- (a) Transfer to suspense account
 - (b) transferred to profit and loss account
 - (c) transferred to foreign currency translation reserve
 - (d) transferred to Net investment in integral foreign operation Account.
- (4) The fundamental objective of an external audit of a limited company is to
- (a) Give advice to shareholders
 - (b) detect fraud and errors
 - (c) Measures the performance and financial position of a company.
 - (d) provide an opinion on the financial statements.
- (5) Segment revenue does not include
- (a) revenue from transactions with other segments of the enterprise
 - (b) extraordinary items as defined in AS-5
 - (c) revenue from sales to external customers
 - (d) All of the above.
- (6) In general term 'convergence' means
- (a) To achieve compliance with IFRS.
 - (b) to achieve identity with IFRS
 - (c) to achieve harmony in relation to IFRS
 - (d) to rename local accounting standard as IFRS.
- (7) In consumer's co-operative societies sales made to members are recorded in
- (a) Cash memos
 - (b) Credit notes
 - (c) Pass books
 - (d) Debit notes
- (8) In the case of fire insurance the provision required to make against unexpired risk is
- (a) 40%
 - (b) 50%
 - (c) 100%
 - (d) 30%
- (9) Premium shall be recognized as income
- (a) when received
 - (b) when due
 - (c) when received or due whichever is earlier
 - (d) when received or due whichever is later.
- (10) A rate of return normally expected by the shareholders on their investment
- (a) Super profit
 - (b) Normal Rate of Return
 - (c) Dividends
 - (d) Bonus dividend

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(b) Match the following:

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Group A

Group B

- (i) Profit from the date of acquisition
- (ii) Form N
- (iii) AS-17
- (iv) AS-20
- (v) AS-22
- (vi) Goodwill
- (vii) AS-21
- (viii) Interest on deposit is
- (ix) Bonus is declared on
- (x) AS-11

- (a) Segment Reporting
- (b) Accounting for taxation on Income
- (c) an Income
- (d) Capital profit
- (e) Balance sheet of cooperative society
- (f) Earning per share
- (g) is an intangible fixed assets having realisable value.
- (h) sum assured of life insurance policy
- (i) an expenses for banking company
- (j) Conversion of currency
- (k) Consolidated financial statements
- (l) Revenue profit

3. From the following Trial Balance of AB Co-operative Society Ltd. as on 31st March, 2014, prepare Trading and Profit and Loss Account for the year ended 31st March, 2014 and Balance Sheet as on that date after considering the adjustments given thereafter **20**

Trial Balance as on 31-3-2014

Debit balances	₹	Credit balances	₹
Opening Stock	50,000	Share Capital	3,50,000
Furniture and Equipment	1,50,000	Reserve Fund	50,000
Container Deposit	15,000	Sundry Creditors	1,50,000
Salaries	75,000	Profit and Loss Account	70,000
Sundry Debtors	3,00,000	Admission fees	5,000
Commission	20,000	Sales	15,00,000
Rent and Taxes	10,000	Development Fund	5,000
Postage	5,000		
Travelling and Conveyance	15,000		
Printing and Stationery	5,000		
Purchases	12,00,000		
Freight Inward	10,000		
Investment	2,00,000		
Cash balance	25,000		
Bank balance	50,000		
Total	21,30,000	Total	21,30,000

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Additional information:

- (a) Closing stock is valued at ₹ 70,000
- (b) Salary paid in advance amounted to ₹ 12,000
- (c) Accrued income on investment is ₹ 15,000
- (d) Depreciation is to be provided @ 10% p.a. on Furniture and Equipments

4. XYZ Ltd. has a branch at New York. Its Trial Balance as on 31st March, 2014 is 20 as follows:

Debit balances	Amount (US \$)	Credit balances	Amount (US \$)
Plant and Machinery	1,00,000	Sales	4,00,000
Furniture and Fixture	40,000	Head office account	1,50,000
Opening stock	30,000	Trade Creditors	20,000
Purchases	2,20,000		
Goods from Indian Head office	30,000		
Wages	5,000		
Carriage inward	5,000		
Salaries	65,000		
Rent, Rates and Taxes	15,000		
Insurance	7,000		
Trade Expenses	3,000		
Sundry Debtors	30,000		
Cash and Bank balance	20,000		
Total	5,70,000	Total	5,70,000

The following further information is given:

- (a) Wages outstanding amounted to \$ 3,000
- (b) Depreciate Plant and Machinery and furniture and Fixture @ 10% p.a.
- (c) The head office send Goods to Branch for ₹ 20,00,000
- (d) The Head office account shows amount of ₹ 50,00,000
- (e) Stock as on 31st March, 2014 amounted to \$35,000
- (f) On 1st April, 2012 when fixed assets were purchased, the rate of exchange was ₹40 to 1\$
- (g) The rate of exchange on 1st April, 2013 was ₹41 to 1 \$ and on 31st March, 2014 was ₹43 to 1 \$. Average rate during the year was ₹42 to 1 \$.

You are asked to prepare Converted Trial Balance, Trading and Profit and Loss Account for the year ended 31st March, 2014 and Balance Sheet as on that date.

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5. On 31st March, 2015 the Balance Sheet of GEE Ltd. was as follows:

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Liabilities	Rs.	Assets	Rs.
Share Capital		Land and Buildings	3,00,000
Authorized 20,000 equity shares of Rs. 100 each	<u>20,00,000</u>	Plant and Machinery	1,72,500
Issued and paid up 15,000 equity shares of Rs. 100 each	15,00,000	Stock	4,50,000
less: Calls in arrears at Rs. 20 each	<u>2,000</u>	Sundry Debtors	9,07,500
Profit and Loss Account	14,98,000	Cash	20,000
Bank Overdraft	1,54,500	Bank	1,30,000
Creditors	32,000		
Provision for Taxation	1,15,500		
Proposed Dividend	67,500		
	1,12,500		
Total	19,80,000		19,80,000

The Net profits of the company after providing for tax were as follows:

Year Ended	Rs.
31st March, 2015	1,72,500
31st March, 2014	1,50,000
31st March, 2013	1,87,500
31st March, 2012	1,80,000
31st March, 2011	1,35,000

On 31st March, 2015 Land and Building were valued at Rs. 3,75,000 and Plant and Machinery were valued at Rs. 2,25,000. Normal rate of Return can be considered at 8%. Goodwill is to be valued at 3 years purchase of super profits based on average profit of last 5 years.

Find the intrinsic value of fully paid and partly paid equity shares.

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6. The following is trial balance of Ajay Bank Ltd., as on 31.03.2015.

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Particulars	Debit. (Rs.)	Credit. (Rs.)
Share capital 30,000 shares of Rs. 10 each	-	3,00,000
Statutory Reserve	-	4,00,000
Deposits:		
Fixed	-	2,78,000
Saving	-	4,50,000
Current	-	3,74,000
Cash in hand	2,90,000	-
Cash in Reserve Bank of India	4,20,000	-
Interest and discount	-	3,00,000
Commission and brokerage	-	50,000
Interest on fixed deposit	30,000	-
Interest on saving deposit	20,000	-
Interest on current deposit	12,500	-
Salaries (Including Rs. 12,000 to Manager)	1,31,000	-
Rent, insurance and Taxes	4,000	-
Postage and Telegram	900	-
Printing and stationery	7,000	-
Audit fees	4,000	-
Depreciation	3,300	-
Investments in shares	84,000	-
Loans, cash credit and overdraft	4,90,000	-
Bill discounted and purchased	1,80,000	-
Government bonds	1,60,000	-
Furniture	40,000	-
Premises	3,00,000	-
Branch adjustment account	-	24,700
	21,76,700	21,76,700

Additional information:

1. Rebate on bill discounted Rs. 27,000
2. Create Reserve for bad and doubtful debts Rs. 11,000.
3. Acceptances on behalf of customers Rs. 80,000.

You are required to prepare Profit and Loss Account for the year ended 31.3.2015 and Balance Sheet as on that date.

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7. From the following balances find out the Amount of Premium Received, Claims Paid and Commission paid for incorporation in the Revenue Account of Bharat Insurance Company Ltd. as on 31st March, 2015: 20

Particulars	Direct Business (Rs. '000)	Re-insurance (Rs. '000)
(a) Premium:		
Premium Received	92,000	14,400
Receivable-1 st April, 2014	3,720	540
-31 st March, 2015	5,240	510
Paid	-	9,200
Payable - 1 st April, 2014	-	560
- 31 st March, 2015	-	930
(b) Claims:		
Paid	47,000	6,000
Payable - 1 st April, 2014	2,500	770
- 31 st March, 2015	3,120	660
Received	-	2,550
Receivable - 1 st April, 2014	-	240
- 31 st March, 2015	-	350
(c) commission:		
On insurance accepted	4,400	380
On re- insurance ceded	-	390