

[Time: 2 Hours]

[Marks:60]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory.
 2. Figures to the right indicates full marks.
 3. Working notes should form the part of your answer.

1. The balance sheets of AB Ltd. And CD Ltd. as at 31-03-2017 was as follows.

15

Liabilities	AB Ltd.	CD Ltd.	Assets	AB Ltd.	CD Ltd.
13% Preferences Shares of Rs. 100 each	-	1,00,000	Fixed Assets	5,00,000	2,40,000
Equity Shares Rs. 10 each	4,00,000	1,50,000	15,000 equity shares in CD Ltd. on 1-04-2016	2,00,000	-
General Reserve	50,000	40,000	Current assets (Including Rs. 10,000 stock purchased by CD Ltd. from AB ltd.)	3,00,000	2,60,000
Profit and loss A/c before appropriation for dividend	30,000	25,000			
12% Debentures	2,00,000	-			
current liabilities	3,20,000	1,85,000			
	10,00,000	5,00,000		10,00,000	5,00,000

AB Ltd. sells goods at a profit of 25% on cost. On 01-04-2016, books of CD Ltd. showed a balance of Rs. 25,000 in general reserve and Rs. 10,000 in profit and loss account after appropriation for preference dividend.

Prepare consolidated balance sheet as at 31-03-2017.

OR

1. The summarized balance sheet of A Ltd. and B Ltd. As on 31-03-2017 were as follows:-

15

Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
Equity share Capital (Rs. 10 each)	10,00,000	4,00,000	Plant	4,00,000	1,80,000
Profit and loss account	6,00,000	4,00,000	Furniture	2,00,000	90,000
Liabilities	6,00,000	2,00,000	Investment in 32,000 shares of B Ltd.	8,00,000	-
			Other Assets	8,00,000	7,30,000
	22,00,000	10,00,000		22,00,000	10,00,000

You are required to prepare consolidated balance sheet taking into account the following information.

1. Profit and loss account of B Ltd. showed a balance of Rs. 2,40,000 (Cr.) as on 01-04-2016
2. A Ltd. acquired shares in B Ltd on 01-07-2016.

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- Plant of A Ltd. was value at Rs. 6,00,000 and Plant of B Ltd. (Book value on 01-04-2016 Rs. 2,00,000) was revalue at Rs. 3,00,000. However, no entries were passed for this purpose.
- B Ltd. incurred a major expenditure of Rs. 20,000 on repair of furniture in the beginning of the year but wrongly charged the amount to profit and loss account.

Note:- Ignore depreciation on furniture of B Ltd. and A Ltd.

2. From the following balances, prepare Balance Sheet of Virar Bank Ltd. for the year ended 31st March, 2017. 15

Particular	Amount
Equity share capital	4,000
Statutory Reserve	2,000
Appropriation to Statutory Reserve	800
Profit and loss A/c balance	2,800
Capital Reserve	800
Demand deposits	4,800
Saving Bank Deposits	5,600
Term deposits	4,000
Borrowing from RBI	4,800
Borrowing from other banks (secured -10,400)	21,080
Bills payable and provisions	6,000
Inter-office Adjustments(Cr.)	2,800
Cash in hand	2,800
Balance with RBI	5,080
Money at call and short notice	9,000
Investment in Govt. securities	5,600
Investment in shares	5,000
Gold	4,000
Cash credits	7,000
Overdrafts	6,000
Term loans	10,000
Premises	5,000

The authorized capital of the bank is Rs. 1, 00, 00,000 dividend in 10, 00,000 shares of the face value of Rs. 10 each.

Investment in shares include 2, 00,000 in Adil co. Ltd. @ Rs. 4 per share whereas the face value of the share is Rs. 10. The bank has bill for collection to the extent of Rs. 20, 00,000.

OR

2. The following are the figures extracted from the books of New Bank Limited as on 31-03-2017. 15

Particulars	Rs.
Interest and Discount Received	37,05,738
Interest paid on deposits	20,37,452
Issued and Subscribed Capital	10,00,000
Salaries and allowances	2,00,000
Directors fee and allowances	30,000
Rent and taxes paid	90,000
Postage and telegram	60,286
Statutory reserve fund	8,00,000
Commission , exchange and brokerage	1,90,000
Rent received	65,000
Profit on sell of investment	2,00,000
Depreciation on Bank's properties	30,000
Statutory expenses	40,000
Preliminary expenses	25,000
Auditors fees	5,000

The following further information is given:-

1. A customer to whom a whole sum of Rs. 10 Lakhs has been advanced has become insolvent and it is expected only 50% can be recovered from his estate.
2. There were also other debts for which a provision of Rs. 1, 50,000 was found necessary by the auditors.
3. Rebate on bills discounted on 31.03.2016 was Rs. 12,000 and on 31.03.2017 was Rs. 16,000.
4. Provided Rs. 6, 50,000 for Income Tax.
5. The directors desire to declare 10% dividend.

Prepare the profit and loss account of New Bank Limited for the year ended 31.03.2017 and also show, how the profit and loss account will appear in the balance sheet, if the profit and loss account opening balance was nil as on 31.03.2016.

3. Tom enterprises had a branch at Chicago. Its Trial Balance a at 31st March, 2017 is as follows:- 15

Particulars	Dr. US \$	Cr. US \$
Plant	2,40,000	-
Furniture	16,000	-
Stock on 01-04-2016	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, 2017 \$ 1, 04,000.
6. There were no in transit terms either at the start or the end of the year.
7. On 31st March, 2016 when fixed assets were purchased, the rate of exchange was Rs. 38 to 1\$.
On 1st April, 2016 the rate was Rs. 39 to 1\$
On 31st March, 2017 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, 2017 and
3. Balance sheet as on 31st March, 2017.

OR

3. PQR has head office at Mulund and Branch at Miami. The Branch submits the following Trial Balance as 15 on 31st March, 2017.

Particulars	Dr. US \$	Dr. US \$
Head Office A/c	-	15,300
Goods received from Head Offices	27,140	-
Purchase and Sales	4,45,200	6,80,750
Stock as on 1 st April,2016	42,180	-
Plant and Machinery	72,500	-
Computer Systems	1,15,200	-
Furniture and Fixtures	27,300	-
Bank balance	4,215	-
Cash balance	1,760	-
Salaries	72,160	-
Office rent	42,114	-
General Expenses	11,111	-
Debtors and Creditors	1,10,540	2,97,720
Printing and Stationary	12,114	-
Postage and Courier Expenses	1,236	-
Legal Expenses	2,350	-
Commission	2,777	-
Marketing Expenses	3,115	-
Finance Charges	728	-
Total	9,93,770	9,93,770

The Branch Account in Head Office showed a debit balance of Rs. 6, 73,200 and goods sent to Branch Account showed credit balance of Rs. 11, 39,880.

Plant and Machinery was acquired by the branch on 1st April, 2016 when one US \$ was equal to Rs. 41.

Computer system was required on 30th June, 2016, when Rs.100 was equal to US \$ 2.50.

The Branch acquired Furniture and Fixtures on 1st October, 2016 when one US dollar was quoted at Rs.46.

Head Office provides depreciation as follows:-

On Plant and Machinery @ 15% p.a.

On Computer Systems @ 25% p.a.

On Furniture and Fixtures @ 10% p.a.

New York Branch reported closing stock of US \$ 48,500 on 31.03.2017

The exchange rates were as under:-

01-04-2016 US \$ 1=Rs.41

31-03-2017 US \$ 1=RS. 48.

Average US \$ 1=Rs.45.

1. You required to convert the given branch Trial Balance into rupees.
2. 2. You are required to prepare Miami Branch Profit and Loss A/c for the year ended 31-03-2017 and also prepare the Balance Sheet as on the date.

4. (A) State whether the following statements are True or False:- 08
1. Revaluation reservation can be used for writing of goodwill.
 2. Minority interest should be shown separately as a liability.
 3. Term deposit is repayable after a specified term.
 4. Profit and Loss A/c is prepared in form B with schedule 13 to 18.
 5. Principal accounting policies are to be disclosed as per RBI guideline.
 6. Transaction translated at prevailing in the day of the transactions is called spot rate.
 7. Audit report is given by statutory auditor. It contains Auditor's opinion about the books of Accounts maintained by the company.
 8. The corporate report should be relevant, understandable, verifiable, comparable and complete.

(B) Match the following:- 07

Column A	Column B
1. Revenue profits	a) Recommendatory
2. Revaluation reserve	b) Conservatism
3. AS-1	c) Unclaimed dividend
4. Accounting policy	d) Consolidation
5. Dividend declared but not claimed is	e) Other liabilities
6. AS-21	f) Going concern
7. Bills payable should be shown under	g) Mandatory
	h) Can be used for writing of goodwill
	i) The post-acquisition profits of the subsidiary company.

OR

4. Write short notes (any three):- 15
1. Contingent liability
 2. Minority interest
 3. NPA
 4. Annual Reports
 5. Closing Rate