Question No.1 is compulsory **(4 X 5 = 20 Marks).**
Answer **any five** questions from the **remaining six** questions **(16 X 5 = 80 Marks).** [Answer any 4 out of 5 in Q.7]
Working Notes should form part of the answer.
Wherever necessary, suitable assumptions should be made and indicated in answer by the Candidates.

Question 1(a) (5 Marks)

Given the following information of M/s. Paper Products Ltd.

(i) Goods of ₹ 60,000 were sold on 20.03.2015 but at the request of the Buyer these were delivered on 10.04.2015.

(ii) On 15.01.2015 goods of ₹ 1,50,000 were sent on consignment basis of which 20% of the goods unsold are lying with the consignee as on 31.03.2015.

(iii) ₹ 1,20,000 worth of goods were sold on approval basis on 01.12.2014. The period of approval was 3 months after which they were considered sold. Buyer sent approval for 75% goods up to 31.01.2015 and no approval or disapproval received for the remaining goods till 31.03.2015.

(iv) Apart from the above, the Company has made Cash Sales of ₹ 7,80,000 (Gross). Trade Discount of 5% was allowed on the Cash Sales.

You are required to advise the Accountant of M/s. Paper Products Ltd, with valid reasons, the amount to be recognized as Revenue in above cases under AS–9 and also determine the total revenue to be recognized for the year ending 31.03.2015.

Question 1(b) (5 Marks)

Blue–Chip Equity Investments Ltd wants to re–classify its investments in accordance with AS–13.

(a) Long Term Investments in Company A, costing ₹ 8.5 Lakhs are to be re–classified as Current. The Company had reduced the value of these Investments to ₹ 6.5 Lakhs to recognize a permanent decline in value. The Fair Value on the date of transfer is ₹ 6.8 Lakhs.

(b) Long Term Investments in Company B, costing ₹7Lakhs are to be re–classified as Current. The Fair Value on the date of transfer is ₹ 8 Lakhs and Book Value is ₹ 7 Lakhs.

(c) Current Investment in Company C, costing ₹ 10 Lakhs are to be re–classified as long–term, as the Company wants to retain them. The Market Value on the date of transfer is ₹ 12 Lakhs.

(d) Current Investment in Company D, costing ₹ 15 Lakhs are to be re–classified as long term. The Market Value on the date of transfer is ₹ 14 Lakhs.

Question 1 (c) (5 Marks)

A Construction Contractor has a Fixed Price Contract for ₹ 9,000 Lakhs to build a bridge in 3 years timeframe. A summary of some of the financial data is as under:

Amount ₹ in Lakhs	Year 1	Year 2	Year 3
Initial Amount for Revenue agreed in Contract	9,000	9,000	9,000
Variation in Revenue (+)	–	200	200
Contracts Costs incurred up to the reporting date	2,093	(Note 1) 6,168	(Note 2) 8,100
Estimated Profit for the whole Contract	950	1,000	1,000

Note:

1. Includes ₹ 100 Lakhs for Standard Materials stored at the Site to be used in Year 3 to complete the work.
2. Excludes ₹ 100 Lakhs for Standard Material brought forward from Year 2.

The variation in Cost and Revenue in Year 2 has been approved by the customer.

Compute year–wise amount of Revenue, Expenses, Contract Cost to complete and Profit or Loss to be recognised in the Statement of Profit or Loss as per AS–7.

Question 1 (d) (5 Marks)

Mr. Mehul gives the following information relating to items forming part of Inventory as on 31.03.2015. His Factory produces Product X using Raw Material A.

1. 600 units of Raw Material A (purchased at ₹ 120). Replacement Cost of Raw Material A as on 31.03.2015 is ₹ 90 per unit.
2. 500 units of Partly Finished Goods in the process of producing X and Cost incurred till date ₹ 260 per unit. These units can be finished next year by incurring Additional Cost of ₹ 60 per unit.
3. 1,500 units of Finished Product X and Total Cost incurred ₹ 320 per unit.

Expected Selling Price of Product X is ₹ 300 per unit.

Determine how each item of inventory will be valued on 31.03.2015. Calculate the Value of Total Inventory as on 31.03.2015.

Question 2 (16 Marks)

The summarized Balance Sheet of SRISHTI Ltd as on 31st March 2014, was as follows:

Liabilities	₹	Assets	₹
Equity Shares of ₹ 10 fully paid	30,00,000	Goodwill	5,00,000
Export Profit Reserves	8,50,000	Tangible Fixed Assets	30,00,000
General Reserves	50,000	Stock	10,40,000
Profit and Loss Account	5,50,000	Debtors	1,80,000
9% Debentures	5,00,000	Cash & Bank	2,80,000
Trade Creditors	1,00,000	Preliminary Expenses	50,000
Total	50,50,000	Total	50,50,000

ANU Ltd agreed to absorb the business of SRISHTI Ltd with effect from 1st April, 2014.

(a) The Purchase Consideration settled by ANU Ltd as agreed:

(i) 4,50,000 Equity Shares of ₹ 10 each issued by ANU Ltd by valuing its Shares at ₹ 15 per Share.

(ii) Cash Payment equivalent to ₹ 2.50 for every Share in SRISHTI Ltd.

(b) The issue of such an amount of fully paid 8% Debentures in ANU Ltd at 96%, as is sufficient to discharge 9% Debentures in SRISHTI Ltd at a premium of 20%.

(c) ANU Ltd will take over the Tangible Fixed Assets at 100% more than the Book Value, Stock at ₹ 7,10,000 and Debtors at their face value, subject to a provision of 5% for Doubtful Debts.

(d) The actual cost of liquidation of SRISHTI Ltd was ₹ 75,000. Liquidation Cost of SRISHTI Ltd is to be reimbursed by ANU Ltd to the extent of ₹ 50,000.

(e) Statutory Reserves are to be maintained for 1 more year.

You are required to –

(i) Close the books of SRISHTI Ltd, by preparing Realisation Account, ANU Ltd Account, Shareholders Account and Debenture Account, and

(ii) Pass Journal Entries in the books of ANU Ltd regarding acquisition of business.

Question 3(a) (8 Marks)

The following is the Balance Sheet of Manish and Suresh as on 1st April 2015:

Capital & Liabilities	₹	Assets	₹
Capital:		Building	1,00,000
Manish	1,50,000	Machinery	65,000
Suresh	75,000	Stock	40,000
Creditors for Goods	30,000	Debtors	50,000
Creditors for Expenses	25,000	Bank	25,000
Total	2,80,000	Total	2,80,000

They give you the following additional information:

(i) Creditors' Velocity 1.5 month & Debtors' Velocity 2 months.

(ii) Stock Level is maintained uniformly in value throughout all over the year.

(iii) Depreciation on Machinery is charged @ 10%, Depreciation on Building @ 5% in the current year.

(iv) Cost Price will go up 15% as compared to last year and also Sales in the current year will increase by 25% in volume.

(v) Rate of Gross Profit remains the same.

(vi) Business Expenditures are ₹ 50,000 for the year. All Expenditures are paid off in cash.

(vii) Closing Stock is to be valued on LIFO Basis.

Prepare Trading, Profit and Loss Account , Trade Debtors A/c and Trade Creditors A/c for the year ending 31.03.2016.

Question 3(b) (8 Marks)

The Accountant of 'Retreat & Refresh' Club furnishes you the following Receipts and Payments Accounts for the year ending 31st March 2016:

Receipts	₹	Receipts	₹
Opening Balance: Cash & Bank	33,520	Honoraria to Secretary	19,200
Subscription	42,840	Miscellaneous Expenses	6,120
Sale of Old Magazines	9,600	Rates & Taxes	5,040
Entertainment Fees	17,080	Groundman's Wages	3,360
Bank Interest	920	Printing & Stationery	1,880
Bar Receipts	29,800	Payment for Bar Purchases	23,080
		Repairs	1,280
		Telephone Expenses	9,560
		New Car (less Sale Proceeds of Old Car ₹ 12,000) (sold on 01.04.2015)	50,400
		Closing Balance: Cash & Bank	13,840
Total	1,33,760	Total	1,33,760

Additional Information:

Particulars	1.4.2015 (₹)	31.3.2016 (₹)
Subscription due (not received)	4,800	3,920
Cheque issued, but not presented (payment of Printing Expenses)	360	120
Club Premises at Cost	1,16,000	–
Depreciation on Club Premises provided so far	75,200	–
Car at Cost	48,760	–
Depreciation on Car provided so far	41,160	–
Value of Bar Stock	2,840	3,480
Amount Unpaid for Bar Purchases	2,360	1,720

Depreciation is to be provided @ 5% p.a. on Written Down Value of the Club Premises and @ 15% p.a. on Car for the whole year.

Prepare the Income & Expenditure A/c of the Club for the year ending 31st March 2016, and Balance Sheet as on that date.

Question 4 (a) (8 Marks)

Girish Transport Ltd. purchased from NCR Motors, 3 Electric Rickshaws costing ₹ 60,000 each on the hire purchase system on 01.01.2013. Payment was to be made ₹ 30,000 down and the remainder in 3 equal instalments payable on 31.12.2013, 31.12.2014 and 31.12.2015 together with interest @ 10% p.a. Girish Transport Ltd writes off Depreciation @ 20% p.a on the Reducing Balance. It paid the instalment due at the end of 1st year, i.e. 31.12.2013 but could not pay next on 31.12.2014. NCR Motors agreed to leave one e–rickshaw with the Purchaser on 31.12.2014 adjusting the value of the other two e–rickshaws against the amount due on 31.12.2014. The e–rickshaws were valued on the basis of 30% Depreciation annually on WDV basis.

Show the necessary Ledger Accounts in the books of Girish Transport Ltd for the year 2013, 2014 and 2015.

Question 4(b) (8 Marks)

Smart Investments made the following investments in the year 2013–2014:

12% State Government Bonds having Face Value ₹ 100

Date	Particulars
01.04.2013	Opening Balance (1200 Bonds) Book Value of ₹ 1,26,000
02.05.2013	Purchased 2,000 Bonds @ ₹ 100 cum interest
30.09.2013	Sold 1,500 Bonds at ₹ 105 ex Interest

Interest on the Bonds is received on 30th June and 31st Dec. each year.

Equity Shares of X Ltd

Date	Particulars
15.04.2013	Purchased 5,000 Equity Shares @ ₹ 200 on cum right basis
	Brokerage of 1% was paid in addition (Face Value of Shares ₹10)
03.06.2013	The Company announced a Bonus Issue of 2 Shares for every 5 Shares held.
16.08.2013	The Company made a Rights Issue of 1 Share for every 7 Shares held at ₹ 250 per share. The entire money was payable by 31.08 2013
22.08.2013	Rights to the extent of 20% was sold @ ₹ 60. The remaining rights were subscribed.
02.09.2013	Dividend @ 15% for the year ended 31.03.2013 was received on 16.09.2013.
15.12.2013	Sold 3,000 Shares @ ₹ 300. Brokerage of 1% was incurred extra.
15.01.2014	Received Interim Dividend @ 10% for the year 2013–2014
31.03.2014	The Shares were quoted in the Stock Exchange @ ₹ 220

Prepare Investment Accounts in the books of Smart Investments. Assume that the Average Cost method is followed.

Question 5(a) (8 Marks)

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

Sales	2009	2010	2011	2012
From 1st January to 31st March	1,80,000	1,70,000	2,05,950	1,62,000
From 1st April to 30th June	1,28,000	1,86,000	1,93,000	2,21,000
From 1st July to 30th September	1,53,000	2,10,000	2,31,000	1,75,000
From 1st October to 31st 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

A Loss of Profit Policy was taken for ₹ 1,00,000. Fire occurred on 15st 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.

Question 5 (b) (8 Marks)

Roshan has a Current Account with Partnership Firm. It has a Debit Balance of ₹ 75,000 as on 01.07.2012. He has further deposited the following amounts:

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.

Question 6 (8 Marks)

A and B who carry on Partnership Business in the name of M/s. AB Ltd, closes their Firm's account as on 31st March each year. Their Partnership agreement provides:

(i) Profit & Loss sharing – A: 2/3 and B: 1/3.

(ii) On Retirement or Admission of Partner:

  (a) If the change takes place during any accounting year, such Partner's Share of Profits or Losses for the period up to retirement or from admission, is to be arrived at, by apportionment on a time basis except otherwise stated for specific item(s).

  (b) No account for Goodwill is to be maintained in the Firm's books.

  (c) Any balance due to an Outgoing Partner is to carry interest @ 9% p.a. from the date of his retirement to the date of payment.

The Trial Balance of the Firm as on 31.03.2015 was as follows:

Particulars	(Dr.) Amount ₹	(Cr.) Amount ₹
Capital Account A	–	24,000
B	–	12,000
C – Cash brought in on 30.09.2014	–	9,000
Plant and Machinery at cost	22,000	–
Depreciation Provision up to 31.03.2014	–	4,400
Motor Car at Cost	30,000	–
Depreciation Provision up to 31.03.2014	–	6,000
Purchases	84,000	–
Stock as on 31.03.2014	15,500	–
Salaries	18,000	–
Debtors	5,400	–
Sales	–	1,20,000
Travelling expenses	800	
Office Maintenance	1,200	
Conveyance	500	
Trade Expenses	1,000	–
Creditors	–	10,100
Rent and Rates	3,000	–
Bad Debts	900	
Cash in Hand and at Bank	3,200	–
Total	1,85,500	1,85,500

'A' retired from the Firm on 30th September 2014 and on the same day 'C' an Employee of the Firm was admitted as Partner. Further, Profits or Losses shall be shared – B: 3/5 and C: 2/5. Necessary Accounting Entries adjustments were pending up to 31.03.2015. You are given the following further information:

(i) The value of Firm's Goodwill as on 30th September 2014 was agreed to ₹15,000.
(ii) The Stock as on 31st March 2015 was valued at ₹ 18,550.
(iii) Partner's Drawings which are included in Salaries: A – ₹ 2,000, B ₹ 3,000 and C – ₹ 1,000.
(iv) Salaries also includes ₹ 1,500 paid to C prior to his being admitted as a Partner.
(v) Bad Debts of ₹ 500 related to the period upto 30th September 2014.
(vi) As on 31st March 2015, Rent paid in Advance amounted to ₹ 600 and Trade Expenses accrued amounted to ₹ 250.
(vii) Provision is to be made for Depreciation on Plant and Machinery and on Motor Car at the rate of 10% p.a. on cost.
(viii) A Bad Debts provision, specially attributable to the second half of the year, is to be made @ 5% on Debtors as on 31st March 2015.
(ix) Amount payable to A on retirement remained unpaid till 31st March 2015.

You are required to prepare:
(a) Trading and Profit & Loss Account for the year ended 31st March 2015.
(b) Partners' Capital Account for the year ended 31st March 2015.
(c) Balance Sheet as on that date.

Question 7 (a) (4 Marks)

What factors are to be considered at the time of choosing an appropriate Accounting Software for an organization?

Question 7(b) (4 Marks)

Kishanlal has made the following sales to Babulal. He allows a credit period of 10 days beyond which he charges Interest at 12% per annum.

Date of Sales	Amount
26.05.14	12,000
18.07.14	18,000
02.08.14	16,500
28.08.14	9,500
09.09.14	15,500
17.09.14	13,500

Babulal wants to settle his accounts on 30.09.2014. Calculate the interest payable by him using Average Due Date (ADD). If Babulal wants to save interest of ₹ 588, how many days before 30.09.2014 does he have to make payment? Also find payment date in this case.

Question 7(c) (4 Marks)

From the following information available from the books of a Trader from 01/01/2015 to 31/03/2015, you are required to draw up the Debtors Ledger Adjustment Account in the General Ledger:

(i) Total Sales amounted to ₹ 2,00,000 including the Sales of Machine for ₹ 6,800 (Book Value ₹ 12,000). The Total Cash Sales were 85% less than the Total Credit Sales.
(ii) Cash Collection from Debtors amounted to 70% of the aggregate of the Opening Debtors and Credit Sales for the period. Debtors were allowed a Cash Discount of ₹ 20,000.
(iii) Bills Receivable drawn during the three months totalled ₹ 45,000 of which bills amounting to ₹ 20,000 were endorsed in favour of Suppliers. Out of the endorsed bills, one bill for ₹ 6,000 was dishonoured for non-payment, as the party became insolvent, his estate realized nothing.
(iv) Cheque received from Debtors ₹ 15,000 were dishonoured, a sum of ₹ 3,500 was irrecoverable, Bad Debts written off in the earlier years realized ₹ 15,000.
(v) Sundry Debtors as on 01/01/2015 stood at ₹ 1,50,000.

Question 7(d) (4 Marks)

The Articles of Association of Samson Ltd, provide the following:

(i) That 25% of the Net Profit of each year shall be transferred to Reserve Fund.

(ii) That an amount equal to 10% of Equity Dividend shall be set aside for Staff Bonus.

(iii) That the balance available for distribution shall be applied:

   (1) in paying 15% on Cumulative Preference Shares.

   (2) in paying 20% Dividend on Equity Shares.

   (3) 1/3rd of the balance available as Additional Dividend on Preference Shares and 2/3rd as Additional Equity Dividend.

A further condition was imposed by the Articles, viz. that the balance carried forward shall be equal to 14% on Preference Shares after making provision (i), (ii) and (iii) mentioned above. The Company has issued 12,000, 15% Cumulative Participating Preference Shares of ₹ 100 each fully paid, and 75,000 Equity Shares of ₹ 100 each fully paid up.

The Profit for the year 2013–2014 was ₹ 10,00,000, and balance brought from previous year ₹ 1,50,000. Provide ₹ 37,500 for Depreciation and ₹ 1,20,000 for Taxation, before making other appropriations.

Show Net Balance of Profit and Loss Account, after making above adjustments.

Question 7 (e) (4 Marks)

Determine if the following costs can be added to the invoiced purchase price and included in the initial recognition of the cost of the asset:

1. *Consultants fees for choosing the new asset*
2. *A trade discount received of 5% of the purchase price of the asset*
3. *A discount received for paying the invoice within 90 days*
4. *Interest paid on a short term loan taken to provide the necessary cash for payment of the purchase price*
5. *Import duties paid*
6. *Shipping costs and cost of road transport*
7. *Insurance for the shipping*
8. *An economic development rebate from the state*
9. *VAT paid on the purchase*
10. *Cost of laying a new concrete slab and installing special rubber mounted footings for the new press in order to reduce vibration during use*
11. *Hire of a crane to transfer the press from the vehicles into the factory*
12. *Costs associated with removing a section of the factory roof to allow the machine to be dropped into place and subsequently refitting the roof*
13. *Cost of installing soundproofing in the roof at the same time in order to provide protection for workers in other parts of the factory building*
14. *Professional fees charged by consulting engineer for overseeing the installation process*
15. *Electricians fees for connecting the press to the power supply*
16. *A portion of the operating costs (salaries, office expenses) of the purchasing department*
17. *Costs of materials (papers and inks) used in calibrating the machine and setting it up for operation*
18. *Costs of training the operators of the new machine*
19. *A portion of the inefficiencies in production for the first month of use while the operators became comfortable with using the machine*