

Roll No.

Total No. of Questions – 6

Total No. of Printed Pages – 15

Time Allowed – 3 Hours

Maximum Marks – 100

FMN

Answer to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be valued.

Question No. 1 is compulsory.

Candidates are also required to answer any four questions from the remaining five questions.

Working notes should form part of the answer.

Marks

1. Answer the following Questions :

5×4
= 20

(a) (i) PP Ltd. an Indian Company acquired long term finance from WW (P) Ltd, a U.S. company, amounting to ₹ 40,88,952. The transaction was recorded at US \$1 = ₹ 72.00, taking exchange rate prevailing at the date of transaction. The exchange rate on balance sheet date (31.03.2021) is US \$1 = ₹ 73.60.

(ii) Trade receivables of PP Ltd. include amount receivable from Preksha Ltd, ₹ 20,00,150 recorded at the prevailing exchange rate on the date of sales, transaction recorded at US \$1 = ₹ 73.40. The exchange rate on balance sheet date (31.03.2021) is US \$1 = ₹ 73.60. Exchange rate on 1st April, 2020 is US \$1 = ₹ 74.00

(2)

FMN

Marks

You are required to calculate the amount of exchange difference and also explain the accounting treatment needed in the above two cases as per AS 11 in the books of PP Ltd.

(b) Following are the extracts from the Balance Sheet of ABC Ltd.

Liabilities	31.3.2020	31.3.2021
Equity Share Capital	25,00,000	35,60,000
10% Preference Share Capital	7,00,000	6,00,000
Securities Premium Account	5,00,000	5,50,000
Profit & Loss A/c	20,00,000	28,00,000

Equity Share Capital for the year ended 31st March, 2021 includes ₹ 60,000 of equity shares issued to Grey Ltd at par for supply of Machinery of ₹ 60,000.

Profit & Loss account on 31st March, 2021 includes ₹ 50,000 of dividend received on Equity shares invested in X Ltd

Show how the related items will appear in the Cash Flow Statement of ABC Ltd. as per AS-3 (Revised)

FMN

(3)

FMN

Marks

(c) Mr. Mohan has invested some money in various Mutual funds.

Following information in this regard is given :

Mutual Funds	Date of purchase	Purchase cost (₹)	Brokerage Cost (₹)	Stamp duty (₹)	Market value as on 31.03.2021 (₹)
A	01.05.2017	50,000	200	20	48,225
B	05.08.2020	25,000	150	25	24,220
C	01.01.2021	75,000	300	75	78,190
D	07.05.2020	70,000	275	50	65,880

You are required to;

1. Classify his investment in accordance with AS-13 (revised).

2. Value of Investment in mutual fund as on 31.03.2021

(d) (i) ABC Ltd. was previously making provision for non-moving stocks based on not issued for the last 12 months up to 31.03.2020. Now, the company wants to make provision based on technical evaluation during the year ending 31.03.2021.

Total value of stock ₹ 133.75 lakhs

Provision required based on technical evaluation ₹ 4.00 lakhs

Provision required based on 12 months not issued ₹ 5.00 lakhs

FMN

P.T.O.

(4)

FMN

Marks

(ii) In the Books of M/s Kay Ltd, Closing stock as on 31st March, 2021 amounts to ₹ 1,24,000 (on the basis of FIFO method)

The company decides to change from FIFO method to weighted average method for ascertaining the cost of inventory from the year 2020-2021. On the basis of weighted average method, closing stock as on 31st March, 2021 amounts to ₹ 1,15,000. Realisable value of the inventory as on 31st March, 2021 amounts to ₹ 1,54,000.

Discuss Disclosure Requirements of change in accounting policy in above cases as per AS 1

2 (a) The Godown of X Ltd. caught fire on 01.06.2021, records saved from fire shows the following particulars : 10

Stock at cost on 01.01.2020 .	50,000
Stock at cost on 31.12.2020 .	80,000
Purchases for the year 2020	4,75,000
Purchase returns for the year 2020	5,000
Carriage inward for the year 2020	20,000
Sales for the year 2020	5,60,000
Sales returns for the year 2020	10,000

Following information is given for the period of 1st January 2021 to 1st June 2021 .

FMN

67561.86
6223389

(5)

FMN

Marks

Credit sales of ₹ 2,50,000, which constituted 25% of total sales.

Sales return ₹ 9,500, Goods used for personal purpose costing ₹ 5,000,

Goods distributed as free sample costing ₹ 2,700, Wages ₹ 25,000.

Sales include goods sold on approval basis amounting to ₹ 81,000, no confirmation had been received in respect of 50% of such goods sold on approval basis.

Stock on 31 December, 2020 was calculated at 20% less than cost.

Purchases for the period 1st January, 2021 to 1st June, 2021 is ₹ 6,75,000, purchase returns ₹ 10,000.

Selling price was increased by 20% with effect from 01.01.2021.

Company had taken an insurance policy of ₹ 70,000 which was subject to an average clause. The value of salvaged goods was ₹ 21,967. You are required to compute the amount of the claim.

(b) During the year ended 31st March, 2021, Purple Ltd. entered into the following transactions :- 10

1st April, 2020 Purchased ₹ 4,00,000, 10% Govt. loan (interest payable on 30th April and 31st October) at ₹ 70 cum interest.

1st April, 2020 Purchased 6,000 Equity shares of ₹ 5 each in XY Ltd. for ₹ 1,26,000.

1st October, 2020 Sold ₹ 80,000, 10% Govt. loan at 75 ex-interest.

15th January, 2021 XY Ltd made a bonus issue of four equity shares for every three shares held. Purple Ltd sold all of the bonus shares for ₹ 10 each.

FMN

P.T.O.

(6)

FMN

Marks

1st March, 2021 Received dividend @ 22% on shares in XY Ltd.
for the year ended 31st December, 2020.

Prepare Investment accounts in the books of Purple Ltd.

7. (a) Delta Ltd. has a branch at Kanpur. Goods are invoiced from head office to Branch at cost plus 50%. Branch remits all cash received to head office and all expenses are met by head office. 10

Prepare necessary Ledger accounts in the books of Delta Ltd under Stock and Debtors system to show profit earned at the branch for the year ending 31st March, 2021

Following information related to Branch is given :

		(₹)	
Stock on 1 st April, 2020 (Invoice price)	31,200	Goods returned by Debtors Surplus in stock (Invoice price)	3,000 600
Debtors on 1 st April, 2020	17,400	Expenses at Branch	13,400
Goods invoiced at cost	72,000	Discount allowed to Debtors	700
Sales at Branch : Cash sales	20,000	Debtors on 31 st March, 2021	14,300
Credit sales	68,200		

FMN

(7)

FMN

Marks

- (b) M/s Wee has two Departments X and Y. From the following particulars, Prepare Departmental Trading Account and Consolidated Trading Account for the year ending 31st March, 2021. 10

Particulars	Department	Department
	X	Y
	₹	₹
Opening stock (at Cost)	1,40,000	1,08,000
Purchases	4,28,000	3,32,000
Carriage inwards	12,000	12,000
Carriage Outwards	5,000	4,000
Wages	42,000	48,900
Sales	5,70,000	4,74,000
Purchased goods transferred by Dept. Y to Dept. X	60,000	—
Purchased goods transferred by Dept. X to Dept. Y	—	48,000
Finished goods transferred by Dept. Y to Dept. X	1,60,000	—
Finished goods transferred by Dept. X to Dept. Y	—	2,00,000
Closing Stock of Purchased Goods	24,000	30,000
Closing Stock of Finished Goods	1,54,000	1,20,000

FMN

P.T.O.

(8)

FMN

Marks

Purchased goods have been transferred mutually at their respective departmental purchase cost and finished goods at departmental market price and that 15% of the finished stock (closing) at each department represented finished goods received from the other department.

4. The following is the summarized Balance Sheet of R Limited as at 31st March, 2021 : 20

	₹
Liabilities	
Authorised Capital	
1,50,000 Equity shares of ₹ 10 each	15,00,000
30,000 Redeemable Preference shares of ₹ 100 each	<u>30,00,000</u>
	<u>45,00,000</u>
Issued, subscribed and paid up	
90,000 Equity shares of ₹ 10 each	9,00,000
15,000 Redeemable Preference shares of ₹ 100 each	15,00,000
<u>Reserves & Surplus</u>	
Securities Premium	18,00,000

FMN

(9)

FMN

Marks

General Reserve	16,50,000
Profit & Loss A/c	1,20,000
7500, 9% Debentures of ₹ 100 each	7,50,000
Sundry Creditors	2,12,500
	<u>69,32,500</u>
<u>Assets</u>	
<u>Non-Current Assets</u>	
Property Plant & Equipment	31,60,000
Investments (Market Value ₹ 17,40,000)	14,70,000
Debtors	17,60,000
Cash & Bank Balance	5,42,500
	<u>69,32,500</u>

In Annual General Meeting held on 15th May, 2021 the company passed the following resolutions :

- To redeem 10% preference shares at a premium of 5%.
- To redeem 9% Debentures by making offer to Debenture holders to convert their holding into equity shares at ₹ 40 per share or accept cash on redemption.

FMN

P.T.O.

13/25 Share

(10)

FMN

Marks

(iii) To issue fully paid bonus shares in the ratio of one equity share for every three shares held on 31st March, 2021.

343750

(iv) Redemption of preference shares and debentures will be paid through company's cash & bank balance subject to leaving a minimum cash & bank balance of ₹ 2,00,000.

(v) To issue sufficient number of equity shares @ ₹ 40 per share as required to finance redemption of Preference Shareholders and debenture holders.

On 5th June, 2021 investments were sold for ₹ 16,80,000 and preference shares were redeemed.

30% of Debenture holders exercised their option to accept cash and their claims were settled on 1st August, 2021. The bonus issue was concluded by 10th August 2021.

You are requested to journalize the above transactions including cash transactions and prepare Balance Sheet as at 30th September, 2021. All working notes should form part of your answer.

FMN

(11)

FMN

Marks

12

5. (a) Peek Ltd was incorporated on 01.07.2020 to take over the existing business of Rich & Co. with effect from 01.04.2020. Date of closing books of accounts is 31.03.2021.

Total sales were ₹ 75,00,000, Rate of Gross profit is 10% on sales.

The expenses charged to profit and loss statement includes;

Salesmen's Commission	₹ 30,000
Discount Allowed	₹ 15,000
Carriage outward	₹ 45,000
Free Sample	₹ 60,000
After sales service charge	₹ 90,000
Directors' fees	₹ 1,50,000
Audit fees (Statutory audit of company)	₹ 70,000
Tax audit fees to Chartered Accountant	₹ 15,000
Salary to general staff	₹ 16,000
Formation Expenses	₹ 30,000
Rent (Office Building)	₹ 27,000
General Expenses	₹ 48,000
Donation to political party	₹ 51,000
General travelling Expenses	₹ 60,000

The sales per month in the first half year were half of what they were in the later half year.

FMN

P.T.O.

Rent of office building was paid @ ₹ 2000 p.m upto 30th September, 2020 and thereafter it was increased by ₹ 500 p.m

Prepare a statement showing pre incorporation & post incorporation profit for the year ended 31.03.2021 and also compute the amount to be transferred to capital reserve account.

- (b) ABC Ltd. acquired a Machine on hire purchase from P Ltd. with term of payment is four equal annual installments. The annual installment is commencing from the date of agreement signed by both the parties.

8

The payment of annual installments is ₹ 25,000 at the end of each year.

The interest is charged @ 25 % and is included in the annual installment. ABC Ltd. could not pay third annual installment and declared "Purchaser Defaulted" whereupon the P Ltd. act to repossess the Machinery.

ABC Ltd. is providing depreciation on Machinery at the rate of 20% per annum on the diminishing balance method.

You are required to prepare Machinery Account and P Ltd account in the books of ABC Ltd. Working notes will form part of the answer

6. Answer any four of the following :

JAI BALAJI

- (a) Mrs. A is showing the consolidated aggregate opening balance of equity, liabilities and assets of ₹ 6 lakh, 4 lakh and 10 lakh respectively. During the current year Mrs. A has the following transactions :

5×4
=20

1. Received 20 % dividend on 10,000 equity shares of ₹ 10 each held as investment.

(13)

FMN

Marks

2. The amount of ₹ 70,000 is paid to creditors for settlement of ₹ 90,000.
3. Salary is pending by ₹ 20,000.
4. Mrs. A's drawing ₹ 20,000 for her personal use.

You are required to prepare the statement of the effect of aforesaid each transactions on closing balance sheet in the form of Assets - Liabilities = Equity after each transaction.

- (b) X Ltd. a non investment company has been incurring losses for the past few years. The company provides the following information for the current year :

	₹ in lakhs
Paid up equity share capital	₹ 90
Paid up preference share capital	₹ 10
Reserves (including revaluation reserve ₹ 5 lakhs)	₹ 75
Securities premium	₹ 30
Long term loans	₹ 20
Deposit repayable after one year	₹ 10
Application money pending allotment	₹ 360
Accumulated losses not written off	₹ 40
Investment	₹ 90

FMN

P.T.O.

X Ltd. has only one whole time director, Mr Y. You are required to calculate the amount of maximum remuneration that can be paid to him if no special resolution is passed at the general meeting of the company in respect of payment of remuneration for period not exceeding three year.

- (c) What is meant by 'Measurement' ? What are the bases of measurement of Elements of Financial Statements ? Explain in brief.
- (d) A Company had issued 25,000 , 12% Debentures of ₹ 100 each on 1st April, 2018. The Debentures were due for redemption on 1st July, 2020. The terms of issue of Debentures provided that they will be redeemable at a premium of 5% and also conferred option to convert 20% of their holding into equity Shares (Nominal value ₹ 10 each) at a price of ₹ 20 per share.

Debenture holders holding 5,000 Debentures did not exercise the option. Calculate the number of Equity shares to be allotted to the debenture holders exercising the option to the maximum.

(15)

FMN

Marks

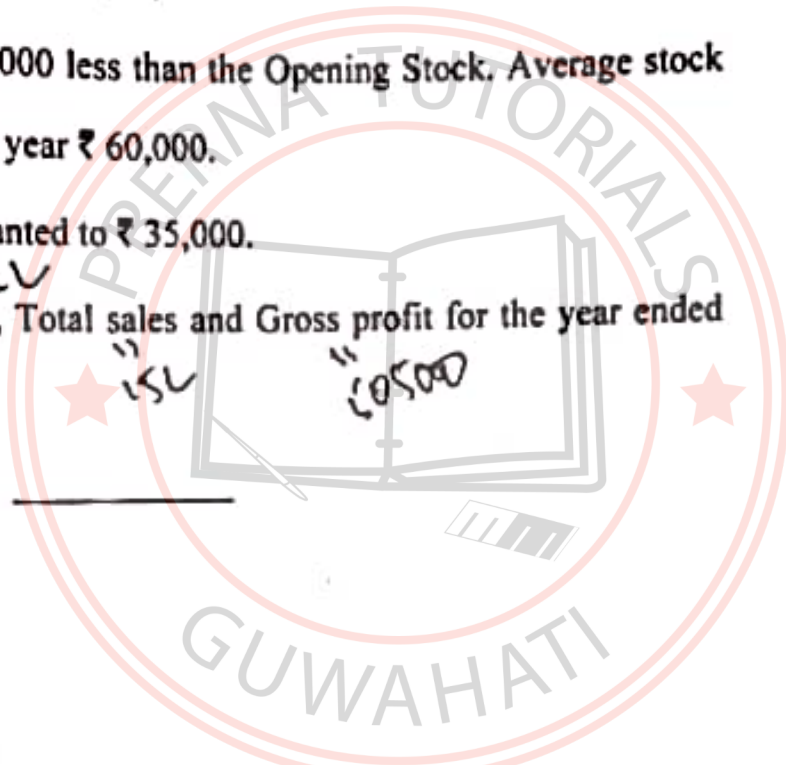
(e) A Company sold 20% of the Goods on Cash Basis and the balance on Credit basis. Debtors are allowed 1.5 month's credit and their balance as on 31st March, 2021 is ₹ 1,50,000. Assume that sale is evenly spread throughout the year.

Purchases during the year ₹ 9,50,000.

Closing stock is ₹ 10,000 less than the Opening Stock. Average stock maintained during the year ₹ 60,000.

Direct Expenses amounted to ₹ 35,000.

Calculate Credit sales, Total sales and Gross profit for the year ended 31st March, 2021.



JAI BALAJI