

Please check whether you have got the right question paper.

N.B:

1. All questions are compulsory.
2. Figures to right indicate full marks.
3. Working notes are the part of your answer.
4. Use of simple calculator is allowed.

Q 1 (A) **State whether the following statements are true or false: (any eight)** (8)

- i. Law charges are debited to P&L statement.
- ii. Balance sheet of a co-op. society should be prepared in form N.
- iii. Revenue items except opening and closing inventories and depreciation should be translated at average rate.
- iv. Goodwill can be realized at any time.
- v. Contractual obligations are financial liabilities.
- vi. Under double account system P&L account is prepared.
- vii. Contingent liability is translated at opening rate.
- viii. Bill register of a co-op society records the charges raised on the members on various heads.
- ix. Accounting system recognizes only purchased goodwill.
- x. IND AS 114 deals with regulatory deferral accounts

Q 1 (B) **Fill in the blanks and rewrite the sentence again: (any seven)** (7)

- a) IFRS was issued in \_\_\_\_\_.
- b) Register of Members must be maintained in \_\_\_\_\_ from.
- c) The currency of the enterprise preparing account is called \_\_\_\_\_.
- d) The balance in receivable as on the date of balance sheet is converted at \_\_\_\_\_ rate.
- e) \_\_\_\_\_ shows the operating result of the organization.
- f) Yield value depends on \_\_\_\_\_.
- g) The value base for depreciation in case of electricity company should be \_\_\_\_\_ cost of asset.
- h) Excess of average profit earned by the firm over and above its normal profit is \_\_\_\_\_.
- i) The ICAI has decided to adopt IFRS w.e.f \_\_\_\_\_.
- j) The Maharashtra Co-op. Societies Act was passed in \_\_\_\_\_.

Turn Over

Q 2 The Balance Sheet of Hari Private Ltd. Discloses the following position on 31<sup>st</sup> December 2005: (15)

Liabilities	₹	Assets	₹
Share Capital- Subscribed 20,000 5% preference share of ₹ 10 each fully paid	2,00,000	Land & Building	3,00,000
		Plant and machinery	4,00,000
30,000 ordinary shares of ₹ 10 each fully paid	3,00,000	Stock	2,00,000
General Reserve	2,00,000	Sundry Debtors	2,00,000
Profit & Loss A/c	50,000	Cash at Bank	1,00,000
Trade Creditors	4,50,000		
	12,00,000		12,00,000

It is proposed to convert Hari Ltd. Into a public limited company and for this purpose you are asked to value the goodwill of Hari private Ltd. on the basis capitalization of super profit method. The following additional information is supplied to you

- Hari Private Ltd. was incorporate on 1st January 1997 and its first accounts were made upto 31<sup>st</sup> December, 1997.
- It manufacture abrasive material involving technical skill and it has engaged two foreign experts since 1997.
- No provision for taxation is required.
- The fixed assets of the company have been adequately depreciated.
- The present market Value of its Land and Building is ₹ 5,00,000 and of plant and machinery ₹ 16,00,000.
- The profits and losses of the company for the last 3 years after charging depreciation and taxation, have been as follows:

Year	₹
2003	1,01,000
2004	1,50,000
2005	1,69,000

The sales of the company during the last 3 years were ₹ 12,99,000 ₹13,77,000 and ₹18,22,000. The reasonable return on capital invested in the class of business carried by the Hari Pvt. Ltd is 10 per cent

It may be assumed that the company will be able to maintain its profit for the next few years on the same level as in the past. Wherever appropriate, you may make further suitable assumptions. All workings should form part of your answer.

OR

Q 2 Following is the Balances sheet of Rampal Limited as on 31<sup>st</sup> March, 2009:

Liabilities	₹	Assets	₹
1,00,000 equity shares of ₹ 10 each	10,00,000	Goodwill	5,00,000

Turn Over

10,000 12% preference shares of ₹ 100 each	10,00,000	Building	15,00,000
General reserve	6,00,000	Plant	10,00,000
Profit and loss A/c	4,00,000	Investments in 10% stock	4,80,000
15% debentures	10,00,000	Stock in trade	6,00,000
Creditors	8,00,000	Debtors	4,00,000
		Cash	1,00,000
		Preliminary expenses	2,20,000
	<b>48,00,000</b>		<b>48,00,000</b>

**Additional information are given below:**

- Nominal value of investments is ₹ 5,00,000 and its market value is ₹ 5,20,000.
- Following assets are revalued:
 

	₹
Building	32,00,000
Plant	8,00,000
Stock in trade	4,50,000
Debtors	3,60,000
- Average profit before tax of the company is ₹ 12,00,000 and 12.5% of the profit is transferred to general reserve, Rate of taxation being 50%
- Normal dividend expected on equity shares is 8% while fair return on closing capital employed is 10%.
- Goodwill may be valued at three years purchase of super profit. Ascertain the value of each shares under fair value method.

Q 3

From the following trial balance as on 31<sup>st</sup> March 2015, Prepare final account in the prescribed format as per applicable legal provision

**GLEN Co-op. Society LTD**

(15)

**Trial balance**

PARTICULAR	Dr. ₹	PARTICULAR	Cr. ₹
Insurances charges	85,188	Interest- fixed deposits	6,16,985
Income and expenditure account: Balances b/d	1,78,262	Collection from members for establishment expenses	43,37,280
Non agriculture tax	4,220		
TDS refund dues	3,841	Statutory reserve fund	1,33,48,917
1 shares of MDC Co-op Bank	1,000	Subscribed Capital: 775 shares of ₹50 each	38,750

**Turn Over**



Water charges	4,67,393	Collection from member for property expenses	39,82,808
Equipment	2,94,940	Security deposits from members	4,02,000
Establishment expenses	24,54,074	Interest saving banks	57,650
Electricity charges	9,70,107	Members contribution for building	96,86,212
Land and building	96,86,212	Mobile tower rent	6,96,691
Cash on hand	5,302		
Repairs and maintenance	10,91,503		
Cash in banks	10,37,359		
Tata deposits	95,300		
Property tax	28,80,186		
Fixed deposits	1,39,04,406		
Deposits on water	5,000		
	<b>3,31,67,293</b>		<b>3,31,67,293</b>

**Further information:**

- 1) Authorized capital: 4,000 shares of ₹ 50 each.
- 2) Dues from members for establishment ₹ 1,18,600.
- 3) Prepaid insurance ₹ 24,961.
- 4) Depreciation on equipment ₹ 59,588.
- 5) Outstanding electricity charges ₹ 1,77,567.

**OR**

Q. 3 The trial balance of Indian Electric Supply Ltd. for the year ended 31<sup>st</sup> March, 2016 is as below: (15)

Particulars	Dr. ₹ ('000)	Cr. ₹ ('000)
Share Capital : Equity Shares of ₹10 each		250,00
14% Preference shares of ₹ 100 each		75,00
Patents	12,52	
15% Debentures		123,50
16% Term Loan		76,50
Land	62,25	
Building	175,67	
Plant and Machinery	285,29	
Mains	22,62	
Meters	15,75	
Electrical Instruments	7,65	
Office Furniture	12,25	
Capital Reserve		25,10
Contingency Reserve		60,15
Transformers	82,20	

**Turn Over**

Net Revenue Account		26,75
Stock in Trade	60,25	
Sundry Debtors	31,23	
Contingency Reserve Investment	60,05	
Cash and Bank	16,27	
Public Lamps	15,20	
Depreciation Fund		129,08
Sundry Creditors		32,62
Proposal Dividend		60,50
	859,20	859,20

During 2015-16, ₹ ('000) 50,00 of 14% Preference Shares were redeemed at a premium of 10% out of proceeds of fresh issue of Equity Shares of necessary amounts at a premium of 10%.

Prepare Balance sheet as on 31<sup>st</sup> March, 2016 as per Schedule III of the Companies Act, 2013.

Q 4 Nion Enterprise had a branch at New York. Its trial balance as on 31<sup>st</sup> December 2016 is as follows. (15)

Particulars	Dr.US \$	Cr.US \$
Plant and Machinery	1,20,000	
Furniture and Fixture	8,000	
Stock 1st January 2016	56,000	
Purchases	2,40,000	
Sales		4,16,000
Goods from H.O.	80,000	
Wages	2,000	
Carriage Inward	1,000	
Salaries	6,000	
Rent, Rates and Taxes	2,000	
Insurance	1,000	
Trade Expenses	1,000	
Head Office A/c		1,14,000
Trade Debtors	24,000	
Trade Creditors		17,000
Cash at Bank	5,000	
Cash in Hand	1,000	
	5,47,000	5,47,000

The following further information is given:

- 1) Depreciation plant and machinery and furniture and fixture @ 10 % p.a.
- 2) Wages outstanding \$1,000.
- 3) The head office send goods to branch for ₹ 39,40,000.
- 4) Stock on 31<sup>st</sup> December 2016, \$52,000.
- 5) Branch account in head office shows a debit balance of ₹ 43,00,000.
- 6) There were no in transit items at the start or at the end of the year.

Turn Over

- 7) Plant and machinery and furniture and fixture was acquired by the branch in 2015 when rate of exchange was ₹38 to 1\$.
- 8) On 1st January 2016 the rate was ₹39 to 1\$.  
On 31<sup>st</sup> December 2016 the rate was ₹41 to 1\$.  
Average rate during the year was ₹40 to 1\$.

You are asked to prepare - assuming that the foreign operation is integral in nature.

- 1) Converted trial balance
- 2) Trading and Profit and Loss Account for the year ended 31<sup>st</sup> December 2016
- 3) Balance sheet as on 31<sup>st</sup> December 2016

**OR**

- Q 4 M-VEEZ Ltd decided to replace one of its old power plant with a modern equipment having larger capacity. (15)  
The plant when installed in 2013 cost was ₹96,00,000, the comprises of labour, materials, and overhead in the ratio of 3:5:2. It is ascertained that the cost of labour and material have gone up by 75% and 55% respectively. The proportion of overhead to total cost is expected to remain the same as before. The total cost of new plant as per specification is ₹ 2,50,00,000 and in addition, material recovered from the old plant value ₹9,60,000 has been used in the construction of new plant.

The account of the company are maintained under the double entry account system. Indicate how much would be capitalized and the amount that would be charged to revenue. Prepare the necessary ledger accounts and pass relevant journal entries.

- Q. 5 (A) Explain the need for convergence with IFRS in India (8)  
(B) Give accounting for capital service line contributions. (7)

**OR**

- Q. 5 Write short notes on (Any **Three**- 5 marks each) (15)
- 1) Global use of IFRS
  - 2) Rules regarding disposal of surplus of electricity company
  - 3) Classification of income of Co-operative Housing Society
  - 4) Circumstances of valuation of goodwill and shares
  - 5) Rules regarding conversion of trial balance as per AS 11.

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