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| **Roll No………** |  |
| **Total No. of Questions — 7]** | **[Total No. of Printed Pages — 16** |
| **Time Allowed : 3 Hours** | **Maximum Marks : 100** |

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| Answers to questions are to be given only in English except in the cases of candidates who have opted for Hindi medium. If a candidate who has not opted for Hindi medium, answers in Hindi, his answers in Hindi will not be valued. |
| Q.No. 1 is compulsory. |
| *Attempt any***five***questions from the remaining***six***questions.* |
| *Wherever necessary, suitable assumption(s) should be made by the candidates.* |
| Working notes should form part of the answer. |
| Marks |

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| 1. | (a) | Following two problems are regarding issues in Partnership Accounts, kindly solve both:

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| --- | --- |
| (i) | Anil and Mukesh are partners sharing profit and losses in the ratio of 3:2. Govind is admitted for 1/4th share of firm. Thereafter Madan enters for 20 paisa in a rupee. Compute new profit sharing ratios under both the admission of partners. |

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| (ii) | The following Goodwill Account was opened by the partners of R and S, on the admission of H as a new partner into firm Om and Sons. Calculate the share of profit agreed to be given to "H".

|  |
| --- |
| **Goodwill A/c.** |
| Dr. | Cr. |
|  | **Rs.** |  | **Rs.** |
| 1–4–2010 To R’s Capital A/c 1–4–2010 To S’s Capital A/c | 24,800 18,600 | 1–4–2010 By R’s Capital A/c 1–4–2010 By S’s Capital A/c 1–4–2010 By H’s Capital A/c | 12,400 12,400 18,600 |
|   | 43,400 |   | 43,400 |

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 | 4x5=20 | (0) |
|   | (b) | HP is a leading distributor of petrol. A detail inventory of petrol in hand is taken when the books are closed at the end of each month. At the end of month following information is available:

|  |  |  |  |
| --- | --- | --- | --- |
| Sales General overheads cost Inventory at beginning Purchases June 1 two lakh litres @ 14.25 June 30 one lakh litres @ 15.15 Closing inventory 1.30 lakh litres | Rs. Rs. | 47,25,000 1,25,000 1,00,000 | litres @ 15/- per litre |

Compute the following by the FIFO as per AS–2:

|  |  |
| --- | --- |
| (i) | Value of Inventory on June 30. |
| (ii) | Amount of cost of goods sold for June. |
| (iii) | Profit/Loss for the month of June. |

 |   | (0) |
|   | (c) | A and B decide to amalgamate themselves into Sharp Limited. The following are their Balance Sheets as on 31St December, 2009.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | A Ltd. | B Ltd. | Assets | A Ltd. | B Ltd. |
| Face value and paid up capitalShare capital (Rs.100 each) General Reserves 10% Debentures | 5,00,000 2,00,000 2,00,000 | 4,00,000 1,00,000 1,50,000 | Investments1000 Shares in B Ltd. 2000 Shares in A Ltd. Sundry Assets | 1,30,000 – 7,70,000 | – 2,10,000 4,40,000 |
|   | 9,00,000 | 6,50,000 |   | 9,00,000 | 6,50,000 |

Compute the amount of purchase consideration each of these companies under purchase method as per AS–14. |   | (0) |
|   | (d) | H purchased 500 [equity shares](http://www.futureaccountant.com/exam-question-previous-papers/2009-ipcc_accounting-november-2010/p237/) of Rs.100 each in the ABC Company Limited for Rs.62,500 inclusive of[brokerage](http://www.futureaccountant.com/exam-question-previous-papers/2009-ipcc_accounting-november-2010/p237/) and stamp duty. Some years later the company decided to capitalise its profit and to issue to the holders of equity shares one equity share as Bonus for every equity share held by them. Prior to capitalization, the shares of ABC Company Limited were quoted at Rs.175 per share. After the capitalization, the shares were quoted at Rs.92.50 per share. H sold the Bonus shares and received Rs.90 per share. Show Investment A/c in H’s books on average cost basis as per AS–13. |   | (0) |
| 2. | The Young Trust runs a Charitable Hospital and a Dispensary. The following information is available for the year ended 31st March, 2009 from the books of accounts:

|  |  |  |
| --- | --- | --- |
|  | **Dr.Rs.** | **Cr.Rs.** |
| Capital Fund Donations received during the year Recovery of the Rent Fees received from patients Recovery of Food Supplies Surgical Equipments Building & Operation Theatres Consumption in the Hospital of: MedicinesFood StuffChemicalsClosing Stock of Hospital MedicinesFood StuffChemicalsSales of Medicines (Dispensary) Opening Stock of Medicines (Dispensary) Purchase of Medicines (Dispensary) Salaries: Administrative StaffDoctors/NursesAssistant at the DispensaryElectricity & Power Charges: HospitalDispensaryFurniture & Equipment Ambulance Postage & Telephone Expenses less recovery Subscription to Medical Journals Ambulance Maintenance Charges less recovery Consumption Bed Sheets Fixed Deposits made on 01–04–2008 for three years at interest @ 11% p.a.Cash & Bank Balances Sundry Debtors (Dispensary) Sundry Creditors (Dispensary) Remuneration to Trustees, Trust Office Expenses etc. | 4,55,000 3,20,000 1,20,000 90,000 30,000 20,000 4,000 1,000 55,000 3,00,000 30,000 1,50,000 15,000 1,05,000 2,000 80,000 30,000 26,000 21,000 90,000 5,00,000 41,300 60,500 21,000 | 9,00,000 6,00,000 2,75,000 3,00,000 1,40,000 3,10,000 800 41,000 |

Additional Information:

|  |  |
| --- | --- |
| (a) | The dispensary supplied medicines to the hospital worth Rs.60,000, for which no adjustment was made in the books. |
| (b) | The closing stock of the medicines was Rs.40,000 at the dispensary. |
| (c) | The stock of medicines on 31st March, 2009 at the hospital included Rs.4,000 worth of medicines belonging to the patients, which has not been considered while arriving at the figure of consumption of medicines. |
| (d) | The donations were received towards Corpus of the Trust. |
| (e) | On 15th August, 2008, surgical equipments were donated having market value of Rs.40,000. |
| (f) | The hospital is to receive the grant of 25% of the amount spent on treatment of the poor patients from the Red Cross Society. Such expenditure was Rs.50,000. |
| (g) | Out of the fees recovered from the patients 10% is to be given to the Specialist retained by the Hospital. |
| (h) | Depreciation on the assets on the closing balances:Surgical Equipments @ 20%.Building @ 5%.Furniture & Equipments @ 10%.Ambulance @ 30%.You are required to prepare:

|  |  |
| --- | --- |
| (i) | Income and Expenditure Account of the Hospital, Dispensary and Trust. |
| (ii) | Statement of Affairs of the Trust for the year ended 31st March, 2009. |

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 | 16 | (0) |
| 3. | From the following information, prepare a [Cash Flow Statement](http://www.futureaccountant.com/exam-question-previous-papers/2009-ipcc_accounting-november-2010/p237/) as per AS–3 for Banjara Ltd., using direct method:

|  |
| --- |
| **Balance Sheet as on March 31, 2010 (Rs’ 000)** |
|  | **2010** | **2009** |
| **Assets:**Cash on hand and balances with bank Marketable securities (having one month Maturity) Sundry Debtors Interest Receivable Inventories Investments Fixed Assets at Cost Accumulated Depreciation Fixed Assets (net) | 200 670 1,700 100 900 2,500 2,180 (1,450) 730 | 25 135 1,200 – 1,950 2,500 1,910 (1,060) 850 |
| Total Assets | 6800 | 6,660 |
| **Liabilities:**Sundry Creditors Interest Payable Income tax Payable Long term Debt | 150 230 400 1,110 | 1,890 100 1,000 1,040 |
| Total Liabilities | 1,890 | 4,030 |
| **Shareholder’s Fund:**Share CapitalReserves | 1,500 3,410 | 1,250 1,380 |
|   | 4,910 | 2,630 |
| Total Liabilities and Shareholder’s Fund | 6,800 | 6,660 |

|  |
| --- |
| **Statement of Profit or Loss for the year ended 31–3–10** |
|  | **(Rs ‘000)** |
| Sales Cost of sales Gross Profit Depreciation Administrative and Selling expenses Interest expenses Interest income [Dividend income](http://www.futureaccountant.com/exam-question-previous-papers/2009-ipcc_accounting-november-2010/p237/) Net profit before taxation and extraordinary items Extraordinary items:Insurance proceeds from earthquake disaster settlement Net profit after extraordinary items Income tax **Net profit** | 30,650 (26,000)4,650 (450) (910) (400) 300 200 3,390140 3,530(300) 3,230 |

|  |
| --- |
| **Additional Information** |
| **(Rs. ‘000)** |
| (i) | An amount of Rs.250 was raised from the issue of share capital and a further Rs.250 was raised from long–term borrowings. |
| (ii) | Interest expense was Rs.400 of which Rs.170 was paid during the period Rs.100 relating to interest expense of the prior period was also paid during the period. |
| (iii) | Dividends paid were Rs.1,200. |
| (iv) | Tax deducted at source on dividends received (included in the tax expense of Rs.300 for the year) amounted to Rs.40. |
| (v) | During the period the enterprise acquired Fixed Assets for Rs.350. The payment was made in cash. |
| (vi) | Plant with original cost of RS.80 and accumulated Depreciation of Rs.60 was sold for Rs.20. |
| (vii) | Sundry debtors and Sundry creditors include amounts relating to credit sales and credit purchase only. |

 | 16 | (0) |
| 4. | Ramu, Shamu and Raju were partners sharing profits and losses in the ratio of 3:2:2. Their Balance Sheet as on 01–01–2009 was as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Liabilities** | **Rs.** | **Assets** | **Rs.** |
| Capital Accounts Ramu30,000Shamu20,000Raju20,000Reserves Creditors | 70,000 14,000 24,951 | Fixed Assets Stock Debtors Cash & Bank | 80,000 15,000 12,000 1,951 |
|   | 1,08,951 |   | 1,08,951 |

On 1st October, 2009 Ramu died. His heirs agreed that:

|  |  |
| --- | --- |
| (i) | Goodwill of the firm be valued at 2 years’ purchase of average profit of past three years. Profits for the year 2006, 2007 and 2008 were Rs.30,000, Rs.40,000 and Rs.47,600 respectively. |
| (ii) | Fixed Assets be revalued at Rs.1,01,000. |
| (iii) | Profit to be shared, earned in subsequent period after death of Ramu till settlement of his executors’ claim. |

Ramu’s heirs account was settled on 31–12–2009 by bringing in required cash by remaining partners in equal proportion leaving cash balance of Rs.1,234. Each partner had drawn @ Rs.1,000 per month for personal use.Profit for the current year after charging depreciation of Rs.9,000 (Rs.6,000 for first three quarters and Rs.3,000 for last quarter) was Rs.46,600 earned evenly through–out the year.You are requested to prepare Profit & Loss Appropriation A/c, Cash & Bank A/c, Ramu’s A/c and Partners’ Capital Accounts for the year ended on 31–12–2009 assuming remaining partners’ decided not to retain goodwill in the books. | 16 | (0) |
| 5. | (a) | The following is the Balance Sheet of Bumbum Limited as at 31st March, 2009:

|  |  |
| --- | --- |
| **Sources of Funds** | **Rs.** |
| Authorized Capital 50,000 Equity shares of Rs.10 each 10,000 Preference Shares of Rs.100 each | 5,00,000 10,00,000 |
| Issued subscribed and paid up | 15,00,000 |
| 30,000 Equity shares of Rs.10 each 5,000 Redeemable 8% Preference shares of Rs.100 each Reserves & SurplusSecurities PremiumGeneral ReserveProfit & Loss A/c2500, 9% Debentures of Rs.100 each Sundry Creditors | 6,00,000 6,50,000 1,80,000 2,50,000 1,70,000 |
|   | 26,50,000 |
| **Application of Funds**Fixed Assets(net) Investments (market value Rs.5,80,000) Deferred Tax Assets Sundry Debtors Cash & Bank balance Preliminary expenses | 7,80,000 4,90,000 3,40,000 6,20,000 2,80,000 1,40,000 |
|   | 26,50,000 |

In Annual General Meeting held on 20th June, 2009 the company passed the following resolutions:

|  |  |
| --- | --- |
| (i) | To split equity share of Rs.10 each into 5 equity shares of Rs.2 each from 1st July, 09. |
| (ii) | To redeem 8% preference shares at a premium of 5%. |
| (iii) | To redeem 9% Debentures by making offer to debenture holders to convert their holdings into equity shares at Rs.10 per share or accept cash on redemption. |
| (iv) | To issue fully paid bonus shares in the ratio of one equity share for every 3 shares held on record date. |

On10th July, 2009 investments were sold for Rs.5,55,000 and preference shares were redeemed.40% of Debenture holders exercised their option to accept cash and their claims were settled on 1st August, 2009.The company fixed 5th September, 2009 as record date and bonus issue was concluded by 12th September, 2009.You are requested to journalize the above transactions including cash transactions and prepare Balance Sheet as at 30th September, 2009. All working notes should form part of your answer. | 12 | (0) |
|   | (b) | Ujju Enterprise furnishes you the following information for the period October to December, 2009. You are requested to draw up Debtors Ledger Adjustment Account in the General Ledger:

|  |  |
| --- | --- |
| (i) | Total sales amounted to Rs.2,20,000 including sale of old motor car for Rs.10,000 (book value Rs.5,000). Total credit sales were 80% higher than the cash sales. |
| (ii) | [Cash collection](http://www.futureaccountant.com/exam-question-previous-papers/2009-ipcc_accounting-november-2010/p237/) from debtors amounted to 60% of the aggregate of the opening debtors amounting to Rs.40,000 and credit sales for the period. Debtors were allowed discount of Rs.10,000. |
| (iii) | Bills receivables drawn during the period totalled Rs.20,000 of which one bill of Rs.5,000 was dishonoured for non–payment as the party became insolvent, his estate realized 50 paise in a rupee. |
| (iv) | A sum of Rs.3,000 was written off as bad debts, Rs.7,000 was realized against bad debts written off in earlier years and provision of Rs.6,000 was made for doubtful debts. |

 | 4 | (0) |
| 6. | (a) | The partners of Shri Enterprises decided to convert the partnership firm into a Private Limited Company Shreya (P) Ltd. with effect from 1st January, 2008. However, company could be incorporated only on 1st June, 2008. The business was continued on behalf of the company and the consideration of Rs.6,00,000 was settled on that day along with interest @ 12% per annum. The company availed loan of Rs.9,00,000 @ 10% per annum on 1St June, 2008 to pay purchase consideration and for working capital. The company closed its accounts for the first time on 31st March, 2009 and presents you the following summarized profit and loss account:

|  |  |  |
| --- | --- | --- |
|  | **Rs.** | **Rs.** |
| Sales Cost of goods sold Discount to dealers Directors’ remuneration Salaries Rent Interest Depreciation Office expenses Sales promotion expenses Preliminary expenses (to be written off in first year itself)Profit | 11,88,000 46,200 60,000 90,000 1,35,000 1,05,000 30,000 1,05,000 33,000 15,000 | 19,80,000 18,07,200 1,72,800 |

Sales from June, 2008 to December, 2008 were 2 1/2 times of the average sales, which further increased to 3 1/2 times in January to March quarter, 2009. The company recruited additional work force to expand the business. The salaries from July, 2008 doubled. The company also acquired additional showroom at monthly rent of Rs.10,000 from July, 2008.You are required to prepare a Profit and Loss Account showing apportionment of cost and revenue between pre–incorporation and post–incorporation periods.Also suggest how the pre–incorporation profits/losses are to be dealt with. | 10 | (0) |
|   | (b) | Sonam Corporation sells goods on hire purchase basis. The hire purchase price is cost plus 50%.From the following particulars prepare Hire Purchase Trading Account for the year ended 31st March, 2010:

|  |  |
| --- | --- |
| Instalments not yet due on 01–04–09 Instalments due on 01–04–09 Goods sold on hire purchase during the year Instalments collected from HP debtors Stock with customers at hire purchase price Goods re–possessed during the year On 31–03–2010 Goods repossessed were valued at | 3,00,000 1,50,000 9,00,000 6,80,000 4,50,000 60,000 Cost less 40% |

 | 6 | (0) |
| 7. | Answer any **four** of the following: | 4x4=16 |   |
|   | (a) | A company installed a plant at a cost of Rs.20 lacs with estimated useful life of 10 years and decided to depreciate on straight line method. In the fifth year company decided to switch over from straight line method to written down value method. Compute the resultant surplus/deficiency if any, and state how will you treat the same in the accounts. |   | (0) |
|   | (b) | A large size multi department’s hospital decided to outsource the accounting functions. Hospital invited proposals from vendors through open tender and received three proposals. How will you select the vendor? |   | (0) |
|   | (c) | An amount of Rs.9,90,000 was incurred on a contract work upto 31–3–2010. Certificates have been received to date to the value of Rs.12,00,000 against which Rs.10,80,000 has been received in cash. The cost of work done but not certified amounted to Rs.22,500. It is estimated that by spending and additional amount of Rs.60,000 (including provision for contingencies) the work can be completed in all respects in another two months. The agreed contract price of work is Rs.12,50,000. Compute a conservative estimate of the profit to be taken to the Profit and Loss Account as per AS–7. |   | (0) |
|   | (d) | A trader intends to take a loss of profit policy with indemnity period of 6 months, however, he could not decide the policy amount. From the following details, suggest the policy amount:

|  |  |
| --- | --- |
|  | **Rs.** |
| Turnover in last financial year Standing charges in last financial year | 4,50,000 90,000 |

Net profit earned in last year was 10% of turnover and the same trend expected in subsequent year.Increase in turnover expected 25%.To achieve additional sales, trader has to incur additional expenditure of Rs.31,250. |   | (0) |
|   | (e) | From the following details find out the average due date:

|  |  |  |
| --- | --- | --- |
| **Date of Bill** | **Amount (Rs.)** | **Usance of Bill** |
| 29th January, 2009 | 5,000 | 1 month |
| 20th March, 2009 | 4,000 | 2 months |
| 12th July, 2009 | 7,000 | 1 month |
| 10th August, 2009 | 6,000 | 2 months |

 |   | (0) |