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Solved SCANNER™ **Appendix**

IPCC Gr. I

Paper - 1 : Accounting

May - 2009

Solution of May 2009 Examination 1
Question Paper of November 2009 Examination 11

Solution of May 2009 Examination

Chapter - 1 : Accounting Standards
2009 - May [6]

	Rs.
Purchase price (12,000 kg × Rs.80)	9,60,000
Less: CENVAT credit (12,000 kg. × Rs.4)	48,000
	9,12,000
Add: Freight	77,400
Total material cost	9,89,400
Number of units after normal loss = 97% of 12,000 kgs.	11,640 kgs.
Normal cost per kg. $\left(\frac{9,89,400}{11,640}\right)$	Rs.85

Value of closing stock under AS 2 = (11,600 kgs. –10,100 kgs.) × Rs. 85 = Rs.1,27,500

Abnormal loss = (11,640 kgs. – 11,600 kgs.) × Rs.85 = Rs.3,400

Chapter - 2 : Company Accounts- Preparation of Financial Statements
2009 - May [5] (x)

Calculation of remuneration of the Managing Director

	Rs. in Lacs
Net profit as per books	43.00
Add: Provision for taxation	17.20
Annual profit for the purpose of managerial remuneration	60.20
Managing Director's Remuneration @ 5% of above	3.01
Minimum remuneration to be paid to the Managing Director = Rs.25,000 per month × 12	3.00

Hence, in this case,
remuneration to be paid to the Managing Director of A Ltd. = Rs. 3,01,000.

Chapter - 3 : Cash Flow Statement

2009 - May [2] (b)

Cash Flow Statement for the year ended 31.3.2009

Particulars			Rs. In '000
Cash flow from Operating Activities			
Cash received from customers		2,800	
Less: Cash paid to suppliers	2,000		
Cash paid for overhead expenses	200		
Cash paid for wages and salaries	100	2,300	
		500	
Less: Income tax paid		250	
Net cash generated from Operating Activities			250
Cash flow from Investing Activities			
Sales of fixed assets	100		
Less: Purchase of fixed assets	200		
Net cash used in Investing Activities			(100)
Cash flow from Financing Activities			
Received from issue of share capital		300	
Less: Payment of bank loan	300		
Payment of dividend	50	350	
Net cash used in Financing Activities			(50)
Net increase in cash and equivalents			100
Add: Cash and equivalents at the beginning of the year			50
Cash and equivalents at the end of the year			150

Chapter - 5: Accounting for business acquisitions. Amalgamation and reconstruction

2009 - May [5]

(iii) Journal entry to be passed for accounting unrealized Profit on stock:

Under amalgamation in the nature of merger:

General Reserve/Profit and Loss A/c Dr

To Stock A/c (Stock Reserve A/c)

(Being amount adjusted for unrealized profit on stock)

OR

If amalgamation is in nature of purchase, Journal entry would be:

Goodwill or Capital Reserve A/c Dr.

To Stock A/c (Stock Reserve A/c)

(Being adjustment for unrealized profit on stock)

(ix) Two method of accounting for amalgamation as contemplated by AS 14 are:

(a) The pooling of interests method and

(b) The purchase method

Chapter - 8 : Self Balancing Ledgers

2009 - May [6] (f)

(i) Under Sectional balancing system only one trial balance is prepared in General Ledger while under self balancing system, separate trial balance is prepared in each ledger.

(ii) Under sectional balancing system, Total Debtors account and Total Creditors account are memorandum accounts and not the part of double entry system but under self balancing system adjustment accounts are the parts of double entry system.

(iii) Under sectional balancing system, arithmetical accuracy of Sales Ledger and Bought Ledger can be checked by preparing Total Debtors account and Total Creditors account while under self balancing arithmetical accuracy of each ledger can be checked by preparing trial balance of each ledger.

(iv) Under sectional balancing system, Total Debtors account and Total Creditors account are opened in General Ledger while under Self Balancing System, adjustment accounts are opened in General Ledger, Sales Ledger and bought ledger.

Chapter - 9 : Financial Statement of not for profit organisation

2009 - May [1]

Income and Expenditure Account of Nanoo club
for the year ended 31st March, 2009

Expenditure	Amount Rs.	Income	Amount Rs.
To Salaries (W.N.8)	1,28,000	By Subscriptions (W.N.2)	1,94,750
To Printing and stationery	70,000	By Entrance donation (W.N.3)	90,000
To Postage	40,000	By Interest (W.N.4)	60,000
To Telephone & Fax	52,000	By Miscellaneous income	9,000
To Repairs and maintenance	48,000	By Profit from operations (W.N.6)	92,000
To Glass and table linen	12,000	By Excess of expenditure over income transferred to capital fund (deficit)	30,250
To Crockery and cutlery	14,000		
To Garden upkeep	8,000		
To Membership fees	4,000		
To Insurance (W.N.5)	6,000		
To Electricity charges (W.N.8)	43,000		
To Loss on sale of assets (10,000 - 8,000)	2,000		
To Depreciation (W.N.9)	49,000		
	4,76,000		4,76,000

Balance Sheet of Nanoo Club

as on 31st March, 2009

Liabilities	Amount Rs.	Assets	Amount Rs.
Capital fund (W.N.10)	10,89,600	Fixed assets (W.N.9)	4,41,000
Gratuity fund	1,50,000	Stock	2,10,000
Sundry creditors (W.N.7)	92,000	Investments in 12% Government securities	5,00,000
Subscription received in advance	18,000	Subscription outstanding	7,000
Entrance donation refundable	20,000	Interest accrued (W.N.4)	2,000
Outstanding salary	8,000	Bank	2,24,600
Outstanding electricity charges	15,000	Cash	8,000
	13,92,600		13,92,600

Working Notes:

(1) Opening Balance Sheet
as on 1st April, 2008

Liabilities	Amount Rs.	Assets	Amount Rs.
Capital fund (Bal. Fig.)	10, 29,850	Fixed assets	5,00,000
Sundry creditors	1,12,000	Stock	3,80,000
Subscription received in advance	15,000	Investment in 12% Government securities	5,00,000
Entrance donation received in advance (pending membership)	1,00,000	Subscription outstanding	12,000
Gratuity fund	1,50,000	Prepaid insurance	1,000
		Cash	10,000
		Bank	3,850
	14,06,850		14,06,850

(2) Subscription

Particulars	Rs.
Subscription received during the year	2,02,750
Add: Outstanding subscription on 31.3.2009	7,000
Add: Received in advance as on 1.4.2008	15,000
	2,24,750
Less: Outstanding subscription as on 1.4.2008	(12,000)
Less: Received in advance as on 31.3.2009	(18,000)
	1,94,750

(3) Entrance Donation

Particulars	Rs.
Entrance Donation received during the year	1,00,000
Add: Received in Advance as on 1.4.2008	1,00,000
	2,00,000
Less: Refundable to Ineligible Member	20,000
	1,80,000
Less: 50% Capitalized	90,000
	90,000

(4) Interest received

Particulars	Rs.
Interest on Rs.5,00,000 @ 12% p.a.	60,000
Less: Interest received during the year	58,000
Interest accrued as on 31.3.2009	2,000
Interest credited to Income and Expenditure A/c	60,000

(5) Insurance

Particulars	Rs.
Insurance paid during the year	5,000
Add: Prepaid Insurance as on 1.4.2008	1,000
	6,000

(6) Profit from Operations

Particulars	Rs.
Cost of Goods sold:	
Opening Stock as on 1.4.2008	3,80,000
Add: Purchases	15,00,000
	18,80,000
Less: Closing Stock	2,10,000
Cost of Goods Sold (A)	16,70,000
Receipts from operations	
Receipts from Coffee Room	10,70,000
Receipts from Wines & Sprits	5,10,000
Receipts from Swimming Pool	80,000
Receipts from Tennis Court	1,02,000
Total of Receipts (B)	17, 62,000
Profit from Operations (B-A)	92,000

(7) Sundry Creditors

Particulars	Rs.
Opening Balance as on 1.4.2008	1,12,000
Add: Purchases made during the year	15,00,000
	16,12,000
Less: Payment made during the year	15,20,000
Closing Balance as on 31.3.2009	92,000

(8) (a) Salary

Salary paid as on 31.3.2009	1,20,000	
Add: Outstanding Salary as on 31.3.2009	8,000	1,28,000
(b) Electricity charges paid	28,000	
Add: Outstanding Electricity charges as on 31.3.2009	15,000	43,000

(9) Fixed Assets

Fixed Assets as per Trial Balance	5,00,000
Less: W.D.V. of Assets sold	10,000
	4,90,000
Less: Depreciation @ 10% on Rs.4,90,000	49,000
Fixed Assets as on 31.3.2009	4,41,000

(10) Capital fund

	Rs.
Capital fund as on 31.3.2008	10,29,850
Add: Entrance donation capitalized	90,000
	11,19,850
Less: Deficit	30,250
	10,89,600

Chapter - 10 : Accounts from Incomplete Records

2009 - May [2] (a)

Trading and Profit and Loss Account
for the year ended 31.3.2009

Particulars	Rs.	Particulars		Rs.
To Opening stock	80,000	By Sales (W.N.2)		
To Purchases (W.N.1)	7,20,000	Cash	3,60,000	
To Gross profit	10,80,000	Credit	14,40,000	18,00,000
		By Closing Stock		80,000
	18,80,000			18,80,000
To Expenses	5,00,000	By Gross Profit		10,80,000
To Loss of cash by fire	20,000			
To Depreciation	74,000			
To Net profit transfered to Capital A/c	4,86,000			

	10,80,000		10,80,000

Balance Sheet as on 31.3.2009

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Creditors		1,20,000	Cash at bank (W.N.3)		40,000
Capital	4,00,000		Debtors		1,20,000
Add: Net profit			Stock		80,000
during the year	4,86,000		Fixed assets	2,90,000	
	8,86,000		During the year	4,50,000	
Less: Drawings	1,00,000	7,86,000		7,40,000	
			Less: Depreciation	74,000	6,66,000
		9,06,000			9,06,000

Working Notes:

(1) Calculation of creditors as on 31.3.2009 and credit purchase for 2008-2009

Creditors = Previous year creditors + 20% increase
= 1,00,000 + 20,000
= Rs. 1,20,000

Credit purchases = Creditors at the end × $\frac{12}{2}$

= 1,20,000 × $\frac{12}{2}$ = Rs. 7,20,000

(2) Calculation of Debtors as 31.3.2009 and Cash and Credit Sales for 2008-2009

Debtors on 31.3.2009 = Debtors on 31.3.2008 + 20% Increase
= 1,00,000 + 20,000
= Rs. 1,20,000

Credit sales for 2008-2009 = Debtors at the end (i.e. one month credit) × 12
= Rs. 1,20,000 × 12 = Rs. 14,40,000

Total sales = Rs. 14,40,000 × $\frac{100}{80}$ = Rs. 18,00,000

Cash sales = Total sales – Credit sales
= Rs. 18,00,000 – Rs. 14,40,000
= Rs. 3,60,000

(3) Cash and Bank Balance as on 31.3.2009

Current ratio = 2

Current ratio = $\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{2}{1}$

Current assets = Current liabilities × 2

Current assets = 1,20,000 × 2 = 2,40,000

Cash and bank balance = Current assets – (Debtors + Stock)

Cash and bank balance = 2,40,000 – (1,20,000 + 80,000)
Cash and bank balance = 2,40,000 – 2,00,000 = Rs. 40,000

(4) Cash Account

Particulars	Rs.	Particulars	Rs.
To Balance b/d	10,000	By Creditors A/c	1,00,000
To Sales A/c	3,60,000	By Bank A/c	2,40,000
To Debtors A/c (W.N.6)	2,40,000	By Expenses A/c (5,00,000 –2,50,000)	2,50,000
		By Loss by fire (Bal.fig.)	20,000
	6,10,000		6,10,000

(5) Bank Account

Particulars	Rs.	Particulars	Rs.
To Balance b/d	20,000	By Creditors A/c (W.N.7)	6,00,000
To Debtors A/c	11,80,000	By Fixed Assets A/c	4,50,000
To Cash A/c	2,40,000	By Drawings	1,00,000
		By Expenses (Bal. fig.)	2,50,000
		By Balance c/d	40,000
	14,40,000		14,40,000

(6) Debtors Account

Particulars	Rs.	Particulars	Rs.
To Balance b/d	1,00,000	By Bank	11,80,000
To Sales	14,40,000	By Cash (Bal. Fig.)	2,40,000
		By Balance c/d	1,20,000[1]
	15,40,000		15,40,000

(7) Creditors Account

Particulars	Rs.	Particulars	Rs.
To Cash A/c	1,00,000	By Balance b/d	1,00,000
To Bank (Bal. fig.)	6,00,000	By Purchases A/c	7,20,000
To Balance c/d	1,20,000[2]		
	8,20,000		8,20,000

1. Debtors on 31.3.2009 = Debtors on 31.3.2008 × 120% i.e. 1,00,000 x 120% = Rs. 1,20,000
2. Creditors on 31.3.2009 = Creditors on 31.3.2008 x 120% i.e. 1,00,000 x 120% = Rs. 1,20,000.

2009 - May [5] (vii)

1st year = Amount outstanding for interest after down payment	3,00,000
2nd year = Amount outstanding for interest after 1st Instalment	2,40,000
3rd year = Amount outstanding for interest after 2nd instalment	1,80,000
4th year = Amount outstanding for interest after 3rd instalment	1,20,000
5th year = Amount outstanding for interest after 4th instalment	60,000

Total interest = Hire Purchase price – Cash Price

= 3,30,000 – 3,00,000 = 30,000

Instalment outstanding ratio= 3,00,000:2,40,000 :1,80,000:1,20,000:60,000 = 5:4:3:2:1

			Rs.
Interest for 1 year	=	$\frac{5}{15} \times 30,000 =$	10,000
Interest for II year	=	$\frac{4}{15} \times 30,000 =$	8,000
Interest for III year	=	$\frac{3}{15} \times 30,000 =$	6,000
Interest for IV year	=	$\frac{2}{15} \times 30,000 =$	4,000
Interest for V year	=	$\frac{1}{15} \times 30,000 =$	2,000
			30,000

Chapter - 12 : Investment Accounts

2009 - May [3] (b)

Investment Account in the books of Mr. Neel
For the year ended 31st March, 2009
(Scrip: Equity Shares of X Ltd.)

Dr. Cr.

Date	Particulars	Nominal Value (Rs.)	Cost (Rs.)	Date	Particulars	Nominal Value (Rs.)	Cost (Rs.)
1.4.08	To Bank A/c (W.N.1)	5,00,000	6,15,000	31.3.09	By Bank A/c (W.N.2)	2,50,000	2,20,500
31.01.09	To Bonus Shares	2,50,000		31.3.09	By Balance c/d (W.N.4)	5,00,000	4,10,000
31.03.09	To Profit and Loss A/c (W.N.3)	—	15,500				
		7,50,000	6,30,500			7,50,000	6,30,500

Working Notes:

1. **Calculation of cost of equity shares purchased on 1.4.08**

= 5,000 × Rs.120 – 2% of Rs. 6,00,000 + $\frac{1}{2}$% of Rs. 6,00,000 = Rs. 6,15,000

2. **Calculation of profit proceeds of equity shares sold on 31.3.09**

= 2,500 × Rs.90 – 2% of Rs. 2,25,000 = Rs. 2,20,500

3. **Calculation of profit on sale of bonus shares on 31.3.09**

= Sale proceeds – Average cost

= 2,20,500 – 2,05,000 i.e. $\left(\text{Rs. } 6,15,000 \times \frac{2,50,000}{7,50,000}\right)$ = Rs. 15,500

4. Valuation of equity shares on 31.3.09

Cost = 6,15,000 × $\frac{5,00,000}{7,50,000}$ = Rs. 4,10,000

Market value = 5,000 shares × Rs.90 = Rs. 4,50,000

Closing Balance has been valued at Rs. 4,10,000 i.e. at cost which is lower than the market value.

2009 - May [5] (viii)

Total amount payable 1,000 × 96 =	96,000
Less: Interest included in the price for January, February and March i.e. 1,00,000 × $\frac{10}{100} \times \frac{3}{12}$ =	2,500
Cost of the Investment	93,500

Chapter - 13 : Insurance Claims for Loss of Stock and Loss of Profit

2009 - May [5] (ii)

When a businessman wants to reduce the burden of Insurance Premium and wants to take an insurance policy which is less than the value of average stock, it is known as under insurance. For discouraging the under-insurance, fire insurance policies contain an average clause. In such a case, the net claim is calculated by using following formula.

Amount of claim = $\frac{\text{Amount of Policy}}{\text{Insurable Amount}}$ × Actual Loss

Chapter - 14 : Introduction to Partnership Accounts

2009 - May [5] (iv)

Let the total share be = 1

Share of new partner G = $\frac{1}{4}$

Remaining share of profit = $1 - \frac{1}{4} = \frac{3}{4}$

New ratio of (A) = $\frac{3}{4} \times \frac{3}{5} = \frac{9}{20}$

New ratio of (M) = $\frac{3}{4} \times \frac{2}{5} = \frac{6}{20}$

New ratio of A:MG

9: 6: 5

Again, let the total share at the time of admission of N = 1

Share of new partner N is 20% i.e. $\frac{1}{5}$

Remaining share $= 1 - \frac{1}{5} = \frac{4}{5}$

New ratio of A $= \frac{4}{5} \times \frac{9}{20} = \frac{9}{25}$

New ratio of M $= \frac{4}{5} \times \frac{6}{20} = \frac{6}{25}$

$\therefore$ New ratio of G $= \frac{4}{5} \times \frac{5}{20} = \frac{5}{25}$

New ratio of A:M:G:N = 9:6:5:5

Chapter - 15 : Accounting in Computerised Environment

2009 - May [6](c)

Advantages of Pre-packaged Accounting Software

1. Easy to install
2. Relatively inexpensive
3. Easy to use
4. Back-up-procedure is simple.
5. Certain flexibility of report formats provided by some of the software
6. Very effective for small and medium size businesses.

Disadvantages of Pre-packaged Accounting Software

1. Does not cover peculiarities of specific business
2. Does not cover all functional area
3. Customization may not be possible in most such software
4. Reports generated are not sufficient or serve the purpose
5. Lack of security
6. Bugs in the software

Question Paper of November 2009 Examination

Chapter-1 : Accounting Standards

2009 - Nov [1] (vii) From the following data, find out value of inventory as on 30.04.2009 using (a) LIFO method, and (b) FIFO method :

(1)	01.04.2009 Purchased	10 units @ Rs. 70 per unit
(2)	06.04.2009 Sold	6 units @ Rs. 90 per unit
(3)	09.04.2009 Purchased	20 units @ Rs. 75 per unit
(4)	18.04.2009 Sold	14 units @ Rs. 100 per unit.

(2 marks)

(viii) Explain contract costs as per Accounting Standard-7 related to 'Construction Contracts'. (2 marks)

Chapter-2 : Company Accounts—Preparation of Financial Statements

2009 - Nov [1] (ii) Year to year results of a company were not found comparable on the basis of gross profit margin. List out the probable reasons. (2 marks)

(v) What are the basic characteristics of a Pvt. Ltd. Company ? (2 marks)

(vi) Sumo Ltd. has a profit of Rs. 25 lakhs before charging depreciation for Financial year 2008-09. Depreciation in the books was Rs. 11 lakhs and depreciation chargeable under Section 205 comes to Rs. 17 lakhs. Compute divisible profit for the year. (2 marks)

(x) The Companies Act, 1956 limits the payment of managerial remuneration. What is the maximum managerial remuneration, which can be paid in case of a company consistently earning profits and has more than one managerial persons. (2 marks)

2009 - Nov [6] Answer the following :

(v) A company provided Rs. 10,00,000 for dividend payment. Is the Corporate Dividend Tax payable in this case ? If yes, please compute corporate Dividend Tax assuming rate of 15% plus surcharge of 10% and disclose as it would appear in profit and Loss Account of the Company. (4 marks)

Chapter-5 : Accounting for business acquision, Amalgamation and reconstruction

2009 - Nov [2] The following are the Balance Sheets of M Ltd. and N Ltd. as at 31st March, 2009 :

	(Rs. in lakhs)	
Liabilities	M Ltd.	N Ltd.
Fully paid equity shares of Rs. 10 each	3,600	900
10% preference Shares of Rs. 10 each, fully paid up	1,200	—
Capital Reserve	600	—
General Reserve	2,100	—
Profit and Loss Account	780	—
8% Redeemable debentures of Rs. 1,000 each	—	300
Trade Creditors	2,421	369
Provisions	870	93
	11,571	1,662
Assets		
Plant and Machinery	4,215	468
Furniture and Fixtures	2,400	183
Motor Vehicles	—	51
Stock	2,370	444
Sundry Debtors	1,044	237
Cash at Bank	1,542	240
Preliminary Expenses	—	33
Discount on Issue of Debentures	—	6
	11,571	1,662

A new Company MN Ltd. was got incorporated with an authorised capital of Rs. 15,000 lakhs divided into shares of Rs. 10 each. For the purpose of

amalgamation in the nature of merger, M Ltd. and N Ltd. were merged into MN Ltd. on the following terms :

(i) Purchase consideration for M Ltd.'s business is to be discharged by issue of 120 lakhs fully paid 11% preference shares and 720 lakhs fully paid equity shares of MN Ltd. to the preference and equity shareholders of M Ltd. in full satisfaction of their claims.

(ii) To discharge purchase consideration for N Ltd.'s business, MN Ltd. to allot 90 lakhs fully paid up equity shares to shareholders of N Ltd. in full satisfaction of their claims.

(iii) Expenses on the liquidation of M Ltd. and N Ltd. amounting to Rs. 6 lakhs are to be borne by MN Ltd.

(iv) 8% redeemable debentures of N Ltd. to be converted into 8.5% redeemable debentures of MN Ltd.

(v) Expenses on in corporation of MN Ltd. were Rs. 15 lakhs.

You are requested to :

(a) Pass necessary Journal Entries in the books of MN Ltd. to record above transactions, and

(b) Prepare Balance Sheet of MN Ltd. after merger. (16 marks)

2009 - Nov [5] (b) Rama Udyog Limited was incorporated on August 1, 2008. It had acquired a running business of Rama & Co. with effect from April 1, 2008. During the year 2008-09, the total Sales were Rs. 36,00,000. The Sales per month in the first half year were one-half of what they were in the later half year. The net Profit of the company, Rs. 2,00,000 was worked out after charging the following expenses (i) Depreciation Rs. 1,08,000, (ii) Audit fees Rs. 15,000, (iii) Directors' fees Rs. 50,000, (iv) Preliminary expenses Rs. 12,000, (v) Office expenses Rs. 78,000, (vi) Selling expenses Rs. 72,000 and (vii) Interest to vendors upto August 31, 2008 Rs. 5,000.

Please ascertain pre-incorporation and post-incorporation profit for the year ended 31st March, 2009. (6 marks)

2009 - Nov [6] Answer the following :

(ii) As per Accounting Standard-14, what are the conditions which must be satisfied for an amalgamation in the nature of merger ? (4 marks)

Chapter-6 : Average due date

2009 - Nov [4] (b) A trader allows his customers credit for one week only beyond which he charges interest @ 12% per annum. Anil, a customer buys goods as follows :

Date of Sale/Purchase	Amount (Rs.)
January 2, 2009	6,000
January 28, 2009	5,500
February 17, 2009	7,000
March 3, 2009	4,700

Anil settles his account on 31st March, 2009. Calculate the amount of interest payable by Anil using average due date method. (8 marks)

Chapter-9 : Financial Statement of not for Profit organisation

2009 - Nov [1] (ix) Omshanti Club has 500 members with annual fee of Rs. 1,000 per member. At the end of the accounting year, accountant noticed that 40 members have not paid annual fee and 70 members had paid fee in advance. Help the accountant to compute Cash receipts of annual fee for the year. (2 marks)

2009 - Nov [5] (a) The Income and Expenditure Account of City Sports Club for the year ended 31st March, 2009 was as follows :

Expenditure	*Amount (Rs.)*	*Income*	*Amount (Rs.)*
To Salaries	1,20,000	By Subscriptions	1,60,000
To Printing and Stationery	6,000	By Entrance Fees	10,000
To Rent	12,000	By Contribution for Annual dinner	20,000
To Repairs	10,000	By Profit on Annual Sports meet	20,000
To Sundry Expenses	8,000		
To Annual Dinner Expenses	30,000		
To Interest to Bank	6,000		
To Depreciation on Sports equipment	6,000		
To Excess of Income over Expenditure	12,000		
Total	2,10,000	Total	2,10,000

The above account had been prepared after the following adjustments :

	Rs.
Subscriptions outstanding on 31.03.2008	12,000
Subscriptions received in advance on 31.03.2008	9,000
Subscriptions received in advance on 31.03.2009	5,400
Subscriptions outstanding on 31.03.2009	15,000

Salaries outstanding at the beginning and at the end of the financial year were Rs. 8,000 and Rs. 10,000 respectively. Sundry expenses included prepaid insurance expenses of Rs. 1,200.

The Club owned a freehold ground valued Rs. 2,00,000. The Club has sports equipment on 01.04.2008 valued at Rs. 52,000. At the end of the year after depreciation the sports equipment amounted to Rs. 54,000. The Club raised a loan of Rs. 40,000 from a bank on 01.01.2008, which was unpaid till 31.03.2009. On 31.03.2009 Cash in hand was Rs. 32,000.

Prepare Receipts and Payments account of the Club for the year ended 31st March, 2009 and Balance Sheet as on that date. (10 marks)

Chapter-10 : Accounts from Incomplete Records

2009 - Nov [1] (i) On 1st April, 2008, Chhotu started business with an initial Capital of Rs. 70,000. On 1st October, 2008, he introduced additional capital of Rs. 40,000. On 7th of every month, he withdraw Rs. 5,000 for household expenses. On 31st March, 2009 his Assets and Liabilities were Rs. 2,00,000 and Rs. 70,000 respectively. Ascertain the Profit earned by Chhotu during the year ended 31st March, 2009. (2 marks)

Chapter-12 : Investment Accounts

2009 - Nov [1] (iii) MY Ltd. had acquired 200 equity shares of YZ Ltd. at Rs. 105 per share on 01.01.2009 and paid Rs. 200 towards brokerage, stamp duty and STT. On 31st March, 2009 Shares of YZ Ltd. were traded at Rs. 110 per share. At what value investment is to be shown in the Balance Sheet of MY Ltd. as at 31st March, 2009. (2 marks)

2009 - Nov [6] Answer the following :

(iv) Rose Ltd. had made an investment of Rs. 500 lakhs in the equity shares of Nose Ltd. on 10.01.2009. The realisable value of such investment on 31.03.2009 became Rs. 200 lakhs as Nose Ltd. lost a case of patent rights. Rose Ltd. follows financial year as accounting year. How will you recognize this reduction in Financial statements for the year 2008-09. (4 marks)

Chapter-13 : Insurance Claims for Loss of Stock and Loss of profit

2009 - Nov [4] (a) A fire broke out in the godown of a business house on 8th July, 2009. Goods costing Rs. 2,03,000 in a small sub-godown remain un-affected by fire. The goods retrieved in a damaged condition from the main godown were valued at Rs. 1,97,000.

The following particulars were available from the books of accounts :

Stock on the last Balance Sheet date at 31st March, 2009 was Rs. 15,72,000. Purchases for the period from 1st April, 2009 to 8th July, 2009 were Rs. 37,10,000 and sales during the same period amounted to Rs. 52,60,000. The average gross profit margin was 30% on sales.

The business house has a fire insurance policy for Rs. 10,00,000 in respect of its entire stock. Assist accountant of the business house in computing amount of claim of loss by fire. (8 marks)

Chapter-14 : Introduction to partnership Accounts

2009 - Nov [1] (iv) On 1st April, 2008, X, Y and Z enter into partnership introducing Capital of Rs. 80,000, Rs. 50,000 and Rs. 50,000 respectively. They agree to share Profits and Losses equally. At the end of the accounting year on 31st March, 2009, X claims that he be paid interest on his additional Capital of Rs. 30,000 @ 10% per annum, while Z demands salary of Rs. 600 per month for the extra hours devoted by him daily at the shop. The partnership deed is silent on these matters. Decide the matters with reasons. (2 marks)

2009 - Nov [3] E, F and G were partners Sharing Profits and Losses in the ratio of 5 : 3 : 2 respectively. On 31st March, 2009 Balance Sheet of the firm stood as follows :

Liabilities		*Rs.*	*Assets*	*Rs.*
Capital A/cs			Buildings	55,000
E	50,000		Furniture	25,000
F	40,000		Stock	42,000
G	28,000	1,18,000	Debtors	20,000
Creditors		33,500	Cash at Bank	11,200
Outstanding Expenses		1,700		
		1,53,200		1,53,200

On 31st March, 2009, E decided to retire and F and G decided to continue as equal partners. Other terms of retirement were as follows :

(i) Building be appreciated by 20%.
(ii) Furniture be depreciated by 10%.
(iii) A provision of 5% be created for bad debts on debtors.
(iv) Goodwill be valued at two years' purchase of profit for the latest accounting year. The firm's Profit for the year ended 31st March, 2009 was Rs. 25,000. No goodwill account is to be raised in the books of accounts.
(v) Fresh capital be introduced by F and G to the extent of Rs. 10,000 and Rs. 35,000 respectively.
(vi) Out of sum payable to retiring partner E, a sum of Rs. 45,000 be paid immediately and the balance be transferred to his loan account bearing interest @ 12% per annum. The loan is to be paid off by 31st March, 2011.

One month after E's retirement, F and G agreed to admit E's son H as a partner with one-fourth share in Profits/Losses. E agreed that the balance in his loan account be converted into H's Capital. E also agreed to forgo one month's interest on his loan.

It was also agreed that H will bring in his share of goodwill through book adjustment, valued at the price on the date of E's retirement. No goodwill account is to be raised in the books.

You are requested to Pass necessary Journal Entries to give effect to above transactions and prepare Partners' Capital Accounts. (16 marks)

2009 - Nov [6] Answer the following :

(vi) SAD Enterprises, a partnership firm had purchased business of SWAD enterprises on 01.04.2008 and paid Rs. 50,000 towards goodwill. On 01.04.2009, SAD enterprises decided to admit W as partner and the goodwill was valued at Rs. 1,00,000 for the purpose.
Please explain with reasons, at what price goodwill can be shown in the books of Accounts. (4 marks)

Chapter-15 : Accounting in computerised environment

2009 - Nov [6] Answer the following :

(i) Market is full of ready-made accounting softwares. What factors will you consider to choose one of them for your enterprise ? (4 marks)
(iii) What do you mean by Customised Accounting Software ? (4 marks)

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