

Time: 2 Hours

Marks: 60



- NB: 1. All questions are compulsory.  
 2. Figures to the right indicate full marks.  
 3. Working notes should form part of your answers.  
 4. Use of Simple Calculator is allowed.

Q.1 The Summarized Balance Sheet of 'Raj Ltd' and 'Karan Ltd' as on 31<sup>st</sup> March, 2018 were as under:

| Liabilities                                  | Raj Ltd (Rs)    | Karan Ltd (Rs)  | Assets                                  | Raj Ltd (Rs)    | Karan Ltd (Rs)  |
|--|-----------------|-----------------|---|-----------------|-----------------|
| Equity Share Capital (Face Value Rs.10 each) | 4,00,000        | 1,00,000        | Land and Buildings                      | 1,20,000        | Nil             |
| Reserve Fund                                 | 60,000          | 20,000          | Plant & Machinery                       | 4,00,000        | Nil             |
| Profit & Loss A/c On 1.4.2017                | 80,000          | 40,000          | Investments (6,000 Shares in Karan Ltd) | 1,30,000        | Nil             |
| Current year                                 | 1,00,000        | 50,000          |   |                 |                 |
| Bills payable                                | 30,000          | Nil             | Inventories                             | 80,000          | 1,70,000        |
| Creditors                                    | 60,000          | 60,000          | Debtors                                 | 20,000          | 60,000          |
| Bank Overdraft                               | 40,000          | Nil             | Bank                                    | 20,000          | 20,000          |
|  |                 |                 | Bills Receivable                        | Nil             | 20,000          |
| <b>Total</b>                                 | <b>7,70,000</b> | <b>2,70,000</b> |   | <b>7,70,000</b> | <b>2,70,000</b> |

Additional Information:

- Raj Ltd purchased the shares in Karan Ltd as on 1<sup>st</sup> October, 2017.
- Bills Receivable of Rs.20,000 held by Karan Ltd are accepted by Raj Ltd.
- Included in the Sundry Debtors of Karan Ltd is a sum of Rs.12,000 owing by Raj Ltd in respect of goods supplied.

Prepare the Consolidated Balance Sheet as on 31<sup>st</sup> March, 2018:

OR

Q.1 Ajay ltd acquired 1,600 Equity shares of Vijay Ltd as on 31<sup>st</sup> March, 2018. The summarized Balance Sheets of two companies as on 31<sup>st</sup> March, 2018 are given below:

| Liabilities                                    | Ajay Ltd (Rs)   | Vijay Ltd (Rs)  | Assets   | Ajay Ltd (Rs)   | Vijay Ltd (Rs)  |
|--|-----------------|-----------------|--|-----------------|-----------------|
| Equity Share Capital (Face Value Rs.100 each)  | 5,00,000        | 2,00,000        | Land and Buildings                                   | 1,50,000        | 1,80,000        |
| General Reserve                                | 2,40,000        | 1,70,000        | Plant & Machinery                                    | 2,40,000        | 1,59,400        |
| Profit & Loss A/c                              | 57,200          | 36,000          | Investments in Vijay Ltd                             | 3,40,000        | Nil             |
| Bank Loan (Term)                               | 80,000          | Nil             | Stock  | 1,20,000        | 36,000          |
| Bills payable (including Rs.3,000 to Ajay Ltd) | Nil             | 8,400           | Bills Receivable (including Rs.3,000 from Vijay Ltd) | 15,800          | Nil             |
| Creditors                                      | 47,200          | 9,000           | Debtors  | 44,000          | 40,000          |
|  |                 |                 | Bank   | 14,600          | 8,000           |
| <b>Total</b>                                   | <b>9,24,400</b> | <b>4,23,400</b> |  | <b>9,24,400</b> | <b>4,23,400</b> |

## Additional Information:

- The directors have decided to revalue Land & Buildings and Plant & Machinery of Vijay Ltd at Rs.2,00,000 and Rs.1,49,400 respectively.
- Creditors of Ajay Ltd include Rs.12,000 due to Vijay Ltd.
- Vijay Ltd made a bonus issue on 31<sup>st</sup> March, 2018 of One Equity share for every Four Equity shares held by its shareholders. This has not been accounted for.

Prepare a Consolidated Balance Sheet as at 31<sup>st</sup> March, 2018.

Q.2 Following is the Balance Sheet of Reshma Ltd as on 31<sup>st</sup> March, 2018. (15)

| Liabilities                            | Rs.       | Assets            | Rs.       |
|--|-----------|-------------------|-----------|
| 1,00,000 Ordinary Shares of Rs.10 each | 10,00,000 | Goodwill          | 1,00,000  |
| Reserve Fund                           | 2,00,000  | Land & Building   | 8,00,000  |
| 10% Debentures                         | 8,00,000  | Plant & Machinery | 5,00,000  |
| Profit & Loss A/c                      | 50,000    | Investments       | 2,00,000  |
| Sundry Creditors                       | 1,00,000  | Inventories       | 3,00,000  |
| Bills Payable                          | 50,000    | Sundry Debtors    | 1,80,000  |
|  |           | Bank              | 1,20,000  |
| Total                                  | 22,00,000 |                   | 22,00,000 |

The Company sets aside 10% of Profits for General Reserves. The fair rate of return in the industry may be taken at 10%.

For the last Five Years, the company's profits after tax were as follows:

| Year | Profits (Rs) |
|------|--------------|
| 2018 | 2,78,000     |
| 2017 | 2,20,000     |
| 2016 | 1,92,000     |
| 2015 | 1,80,000     |
| 2014 | 1,70,000     |

Find out the value of business and the Equity Share on the basis of Earning Capacity Method.

OR

Q.2 A) Vishwas Ltd has 5 Operating Segments namely P, Q, R, S and T. The Profits/Losses of respective segments for the year ended 31<sup>st</sup> March, 2018 are as follows: (8)

| Segment | Profit/Loss (Rs) |
|---------|------------------|
| P       | 5,00,000         |
| Q       | 10,00,000        |
| R       | (6,00,000)       |
| S       | (8,00,000)       |
| T       | 15,00,000        |

Determine reportable segments as per Ind AS 108.

(7)

Q.2 B) Balance Sheet of Sangeeta Ltd shows a Building costing R.8,00,000. It is depreciated over 50 years as per Original Cost Method. It has no residual value. The Company follows Revaluation model. At the beginning of Year 2, the Building was revalued at Rs.9,20,000.

Show the treatment as per Ind AS 16.



Q.3 Mr. Tendulkar intends to invest Rs.1,00,000 in Equity Shares of ABC Ltd and seeks your advice regarding maximum number of shares he can expect to purchase with that amount on the basis of the following information and based on the Fair Value, Market Value and Net Asset Value of shares respectively.

| Particulars   | Rs        |
|---|-----------|
| Authorised Capital:                                 |           |
| Equity Share Capital (Face Value Rs.10 Each)        | 50,00,000 |
| 6% Preference Share Capital (Face Value Rs.10 Each) | 30,00,000 |
| Issued and Paid up Capital:                         |           |
| 6 % Preference Shares Capital                       | 10,00,000 |
| Equity Shares Capital                               | 6,00,000  |

Additional Information:

- i. Average Net Profit of the business is Rs.1,10,000.
- ii. Expected Normal Yield is 8% in case of such Equity Shares.
- iii. Total Tangible Assets are Rs. 18,98,000 and Total Outside Liabilities are Rs.1,90,000
- iv. Goodwill is valued at 5 years Purchase of Super Profits. Ignore Income Tax. Consider Closing Capital Employed as Average Capital employed for the purpose of Goodwill Valuation.

OR

Q.3 A) Sunil Ltd obtained a loan for Rs. 1,40,00,000 on 15<sup>th</sup> April, 2017 from KBL Bank to be utilized as under: (8)

| Particulars                   | Rs.       |
|-------------------------------|-----------|
| Construction of Factory Shed  | 50,00,000 |
| Purchase of Machinery         | 40,00,000 |
| Working Capital               | 30,00,000 |
| Advance for Purchase of Truck | 20,00,000 |

In March, 2018, construction of the factory shed was completed and machinery, which was ready for its intended use, was installed. Delivery of Truck was received in the next financial year. Total Interest of Rs. 18,20,000 was charged by the bank for the financial year ending 31<sup>st</sup> March, 2018. Show the treatment of interest under IND AS 23 and also explain the nature of Assets.

Q.3 B) Raj Kumar Ltd provides the following information: (7)

| Particulars                 | Rs        |
|-----------------------------|-----------|
| Cost of Machinery           | 30,00,000 |
| Accounting Depreciation     | 4,80,000  |
| Depreciation as per tax law | 7,50,000  |
| Tax rate = 25%              |           |

Calculate Tax Base, Temporary Differences and resulting Deferred Tax Asset/Liability.

Q.4 A) State Whether the following statements are True or False: (8)

- i) Accounting Standard Board is established in 1970.
- ii) IFRS will override company law.
- iii) Ind AS 23 is applicable to Biological Assets.
- iv) Deferred tax is a tax on permanent difference.
- v) Ind AS 16 prescribes accounting treatment for property.
- vi) RMP is considered in Valuation of Goodwill.
- vii) Intrinsic value is also known as Net Asset Value.
- viii) Pre acquisition profit is capital profit.



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Q.4 B) Match the followings

| Column A           | Column B                                |
|--------------------|---|
| i. Annual Report   | a) Non- Taxable Income                  |
| ii. IFRS issued by | b) Consolidated Financial Statements    |
| iii. Fair Value    | c) Taxable Income                       |
| iv. Ind AS 1       | d) Net Profit as per records            |
| v. Basic earnings  | e) Presentation of Financial Statements |
| vi. Income Tax     | f) Present Realizable value of assets   |
| vii. Ind AS 110    | g) IASB                                 |
|                    | h) Mandatory for companies              |

OR

Q. 4. Write Short notes on any three of the followings:

- a) IND AS 33 – Earning Per Share
- b) Yield Value Method of Valuation of Shares
- c) Holding Company and Subsidiary Company
- d) IND AS 12- Income Taxes
- e) Super Profit Method of Goodwill

