Additional Information:

(a) Salary includes the Proprietor's Salary of ₹ 3,000 for the year.

(b) Suspense A/c of Sri Roy represents a cheque received from him against Sales proceeds of goods sent to him on consignment. Goods costing ₹ 32,500 were sent to him on consignment, $^4/_5$ of the goods was sold by him for ₹ 45,000. He is entitled to a commission at 10% on sale proceeds. The only entry passed in this connection was for the cheque received from him.

(c) Suspense A/c for Smt. Sen represents an advance of ₹ 10,000 to her in connection with a joint venture agreement entered into with her for which she is to get $^2/_5$th share of profit. It is ascertained that the venture has earned a profit of ₹ 7,500.

(d) The security of the schedule on Debtors reveals the following:

(i) ₹ 7,500 — fully realisable

(ii) ₹ 5,000 — 75% realisable

(iii) ₹ 2,500 — 50% realisable

(iv) Provision for Doubtful Debts has to be provided for at 5% on the balance. 10+15+15=40

2. (a) From the following, find out the amount of subscriptions to be included in the Income and Expenditure Account for the year ended 31st March, 2018.

Subscriptions were received during the year 2017-18 as follows:

	(₹)
For the year 2016-17	2,000
For the year 2017-18	30,000
For the year 2018-19	3,000

Subscriptions outstanding as on 31st March, 2017 were ₹ 3,500 out of which ₹ 500 were considered to be irrecoverable. On the same date, subscriptions received in advance for 2017-18 were ₹ 2,000. Subscriptions still outstanding as on 31st March, 2018 amounted to ₹ 6,000.

(b) A firm is willing to change the system of providing for depreciation from diminishing balance method to straight line method with retrospective effect from 1st April, 2015. On 1st April, 2017, machinery account in the ledger had a debit balance of ₹ 5,67,000. The rate of depreciation would, however, remain unchanged. Necessary adjustments for depreciation due to change in method should be made in the year 2017-18. Rate of depreciation 10% p.a. You are informed that new machinery was purchased on 1st October, 2017 at a cost of ₹ 60,000. Show the machinery account from 2015-16 to 2017-18. 20+20=40

Group-B

3. (a) A Ltd. Company invited applications for 10,000 shares of ₹ 10 each at a premium of ₹ 5 per share payable as follows:

On application ₹ 3 per share, on allotment ₹ 6 per share (including premium) and the balance by two calls of equal amount.

Applications were received for 18,000 shares and allotment was made on applications of 15,000 shares at the rate of 2 shares for every 3 applied for. Sen failed to pay the allotment money for the 40 shares allotted to him and these shares were forfeited when he failed to pay the first call. Basu failed to pay the calls in respect of 120 shares allotted to him and these shares were forfeited after the second call.

40 shares allotted to Sen originally and another 40 shares allotted to Basu were later issued to Ghosh as fully paid on payment of ₹ 9 per share.

Show the relevant entries in the Cash Book and Journal of the Company.

(b) The Balance Sheet of Modern Marbels Ltd. as at 31.3.2018 stood as:

Balance Sheet as at 31.3.2018

Liabilities	(₹)	Assets	(₹)
Share Capital of ₹ 10 each	50,00,000	Fixed Assets	66,00,000
General Reserve	6,50,000	Investments	18,00,000
Securities Premium	5,40,000	Stock	11,87,000
Profit & Loss A/c	3,75,000	Sundry Debtors	9,60,000
12% Debentures	25,00,000	Cash & Bank Balance	7,10,000
Term Loan	13,25,000		
Current Liabilities & Provisions	8,67,000		
	1,12,57,000		1,12,57,000

The Shareholders adopted the resolution on the date of the above mentioned Balance Sheet to:

(i) Buy Back 20% of the Paid up Capital @ ₹ 15 each.

(ii) Issue 13% Debentures of ₹ 5,00,000 for ₹ 6,50,000 at a Premium of 10% to finance the buy back of shares.

(iii) Maintain a balance of ₹ 3,00,000 in General Reserve Accounts; and

(iv) Sell investment worth of ₹ 8,00,000 for ₹ 6,50,000.

You are required to pass necessary Journal entries to record the above transactions and prepare the Balance Sheet immediately after the buy back. 20+20=40

4. (a) The Balance Sheet of D Ltd. is as follows on 31.12.2017:

Liabilities		(₹)	Assets	(₹)
2,500, 6% Preference Shares			Patents	24,000
of ₹ 20 each fully paid		50,000	Buildings	60,000
3,000 Equity Shares of			Cash	500
₹ 20 each, fully paid		60,000	Debtors	12,000
5% Debentures	10,000		Stock	18,000
Add: Interest	2,000		Profit & Loss A/c	15,500
		12,000		
Creditors		8,000		
		1,30,000		1,30,000

The following scheme was passed and sanctioned:

(i) X Ltd. to be formed to take over the business.

(ii) 1 share of ₹ 10 fully paid in the new company to be issued for every 3 equity shares in the old company.

(iii) 3 shares of ₹ 10 fully paid in the new company to be issued for every 5 preference shares in the old company.

(iv) Debenture holders to be discharged in full by X Ltd.

(v) The Creditors to receive 80% of the sums due to them in fully paid shares of ₹ 10 in the new company in full settlement.

(vi) Patents and Profit & Loss Account to be written off.

(vii) Any balance available by the scheme to be used in Writing down Buildings.

Give opening Journal Entries and prepare the initial Balance Sheet of X Ltd.

(b) What is Unrealised Profit on Stock in case of Holding Company? How do you calculate it? Explain the role of AS 21 in this regard. (13+12)+15=40

Group-C

5. (a) M Ltd. furnished the following information in relation to the production of 2,000 units of Product 'N' for the year 2017:

	(₹)
Direct Materials	2,00,000
Direct Labour	1,50,000
Indirect wages (50% fixed)	40,000
Consumable stores (70% variable)	30,000
Office rent (100% fixed)	60,000
Selling expenses (40% variable)	80,000

In the year 2018, it is estimated that the production will increase by 50%. The price of material and labour will go up by 10% and 20% respectively.

You are required to compute Selling Price per unit of Product 'N' for the year 2018 if the Company wishes to maintain profit @ 10% on cost.

(b) From the particulars given below, compute material price variance, material usage variance, labour rate variance, idle time variance and labour efficiency variance with full working details:

1 ton of material input yields a standard output of 1,00,000 units. The standard price of material is ₹ 20 per kg. Number of employees engaged is 200. The standard wage rate per employee per day is ₹ 6. The standard daily output per employee is 100 units. The actual quantity of material used is 10 tones and the actual price paid is ₹ 21 per kg. Actual output obtained is 9,00,000 units. Actual number of days worked is 50 and actual rate of wages paid is ₹ 6·50 per day. Idle time paid for and included in above time is ½ day. 20+20=40

6. (a) The standard time for a job is 60 hours. The hourly rate of guaranteed wages is ₹ 0·75. Because of the saving in time, worker A gets an hourly wage of ₹ 0·90 under Rowan premium bonus system. For the same saving in time, calculate the hourly rate of wages that worker B will get under Halsey-Weir premium bonus system (Assuming 40 percent to workers).

(b) A machine shop contains four newly purchased machines, each occupying practically equal area and costing respectively:

A ₹ 10,000, B ₹ 12,500, C ₹ 15,000 and D ₹ 20,000.

The following are the expenses per annum of the machine shop:

Rent ₹ 5,000; Rates and water ₹ 2,125; Light and heat ₹ 1,575; Power-A ₹ 2,550, B ₹ 2,500, C ₹ 6,000, D ₹ 7,250; Administration ₹ 4,750; Running expenses, Works sundries, Lubricating repairs etc. ₹ 10,000.

Prepare machine hour rate for each machine, assuming 44 hour week, 50 weeks per year, 80% utilisation and the life or machine being 10 years without any scrap value. 20+20=40

Group-D

7. (a) X furnishes the following particulars of his income earned during the previous year relevant to the assessment year 2018-19:

	(₹)
Interest on German Development Bonds ($^2/_5$th is received in India)	60,000
Income from agriculture in Bangladesh, received there but later on ₹ 50,000 is remitted to India (agricultural activity is controlled from Bangladesh)	1,81,000
Income from property in Canada received outside India (₹ 76,000 is used in Canada for meeting educational expenses of X's daughter in USA and ₹ 10,000 is later on remitted to India)	86,000
Income earned from business in Kampala (Uganda) which is controlled from Delhi (₹ 15,000 is received in India)	65,000
Dividend paid by a foreign company but received in India on April 10, 2017	46,500
Past untaxed profit of 2008-09 brought to India in 2017-18	10,43,000
Profit from a business in Madras and managed from outside India	27,000
Profits on sale of a building in India but received in Sri Lanka	14,80,000
Pension from a former employer in India, received in Rangoon	36,000
Gift in foreign currency from a friend received in India on January 20, 2018	80,000

Find out the gross total income of X, if he is (i) resident and ordinarily resident in India, (ii) resident but not ordinarily resident in India or (iii) non-resident in India for the assessment year 2018-19.

(b) For the assessment year 2018-19, X (age: 38 years), an ordinarily resident individual, furnishes the following information:

	(₹)
Income from house property	2,18,500
Business income	1,05,000
Short term Capital gains	4,22,000
Long term Capital gains	2,02,500
Income from owning & maintaining race horses	1,15,000
Income from card games	2,16,000
Besides, X has the following brought forward losses/allowances:	
Brought forward business loss of the A.Y. 2013-14	1,12,000
Unabsorbed depreciation allowance of the A.Y. 2011-12	2,06,000
Long term Capital loss in respect of the A.Y. 2016-17	2,47,200
Brought forward loss from the activity of owning & maintaining race horses for the A.Y. 2015-16	1,25,000
Speculation losses of the A.Y. 2014-15	30,000

Determine the Net income and Tax liability of X for A.Y. 2018-19. 20+20=40

8. Write short notes on: 10×4=40
   (a) Self-assessment (Sec. 140A)
   (b) Agricultural Income
   (c) Deduction in respect of contribution to a National Pension System (Sec. 80 CCD)
   (d) Advance Payment of tax

Group-E

9. Given below are the Balance Sheets of Sigma Ltd. and its subsidiary Addidas Ltd. as on 31.12.2017.

Sigma Ltd. and its subsidiary Addidas Ltd.
Consolidated Balance Sheet
as at 31st December, 2017

Liabilities	Sigma Ltd. (₹)	Addidas Ltd. (₹)	Assets	Sigma Ltd. (₹)	Addidas Ltd. (₹)
Equity Shares			Goodwill	50,000	30,000
of ₹ 100 each	4,00,000	2,00,000	Machinery	80,000	50,000
10% Pref. Shares			Vehicles	1,60,000	76,000
of ₹ 100 each	80,000	1,00,000	Furniture & Fixture	80,000	40,000
General Reserve	80,000	50,000	Investments	2,50,000	45,000
Profit & Loss A/c	1,50,000	30,000	Stock	50,000	50,000
Bank Overdraft	30,000	21,000	Cash at Bank	57,000	89,000
Bills Payable	—	3,000	Sundry Debtors	70,000	80,000
Sundry Creditors	58,000	56,000	Bills Receivable	1,000	—
	7,98,000	4,60,000		7,98,000	4,60,000

The following additional information is available:

(i) Sigma Ltd. acquired 800 Equity shares of Addidas Ltd. on 1.1.2016 and further 700 Equity shares on 1.1.2017 at a cost of ₹ 95,000 and ₹ 85,000 respectively.

(ii) Preference shares of the nominal value of ₹ 30,000 of Addidas Ltd. were acquired by Sigma Ltd. on 1.1.2015 at a cost of ₹ 30,000.

(iii) On 1.1.2017 Profit & Loss A/c of Addidas Ltd. had a Credit balance of ₹ 33,000 and General Reserve of ₹ 20,000.

(iv) Addidas Ltd. had paid dividend @ 10% on the Paid up Capital out of its Profit & Loss A/c balance on 1.1.2017 for the year 2016. The entire dividend received by Sigma Ltd. has been credited to its Profit & Loss A/c.

(v) Bills Receivable of Sigma Ltd. were drawn upon Addidas Ltd. out of which Bills amounting to ₹ 2,000 have been discounted with Bank.

(vi) During the year Sigma Ltd. bought goods from Addidas Ltd. for ₹ 10,000. The amount included a profit of 20% on cost, 40% of these goods remained unsold on 31.12.2017.

(vii) On 1.1.2017 Machinery of Addidas Ltd. were found overvalued by ₹ 10,000 for which necessary adjustments are to be made. The Company charges depreciation @ 10% p.a.

(viii) The management of Sigma Ltd. and Addidas Ltd. wish to recommend a dividend of 15% and 10% respectively, for the year 2017.

Prepare the Consolidated Balance Sheet as on 31.12.2017. 40

10. (a) Beta Ltd. of Kolkata provides the following information for the month of December, 2016:

(i) Purchase of raw materials from the local market (excluding VAT @ 4%) ₹ 80,00,000.

(ii) Half of the goods manufactured from the above materials were exported at a sale price of ₹ 50,00,000.

(iii) Balance goods were given on lease to Mr. Badri of Delhi at a deemed sale price of ₹ 70,00,000 (excluding VAT @ 12·5%).

You may assume that exports are subject to zero rate of tax and input tax credit for raw materials used in the manufacture of leased goods is available immediately.

Compute the amount of Net VAT payable/refund and Input Tax Credit for the month of December, 2016.

(b) Compute the taxable turnover and the tax liability of Mr. Yadav under CST Act assuming that the VAT rate within the state is 4%.

Total inter-state sales during the financial year 2016-17 were ₹ 25,00,000 inclusive of CST.

The sales do not include the following:

(i) Goods worth ₹ 50,000 provided as free samples to Mr. Kamath of Delhi.

(ii) Sale of goods amounting to ₹ 1,50,000 to Mr. Doss, a foreign tourist.

(iii) Despatch of goods worth ₹ 2,00,000 to Mr. Yadav's branch located in another state.

(iv) Hypothecation of goods worth ₹ 12,00,000 for a working capital loan from SBI amounting to ₹ 10,00,000.

(v) State any five purchases eligible for availing input tax credit. (15+15)+10=40
