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CA INTERMEDIATE

SUBJECT- Accounts & Advanced Accounts

**Test Code – CIM 8621**

**BRANCH - () (Date :)**

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**ANSWER 1****In the books of Nisha****8% Bonds for the year ended 31<sup>st</sup> March, 2018**

Date	Particulars	No.	Income Rs.	Amount Rs.	Date	Particulars	No.	Income Rs.	Amount Rs.
2017 1 April,	To Bank A/c	9,000	30,000	6,94,500	1 May 2017	By Bank- Interest	-	36,000	
Oct. 1 2017	To P & L A/c (W.N.1)	-	-	8,625	1 Oct. 2017	By Bank A/c	2,250	7,500	1,82,250
					1 Nov. 2017	By Bank- Interest		27,000	
2018 March 31	To P & L A/c		40,500						
					2018 Mar. 31	By Balance c/d (W.N.2)	6,750	-	5,20,875
		<u>9,000</u>	<u>70,500</u>	<u>7,03,125</u>			<u>9,000</u>	<u>70,500</u>	<u>7,03,125</u>

**(4 MARKS)****Investment in Equity shares of Moon Ltd. for the year ended 31<sup>st</sup> March, 2018**

Date	Particulars	No.	Income Rs.	Amount Rs.	Date	Particulars	No.	Income Rs.	Amount Rs.
2017 July 10	To Bank A/c	12,000	--	5,38,560	2018 March 15	By Bank – dividend *	-	23,760	
2018 Jan. 15	To Bank A/c (W.N. 3)	1,200	-	6,000	March 31	By Balance c/d (bal. fig.)	13,200	-	5,44,560
March 31	To P & L A/c	-	<u>23,760</u>						
		<u>13,200</u>	<u>23,760</u>	<u>5,44,560</u>			<u>13,200</u>	<u>23,760</u>	<u>5,44,560</u>

\* Considering that dividend was received on right shares also.

**(3 MARKS)****Working Notes:****1. Profit on sale of 8% Bonds**

Sales price	Rs. 1,82,250
Less: Cost of bond sold = 6,94,500/9,000x 2,250	(Rs. 1,73,625)
Profit on sale	<u>Rs. 8,625</u>

**2. Closing balance as on 31.3.2018 of 8 % Bonds**

6,94,500/ 9,000 x 6,750= Rs. 5,20,875

**3. Calculation of right shares subscribed by Moon Ltd.**

Right Shares =  $12,000/4 \times 1 = 3,000$  shares

Shares subscribed by Nisha =  $3,000 \times 40\% = 1,200$  shares

Value of right shares subscribed =  $1,200$  shares @ Rs. 5 per share = Rs. 6,000

**4. Calculation of sale of right entitlement by Moon Ltd.**

No. of right shares sold =  $3,000 - 1,200 = 1,800$  rights for Rs. 4,050

**Note:** As per para 13 of AS 13, sale proceeds of rights are to be credited to P & L A/c.

**(3 MARKS)**

**ANSWER 2**

**Realisation Account**

	Rs.			Rs.
To Premises	50,000	By Sundry Creditors		84,650
To Plant	1,25,000	By Bank :		
To Fixtures	32,500	Premises	60,000	
To Stock	43,200	Plant	1,07,500	
To Debtors	54,780	Fixtures	20,000	
To Bank (Creditors)	84,650	Stock	41,040	
To Bank (Expenses)	4,500	Debtors	45,900	2,74,440
		By Loss on Realisation transferred to Partners' Current A/cs		
		Thin	14,216	
		Short	14,216	
		Fat	7,108	35,540
	<b>3,94,630</b>			<b>3,94,630</b>

**(4 MARKS)**

**Partners' Current Accounts**

	Thin Rs.	Short Rs.	Fat Rs.		Thin Rs.	Short Rs.	Fat Rs.
To Balance b/d	-	-	14,500	By Balance b/d	29,700	11,300	-
To Realisation	14,216	14,216	7,108	By Capital A/c. Transfer	-	2,916	21,608
To Capital A/c. transfer	15,484	-	-				
	<b>29,700</b>	<b>14,216</b>	<b>21,608</b>		<b>29,700</b>	<b>14,216</b>	<b>21,608</b>

**(2 MARKS)**

**Partners' Capital Accounts**

	Thin Rs.	Short Rs.	Fat Rs.		Thin Rs.	Short Rs.	Fat Rs.
To Current A/c.	-	2,916	21,608	By Balance b/d	80,000	50,000	20,000
To Fat's Capital A/c.				By Current A/c. (transfer)	15,484	-	-
Deficiency in the ratio of 8:5	990	618	-	By Bank (Realisation loss)	14,216	14,216	-
To Bank	1,08,710	60,682	-	By Thin & Short Capital A/cs.	-	-	1,608
	<b>1,09,700</b>	<b>64,216</b>	<b>21,608</b>		<b>1,09,700</b>	<b>64,216</b>	<b>21,608</b>

**(3 MARKS)**

**Working Notes:**

**(i) Bank Account**

	Rs.		Rs.
To Realisation A/c	2,74,440	By Balance b/d	44,330
To Thin's Capital A/c	14,216	By Realisation A/c (Creditors)	84,650
To Short's Capital A/c	14,216	By Realisation A/c (Expenses)	4,500
		By Thin's Capital A/c	1,08,710
		By Short's Capital A/c	60,682
	<b>3,02,872</b>		<b>3,02,872</b>

- (ii) Fat's deficiency has been by borne Thin & Short in the ratio of their fixed capitals i.e., 8:5 following the rule in Garner vs. Murray.

**(1 MARK)**