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Note: All questions are compulsory.

Question 1

A)

From the above account, it is inferred that the Company follows Reduction Method for accounting of Government Grants. Accordingly, out of the ` 16,00,000 that has been received, ` 8,00,000 (being the balance in Machinery A/c) should be credited to the machinery A/c.

The balance ` 8,00,000 may be credited to P&L A/c, since already the cost of the asset to the tune of ` 12,00,000 had been debited to P&L A/c in the earlier years by way of depreciation charge, and ` 8,00,000 transferred to P&L A/c now would be partial recovery of that cost.

There is no need to provide depreciation for 2015-16 or 2016-17 as the depreciable amount is now Nil.

B)

(b) Working Notes:

Raw Material X	`
Cost Price	200
Less: Cenvat Credit	(10)
	190
Add: Freight Inward	20
Unloading charges	10
Cost	220
Finished goods Y	`
Materials consumed	220
Direct Labour	60
Direct overhead	40
Fixed overheads (` 2,00,000/20,000 units) Cost	10
	330

If Net Realisable Value of the Finished Goods Y is ` 400

NRV is greater than the cost of Finished Goods Y i.e. ` 330

Hence, Raw Material and Finished Goods are to be valued at cost

Value of Closing Stock:

	Qty	*Rate*	*Amount (`)*
Raw Material X	500	220	1,10,000
Finished Goods Y	1,200	330	3,96,000
Total Cost of Closing Stock			5,06,000

C)

Table showing calculation of deferred tax asset / liability

Particulars	*Amount*	*Timing differences*	*Deferred tax*	*Amount @ 50%*
	₹			₹
Excess depreciation as per tax records (₹ 5,00,000 – ₹ 2,00,000)	3,00,000	Timing	Deferred tax liability	1,50,000
Unamortized preliminary expenses as per tax records	30,000	Timing	Deferred tax asset	(15,000)
Net deferred tax liability				1,35,000

D)

AS 16 clearly states that capitalization of borrowing costs should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed. Therefore, interest on the amount that has been used for the construction of the building up to the date of completion (January, 2017) i.e. ₹ 18 lakhs alone can be capitalized. It cannot be extended to ₹ 25 lakhs.

Question 2

(a)Necessary Ledger Accounts in the books of Partnership Firm Realization Account (6 marks)

Particulars	`	`	Particulars	`	`
To Goodwill		10,000	By provision to doubtful Debts		2,000
To land		20,000	By Trade creditors		96,000
To Buildings		1,10,000	By Bills Payable		14,000
To Machinery		50,000	By Bank overdraft		60,000
To Motor Car		28,000	By Mrs. Aman's loan		15,000
To Furniture		12,000	By ABC Ltd. (Purchase price)		1,95,500
To Investments		18,000	By Aman's Capital A/c (Investments taken over)		13,000
To Loose tools		7,000	By Cash A/c:		
To Stock		18,000	Debtors	20,000	
To Bill receivable		20,000	Motor Car	24,000	
To Debtors		40,000	Furniture	4,000	

To Aman's Capital A/c (Mrs. Aman's Loan)		15,000	Loose tools	1,000	49,000
To Cash A/c:					
Creditors	94,000				
Realization expenses	500	94,500			
To Profit on Realization t/f to:					
Aman's Capital A/c	1,000				
Baal's Capital A/c	667				
Chand's Capital A/c	333	2,000			
		4,44,500			4,44,500

ABC Ltd. Account (1 mark)

Particulars	₹	Particulars	₹
To Realization A/c	1,95,500	By Cash A/c	75,500
		By Shares in ABC Ltd.	1,20,000
	1,95,500		1,95,500

Partners' Capital Accounts(4 marks)

Particulars	*Aman* ₹	*Baal* ₹	*Chand* ₹	*Particulars*	*Aman* ₹	*Baal* ₹	*Chand* ₹
To Profit and Loss A/c	6,000	4,000	2,000	By Balance b/d	70,000	80,000	10,000

To Realization A/c	13,000	-	-	By Chand's Loan A/c	-	-	33,000
To Chand's Current A/c	-	-	56,000	By General reserve	9,000	6,000	3,000
To shares in ABC Ltd.	60,000	40,000	20,000	By Investment Fluctuation Fund*	2,000	1,333	667
To Cash A/c	18,000	44,000	-	By Realization A/c	1,000	667	333
				By Realization A/c (Mrs. Aman's loan A/c)	15,000	-	-
				By Cash A/c	-		31,000
	97,000	88,000	78,000		97,000	88,000	78,000

**Alternatively, Investment Fluctuation Fund Account may be transferred to Realization Account.*

Chand's Current Account (1 mark)

Particulars	`	Particulars	`
To Balance b/d	56,000	By Chand's Capital A/c-transfer	56,000
	56,000		56,000

Shares in ABC Ltd. Account (1 mark)

Particulars	`	Particulars	`
To ABC Ltd. Account	1,20,000	By Aman's Capital A/c	60,000
		By Baal's Capital A/c	40,000
		By Chand's Capital A/c	20,000
	1,20,000		1,20,000

Cash Account (3 marks)

Particulars	`	Particulars	`
To Balance b/d	1,000	By Realization A/c (Liabilities and expenses)	94,500
To ABC Ltd.	75,500	By Aman's Capital A/c	18,000
To Realization A/c (sale of assets)	49,000	By Baal's Capital A/c	44,000
To Chand's Capital A/c	31,000		-
	1,56,500		1,56,500

Question 3

a.

Trading and Profit and Loss account
for the year ending 31st March, 2017 (4 marks)

Particulars		`	Particulars	`
To Opening Stock		40,000	By Sales	4,31,250
To Purchases (Working Note)		3,45,000	By Closing Stock	40,000
To Gross Profit c/d (20% on sales)		86,250		
		4,71,250		4,71,250
To Business Expenses		50,000	By Gross Profit b/d	86,250
To Depreciation on:				
Machinery	6,500			
Building	5,000	11,500		
To Net profit		24,750		
		86,250		86,250

Trade Debtors Account (1 mark)

Particulars	`	Particulars	`
To Balance b/d	50,000	By Bank (bal.fig.)	4,09,375
To Sales	4,31,250	By Balance c/d (1/6 of 4,31,250)	71,875
	4,81,250		4,81,250

1 mark

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1 mark

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1 mark

Trade Creditors Account

Particulars	`	Particulars	`
To Bank (Balancing figure)	3,31,875	By Balancing b/d	30,000
To Balance c/d/ (1/8 of ` 3,45,000)	43,125	By Purchases	3,45,000
	3,75,000		3,75,000

2 marks

Working Note:

		`
(i)	*Calculation of Rate of Gross Profit earned during previous year* A	
	Sales during previous year (` 50,000 x 12/2)	3,00,000
B	Purchases (` 30,000 x 12/1.5)	2,40,000
	C Cost of Goods Sold (` 40,000 + ` 2,40,000 – ` 40,000) D	2,40,000
	Gross Profit (A-C)	60,000
E	Rate of Gross Profit $\frac{\text{` } 60{,}000}{\text{` } 3{,}00{,}000} \times 100$	20%
(ii)	*Calculation of sales and Purchases during current year* A	`
	Cost of goods sold during previous year	2,40,000
B	*Add:* Increases in volume @ 25 %	60,000
		3,00,000
C	*Add:* Increase in cost @ 15%	45,000
D	Cost of Goods Sold during Current Year	3,45,000
E	*Add:* Gross profit @ 25% on cost (20% on sales)	86,250
F	Sales for current year [D+E]	4,31,250

b.

Harry Ltd.
Cash Flow Statement
for the year ended 31st March, 2017

	`	`
Cash flows from operating activities (2 marks)		
Net Profit before taxation	8,000	
Adjustments for:		
Depreciation (1,000 + 2,000 +5,000)	8,000	
Profit on sale of Investment	(8,000)	
Profit on sale of car	(1,400)	
Operating profit before working capital changes	6,600	
Increase in Trade receivables	(2,000)	
Increase in inventories	(6,000)	
Increase in Trade payables	3,000	
Cash generated from operations	1,600	

Income taxes paid	(2,000)	
Net cash generated from operating activities (A)		(400)
Cash flows from investing activities (2 marks)		
Sale of car	3,400	
Purchase of car	(16,000)	
Sale of Investment	10,000	
Purchase of Investment	(6,000)	
Purchase of Furniture & fixtures	(14,000)	

Net cash used in investing activities (B)		(22,600)
Cash flows from financing activities (2 marks)		
Issue of shares for cash	20,000	
Dividends paid*	(2,000)	
Net cash from financing activities(C)		18,000
Net decrease in cash and cash equivalents (A + B +C)		(5,000)
Cash and cash equivalents at beginning of period		17,000
Cash and cash equivalents at end of period		12,000

* *Dividend proposed for the year ended 31st March, 2016 amounting ` 2,000 must have been declared and paid in the year 2016 -17. Hence, it has been considered as cash outflow for preparation of cash flow statement of 2016 -17.*

Working Notes: (2 marks)

1. Calculation of Income taxes paid

	`
Income tax expense for the year	3,000
Add: Income tax liability at the beginning of the year	2,000
	5,000
Less: Income tax liability at the end of the year	(3,000)
	2,000

2. Calculation of Fixed assets acquisitions

	Furniture & Fixtures (`)	Car (`)
W.D.V. at 31.3.2017	34,000	25,000
Add back: Depreciation for the year	2,000	5,000
Disposals	—	2,000
	36,000	32,000
Less: W.D.V. at 31. 3. 2016	(22,000)	(16,000)
Acquisitions during 2016-2017	14,000	16,000

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Question 4

A) **Calculation of Interest and Cash Price (3 marks)**

No. of installments	Outstanding balance at the end after the payment of installment	Amount due at the time of installment	Outstanding balance at the end before payment of installment	Interest	Outstanding balance at the beginning
[1]	[2]	[3]	[4] = 2 +3	[5] = 4 x 10/110	[6]4-5
3rd	-	5,50,000	5,50,000	50,000	5,00,000
2nd	5,00,000	4,90,000	9,90,000	90,000	9,00,000
1st	9,00,000	4,20,000	13,20,000	1,20,000	12,00,000

Total cash price = ` 12,00,000+ 6,00,000 (down payment) = ` 18,00,000.

(ii) **In the books of Srikumar**
Cars Account (5 marks)

Date	Particulars	`	Date	Particulars	`
1.4.2014	To Fair Value Motors A/c	18,00,000	31.3.2015	By Depreciation A/c	4,50,000
				By Balance c/d	13,50,000
		18,00,000			18,00,000
1.4.2015	To Balance b/d	13,50,000	31.3.2016	By Depreciation A/c	3,37,500
				By Balance c/d	10,12,500
		13,50,000			13,50,000
1.4.2016	To Balance b/d	10,12,500	31.3.2017	By Depreciation A/c	2,53,125
				By Fair Value Motors A/c (Value of 1 Car taken over after depreciation for 3 years @ 40% p.a.) [9,00,000 - (3,60,000 + 2,16,000 + 1,29,600)]	1,94,400
				By Loss transferred to Profit and Loss A/c on surrender (Bal. fig.)	1,85,288
				By Balance c/d ½ (10,12,500-2,53,125)	3,79,687
		10,12,500			10,12,500

B) **Memorandum Trading Account for the period 1st April, 2016 to 27th July, 2016 (4 makks)**

	Normal	Abnormal	Total		Normal	Abnormal	Total

	Items `	*Items* `	`		*Items* `	*Items* `	`
To Opening stock (W.N.5)	60,000	4,000	64,000	By Sales (W.N. 3)	4,00,000	2,300	4,02,300
To Purchases (W.N. 1)	2,80,000	-	2,80,000	By Loss	-	700	700
To Wages (W.N. 4)	50,000	-	50,000	By Goods on Approval (W.N. 2)	8,000	-	8,000
To Gross profit @ 20%	80,000	-	80,000	By Closing stock (Bal.fig.)	62,000	1,000	63,000
	4,70,000	4,000	4,74,000		4,70,000	4,000	4,74,000

Statement of Claim for Loss of Stock (3 marks)

	`
Book value of stock as on 27th July, 2016	62,000
Add: Abnormal Stock	1,000
Less: Stock salvaged	(5,000)
Loss of stock	58,000
Add: Fire fighting expenses	1,300
Total Loss	59,300

Amount of claim to be lodged with insurance company

$$= \text{Loss} \times \frac{\text{Policy value}}{\text{Value of stock on the date of fire}}$$

= ` 59,300 x (55,000/ 63,000) = ` 51,770 (rounded off)**(1 mark)**

Working Notes:

1. Calculation of Adjusted Purchases

	`
Purchases	2,92,000
Less: Purchase of Machinery	(10,000)
Less: Free samples	(2,000)
Adjusted purchases	2,80,000

2. Calculation of Goods with Customers

Approval for sale has not been received = ` 40,000 X 1/4 = ` 10,000. Hence, these should be valued at cost i.e. (` 10,000 – 20% of ` 10,000)

= ` 8,000

3. Calculation of Actual Sales

Total Sales shown	` 4,12,300
Less: Approval for sale not received (1/4 X ` 40,000)	` 10,000
Actual Sales	`4,02,300

4. Calculation of Wages

Total Wages	` 53,000
Less: Wages for installation of machinery	` 3,000
	` 50,000

5. Value of Opening Stock

Original cost of stock as on 31st March,2017

= ` 63,000 + 1,000 (Amount written off)

= ` 64,000.

Question 5

A) (8 marks)

In the books of Head Office

Journal Entries

	Particulars		Dr. Amount Rs.	Cr. Amount Rs.
(i)	Loss of goods due to theft during transit	Dr.	12,000	
	To Purchases account			12,000
	(Being goods lost on account of theft during transit)			
(ii)	Salaries account	Dr.	15,000	
	To Branch account			15,000
	(Being salary paid by the branch for H.O. employee)			
(iii)	No entry in the books of head office for goods sent to branch not received by branch till 31st March 2016			
(iv)	Cash in transit account	Dr.	10,000	
	To Branch account			10,000
	(Being remittance by branch not received by 31st March, 2016)			
(v)	Branch account	Dr.	25,000	
	To Purchases account			25,000
	(Being rectification of entry for payment for goods purchased by branch wrongly debited to purchase account)			

Note: In entry (i), it is assumed that refusal of branch manager (to accept liability of stolen goods) is accepted by the Head Office. Alternatively, Branch account will be credited on the basis of assumption that refusal of branch manager is not accepted by the Head Office.

Note: In entry (iii) the goods in transit entry will be passed in the Books of the Branch.

B)

Journal Entries in the books of Preet Ltd. (5 marks)

			`	`
1-4-20X1	Equity share final call A/c	Dr.	2,70,000	
	To Equity share capital A/c			2,70,000
	(For final calls of ` 2 per share on 1,35,000 equity shares due as per Board's Resolution dated….)			
20-4-20X1	Bank A/c	Dr.	2,70,000	

	To Equity share final call A/c (For final call money on 1,35,000 equity shares received)			2,70,000
	Securities Premium A/c	Dr.	37,500	
	Capital Redemption Reserve A/c	Dr.	60,000	
	General Reserve A/c	Dr.	1,80,000	
	Profit and Loss A/c	Dr.	60,000	
	To Bonus to shareholders A/c			3,37,500
	share for every four shares held)			
	Bonus to shareholders A/c	Dr.	3,37,500	
	To Equity share capital A/c			3,37,500
	(For issue of bonus shares)			

Extract of Balance Sheet as at 30th April, 20X1 (after bonus issue) (2 marks)

	`
Authorised Capital	
15,000 12% Preference shares of `10 each	1,50,000
1,83,750 Equity shares of `10 each (refer working note below)	18,37,500
Issued and subscribed capital	
12,000 12% Preference shares of `10 each, fully paid	1,20,000
1,68,750 Equity shares of `10 each, fully paid (Out of above, 33,750 equity shares @ `10 each were issued by way of bonus)	16,87,500
Reserves and surplus	
Profit and Loss Account	2,40,000

Working Note : (1 mark)

	`
The authorised capital should be increased as per details given below:	
Existing authorised Equity share capital	15,00,000
Add : Issue of bonus shares to equity shareholders	3,37,500
	18,37,500

Question 6

A) Departmental Trading and Profit and Loss Account
for the year ended 31st March, 20X3 (6 marks)

Particulars	Finished	Shoes	Total	Particulars	Finished	Shoes	Total

	leather (`)	(`)	(`)		leather (`)	(`)	(`)
To Opening Stock	30,20,000	4,30,000	34,50,000	By Sales	1,80,00,000	45,20,000	2,25,20,000
To Purchases	1,50,00,000	2,60,000	1,52,60,000	By Transfer to shoes Deptt.	30,00,000	-	30,00,000
To Transfer from Leather Department		30,00,000	30,00,000	By Closing stock	12,20,000	5,00,000	17,20,000
To Manufacturing expenses		5,00,000	5,00,000				
To Gross profit c/d (b.f.)	42,00,000	8,30,000	50,30,000				
	2,22,20,000	50,20,000	2,72,40,000		2,22,20,000	50,20,000	2,72,40,000
To Selling expenses	1,50,000	60,000	2,10,000	By Gross Profit b/f	42,00,000	8,30,000	50,30,000
To Rent & warehousing	5,00,000	3,00,000	8,00,000				
To Net profit (b.f.)	35,50,000	4,70,000	40,20,000				
	42,00,000	8,30,000	50,30,000		42,00,000	8,30,000	50,30,000

General Profit and Loss Account (2 marks)

Particulars	Amount `	Particulars	Amount `
To General expenses	8,50,000	By Net Profit	40,20,000
To Unrealised profit (Refer W.N.)	26,625		
To General net profit (Bal. fig.)	31,43,375		
	40,20,000		40,20,000

Working Note:

Calculation of Stock Reserve

Rate of Gross Profit of Finished leather Department, for the year 20X2-X3

= $\frac{\text{Gross Profit}}{\text{Total Sales}}$ x 100 = [(42,00,000)/ (1,80,00,000 + 30,00,000)] x 100 = 20% Closing Stock of Finished leather in Shoes Department = 75%
i.e. ` 5,00,000 x 75% = ` 3,75,000

Stock Reserve required for unrealised profit @ 20% on closing stock ` 3,75,000 x 20% = ` 75,000

Stock reserve for unrealised profit included in opening stock of Shoes dept. @ 15% i.e. (` 4,30,000 x 75% x 15%) = ` 48,375

Additional Stock Reserve required during the year = ` 75,000 – ` 48,375 = ` 26,625

B)

(i) Under section 27 (3) of the LLP Act, 2008 an obligation of an LLP arising out of a contract or otherwise, shall be solely the obligation of the LLP . The limitations of liability of an LLP and its partners are as follows:

- The Liabilities of an LLP shall be met out of the properties of the LLP;
- A partner is not personally liable, directly or indirectly (for an obligation of an LLP arising out of a contract or otherwise), solely by reason of being a partner in the LLP;
- An LLP is not bound by anything done by a partner in dealing with a person, if:
- The partner does not have the authority to act on behalf of the LLP in doing a particular act; and
- The other person knows that the partner has no authority or does not know or believe him to be a partner in the LLP
- The liability of the LLP and the partners perpetrating fraudulent dealings shall be unlimited for all or any of the debts or other liabilities of the LLP

(ii) **Elements of Financial Statements**

The Framework for preparation and Presentation of financial statements classifies items of financial statements can be classified in five broad groups depending on their economic characteristics: Asset, Liability, Equity, Income/Gain and Expense/Loss.

Asset	Resource controlled by the enterprise as a result of past events from which future economic benefits are expected to flow to the enterprise
Liability	Present obligation of the enterprise arising from past events, the settlement of which is expected to result in an outflow of a resource embodying economic benefits.
Equity	Residual interest in the assets of an enterprise after deducting all its liabilities.
Income/gain	Increase in economic benefits during the accounting period in the form of inflows or enhancement of assets or decreases in liabilities that result in increase in equity other than those relating to contributions from equity participants

Expense/loss	Decrease in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity other than those relating to distributions to equity participants.

Question 7
A)

1. Debentures Account(1 mark)

Date	*Particulars*	`	*Date*	*Particulars*	`
31.3.17	To Debenture holders A/c	9,50,000	1.4.16	By Balance b/d	9,50,000
		9,50,000			9,50,000

2. Sinking Fund Account (2 marks)

Date	*Particulars*	`	*Date*	*Particulars*	`
31.3.17	To General reserve A/c	9,50,000	1.4.16	By Balance b/d	8,00,000
	To Capital Reserve	1,30,000	31.3.17	By Profit and Loss A/c	1,50,000
			31.3.17	By Interest on sinking fund A/c (Interest on 10% stock (` 8,50,000 x 10%)	85,000
			31.3.17	By Sinking Fund Investment A/c	45,000
		10,80,000			10,80,000

3. Sinking Fund Investment A/c (10% Secured Bonds of Govt.) (2 marks)

		`			`
1.4.16	To Balance b/d (face value ` 8,50,000)	8,00,000	31.3.17	By Bank A/c (8,50,000 x 90% = 7,65,000)	7,65,000
	To Sinking Fund	45,000	31.3.17	By Bal. c/d	80,000
		8,45,000			8,45,000

4. Bank A/c (2 marks)

		`			`
31.3.17	To Balance b/d	4,00,000	31.3.17	By 12% Debenture holders A/c	10,45,000
31.3.17	To Interest on Sinking fund Investment A/c	85,000			
31.3.17	To Sinking fund Investment A/c	7,65,000	31.3.17	By Balance c/d	2,05,000
		12,50,000			12,50,000

5. Debenture holders' A/c (1 mark)

		`			`
31.3.17	To Bank A/c	10,45,000	31.3.17	By 12% Debentures	9,50,000
			31.3.17	By Premium on redemption of debentures	95,000
		10,45,000			10,45,000

Note:

3. It has been considered that the sale of investments and redemption of debentures take place on 31st March, 2017.
4. The question states that the company sold 90% face value of investments, for redemption of debentures at a premium of 10%. It has been considered in the above solution that the sale of investments is at par and redemption of debentures is at premium. The alternative answer considering the fact that the sale of investments is at premium and redemption of debentures is at par is also possible.

B) **Investment Account of Mitthan**

For the year ended 31.3.2016
(Script: 15% Debentures in Seema Industries Ltd.) (Interest payable on 30th June and 31st December) (8 marks)

Date	Particulars	Nominal Value `	Interest `	Cost `	Date	Particulars	Nominal Value `	Interest `	Cost `
1.04.15	To Balance A/c	2,00,000	7,500	2,10,000	30.06.15	By Bank A/c	-	22,500	
1.05.15	To Bank A/c	1,00,000	5,000	1,02,000	1.11.15	By Bank A/c	1,20,000	6,000	1,14,600
30.11.15	To Bank A/c	80,000	5,000	76,800	1.11.15	By Profit & Loss A/c	-	-	11,400
31.12.15	To Profit &			20,000	31.12.15	By Bank A/c	80,000	6,000	1,04,000

31.03.16	Loss A/c								
	To Profit & Loss A/c		37,250		31.12.15	By Bank A/c	-	13,500	-
	(Bal. fig.)				31.12.15	By Bank A/c	-	6,750	-
					31.3.16	By Bal. c/d	1,80,000	-	1,78,800
		3,80,000	54,750	4,08,800			3,80,000	54,750	4,08,800

(i) Accrued Interest as on 1st April, 2015 = ₹ 2,00,000 x $\frac{15}{100} \times \frac{3}{12}$ = ₹ 7,500

(ii) Accrued Interest as on 1.5.2015 = ₹ 1,00,000 x $\frac{15}{100} \times \frac{4}{12}$ = ₹ 5,000

(iii) Cost of Investment for purchase on 1st May = ₹ 1,07,000 – ₹ 5,000 = ₹ 1,02,000

(iv) Interest received as on 30.6.2015 = ₹ 3,00,000 x $\frac{15}{100} \times \frac{6}{12}$ = ₹ 22,500

(v) Accrued Interest on debentures sold on 1.11.2015

= ₹ 1,20,000 x $\frac{15}{100} \times \frac{4}{12}$ = ₹ 6,000

(vi) Accrued Interest = ₹ 80,000 x $\frac{15}{100} \times \frac{5}{12}$ = ₹ 5,000

(vii) Accrued Interest on sold debentures 31.12.2015 = ₹ 80,000 x $\frac{15}{100} \times \frac{6}{12}$ = ₹ 6,000

(viii) Sale Price of Investment on 31st Dec. = ₹ 1,10,000-₹ 6,000 = ₹ 1,04,000

(ix) Loss on Sale of Debenture on 1.1.2015

Sale Price of debenture	1,14,600
Less: Cost Price of debenture	
$\frac{2,10,000}{2,00,000}$ x ₹ 1,20,000	1,26,000
Loss on sale	11,400

(x) Accrued interest as on 31.12.2015 = ₹ 1,80,000 x $\frac{15}{100} \times \frac{6}{12}$ = ₹ 13,500

(xi) Accrued Interest = ₹ 1,80,000 x $\frac{15}{100} \times \frac{3}{12}$ = ₹ 6,750

(xii) Cost of investment as on 31st March = ₹ 1,02,000 + ₹ 76,800 = ₹ 1,78,800

(xiii) Profit on debentures sold on 31st December

= ₹ 1,04,000 –(₹ 2,10,000x800/2,000) =₹ 20,000

(B) **(4 marks for working note, 2 marks each for accounts)**

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