



**Part B**

Answer any *eight* questions. Each question carries 2 marks.

11. What are the sources of issue of bonus shares?
12. State the meaning of impairment of assets.
13. Define double account system.
14. What is sale and lease back?
15. What do you mean by a qualifying asset?
16. What is meant by borrowing cost?
17. Explain the term cost as provided in Ind AS 2
18. How will you calculate the value of right?
19. What do you understand by redemption of debentures by purchase in open market?
20. What is non-cash transactions? Give examples.

(8 × 2 = 16 Marks)

**Part C**

Answer any *six* questions. Each question carries 4 marks.

21. Examine the objectives and scope of Ind AS 1
22. Mention the accounting treatment for the issue of bonus shares.
23. Explain buy back of shares. State its merits and demerits.
24. Green Ltd purchased a machinery for Rs. 20,00,000 on which Govt offers a subsidy of 30%.  
The subsidy is directly reimbursed to the supplier on the basis of invoice. The estimated life of the asset is 6 years. The company follows straight line method for depreciation. The residual value of the machinery is estimated at Rs.1,00,000. Give the accounting treatment for the government grant.
25. Z Ltd is installing a new plant at its production facility. It has incurred these costs:
 

Cost of the plant (cost per suppliers invoice plus taxes)	-	25,00,000
Initial delivery and handling cost	-	2,00,000
Cost of site preparation	-	6,00,000
Consultants used for advice on the acquisition of the plant	-	7,00,000
Interest charges paid to supplier of plant for deferred credit	-	2,00,000
Estimated dismantling costs to be incurred after 7 years	-	3,00,000
Operating losses before commercial production	-	4,00,000

 Advice Z Ltd on the costs that can be capitalized in accordance with Ind AS 16

(2)

26. On 30/04/2018 J Ltd obtained a loan from the bank for Rs.50 lakhs to be utilised as under:
 

Construction of a shed	-	Rs.20 Lakhs
Purchase of machinery	-	Rs. 15 Lakhs
Working capital	-	Rs. 10 Lakhs
Advance for purchase of truck	-	Rs. 5 Lakhs

 In March 2019 construction of shed was completed and machinery installed. Delivery of truck was not received. Total interest charged by the bank for the year ending 31/03/2019 was Rs.9 Lakhs. Show the treatment of interest under Ind AS 23.

27. Y Ltd purchased an investment property under deferred payment system.
 

Down payment on the date of acquisition	-	Rs. 50,00,000
After 6 months	-	Rs. 1,20,00,000
After one year	-	Rs.50,00,000

 The incremental borrowing rate of the company is 11%. Find out the cost of investment property.

28. On 1/1/2015, Vivek Ltd issued 4000 14% debentures of Rs.100 each, redeemable on 31/12/2019 at a premium of 5%. Pass journal entries in the books of the company on issue and redemption of debentures.

(6 × 4 = 24 Marks)

**PART D**

Answer any *two* questions. Each question carries 15 marks.

29. What is Double Account system and differentiate it from single account system and double entry system?
30. Prepare cash flow statement of M/s ABC Ltd for the year ended 31<sup>st</sup> March, 2018 with the following information:
  - Company sold goods for cash only.
  - Gross profit ratio was 30% for the year, gross profits amount to Rs. 3,82,500
  - Opening inventory was lesser than closing inventory by Rs. 35,000
  - Wages paid during the year Rs. 4,92,500
  - Office and selling expenses paid during the year Rs. 75,000
  - Dividend paid during the year Rs. 30,000 (including dividend distribution tax)
  - Bank loan repaid during the year Rs. 2,15,000 (included interest Rs.15,000)

(3)

**Turn Over**