

~~IES~~ Accounts

Roll No.....

Total No. of Questions—6]

[Total No. of Printed Pages—7

Time Allowed—3 Hours

Maximum Marks—100

NSG

Answers to questions are to be given only in English except in the case of candidates who have opted for Hindi medium. If a candidate who has not opted for Hindi medium, his answers in Hindi will not be valued.

Answer **all** the questions.

Working notes should form part of the answer.

Wherever necessary suitable assumptions may be made by the candidates.

Marks

1. (a) Mr. A bought a forward contract for three months of US \$ 1,00,000 on 1st December at 1 US \$ = Rs. 47.10 when exchange rate was US \$ 1 = Rs. 47.02. On 31st December when he closed his books, exchange rate was US \$ 1 = Rs. 47.15. On 31st January, he decided to sell the contract at Rs. 47.18 per dollar. Show how the profits from contract will be recognised in the books. 4×5 =20
- (b) Sun Ltd. has entered into a sale contract of Rs. 5 crores with X Ltd. during 2009-10 financial year. The profit on this transaction is Rs. 1 crore. The delivery of goods to take place during the first month of 2010-11 financial year. In case of failure of Sun Ltd. to deliver within the schedule a compensation of Rs. 1.5 crore is to be paid to X Ltd. Sun Ltd. planned to manufacture the goods during the last month of the 2009-10 financial year. As on Balance Sheet date (31.3.2010), the goods were not manufactured and it was unlikely that Sun Ltd. will be in a position to meet the contractual obligation.
- (i) Should Sun Ltd. provide for contingency as per AS-29 ?
- (ii) Should provision is measured as the excess of compensation to be paid over the profit ?
- (c) Rainbow Limited borrowed an amount of Rs. 150 crores on 1.4.2009 for construction of boiler plant @ 11% p.a. The plant is expected to be completed in 4 years. The weighted average cost of capital is 13% p.a. The accountant

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P. T. O.