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SEAT No. :

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[5619]- 1003

M.Com. (Part-I) (Semester - I)

ADVANCED ACCOUNTING & TAXATION (Special Paper - I)

Advanced Accounting

(2019 Pattern) (CBCS) (Group - A)

Time : 3 Hours]

[Max. Marks : 60

Instructions to the candidates :-

- 1) All questions are compulsory and carry equal marks.
- 2) Give working notes whenever necessary.
- 3) Use of simple pocket calculator is allowed.

**Q1)** Define the term 'Accounting Theory'. Explain the role of Accounting theory in detail. [15]

OR

Write short notes (Any three)

[15]

- a) Accounting Environment
- b) Accounting Standards
- c) Classification of Accounting Theory
- d) Professional Development of Accounting in India
- e) Generally Accepted Accounting Principles.
- f) Selection of Accounting Principles.

P.T.O.

Q2) P Ltd is a holding company and Q. Ltd and R Ltd are subsidiaries of P Ltd. Their Balance Sheets as on 31<sup>st</sup> March 2019 are given below. [15]

Liabilities	P.Ltd Rs.	Q.Ltd Rs.	R.Ltd Rs.	Assets	P.Ltd Rs.	Q.Ltd Rs.	R.Ltd Rs.
Share Capital	2,00,000	2,00,000	1,20,000	Fixed Assets	40,000	1,20,000	86,000
Reserves	96,000	20,000	18,000	<b>Investments</b>			
				Shares in Q Ltd	1,90,000	-	-
				Shares in R Ltd.	26,000	1,06,000	-
Profit & Loss A/c	32,000	24,000	18,000	Stock in Trade	24,000	-	-
R Ltd.	6,000	-	-	Q Ltd.	16,000	-	-
Sundry Creditors	14,000	10,000	-	Sundry Debtors	52,000	42,000	64,000
P.Ltd. Balance	-	14,000	-	P Ltd. Balance	-	-	6,000
	3,48,000	2,68,000	1,56,000		3,48,000	2,68,000	1,56,000

The following particulars are given

- The share capital of all companies is divided into shares of Rs. 10 Each.
- P.Ltd held 16,000 shares of Q Ltd. and 2,000 shares of R Ltd.
- Q Ltd. held 8,000 shares of R Ltd.
- All these investments were made on 30<sup>th</sup> september 2018.
- On 1<sup>st</sup> April 2018 the position was shown below.

	Q Ltd. Rs.	R Ltd. Rs.
Reserves	16,000	15,000
Profit and Loss A/c	8,000	6,000
Creditors	10,000	2,000
Fixed Assets	1,20,000	86,000
Stock in Trade	8,000	71,000
Sundry Debtors	96,000	66,000

You are required to prepare consolidated balance sheet of the group as on 31<sup>st</sup> March 2019.

**Q3)** Badluck Co. Ltd went into voluntary liquidation on 31<sup>st</sup> March 2019. The following information was extracted from its books on that date. [15]

**Balance sheet as on 31<sup>st</sup> March 2019**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Capital 12,500 Equity Shares of Rs.10 each	1,25,000	Buildings	37,500
Debentures (Secured by a floating charge)	50,000	Plant & Machinery	52,500
Bank overdraft	7,500	Stock-in trade	23,750
Creditors	10,000	Book Debts 18,750 Less-Provision 2,500	16,250
		Calls in arrears	25,000
		Cash in hand	2,500
		Profit & Loss A/c	35,000
	<b>1,92,500</b>		<b>1,92,500</b>

- i) Plant & Machinery and Building are valued at Rs.37,500 and Rs. 30,000 respectively.
- ii) On realization losses of Rs. 3,750 are expected on stock.
- iii) Book debts will realize Rs. 17,500.
- iv) Calls in Arrears are expected to realize 90%.
- v) Bank overdraft is secured against Building.
- vi) Preferential creditors for taxes and wages are Rs.1,500 and Miscellaneous expenses outstanding Rs.500.

Prepare a statement of Affairs of the company.

- Q4)** Following is the Balance Sheet and necessary information of SK Ltd. for the year ended 31<sup>st</sup> March 2019. [15]

**Balance Sheet as on 31<sup>st</sup> March 2019**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Share Capital		Goodwill	10,000
500 Equity Shares of Rs.100 each fully paid	50,000	Land & Buildings	25,000
Bank Overdraft	10,000	Plant & Machinery at cost	25,000
Sundry Creditors	20,000	Stock in trade	20,000
Provision for Taxation	12,500	Book debts less Provision for bad debts	30,000
Profit & Loss Appropriation A/c	17,500		
	<b>1,10,000</b>		<b>1,10,000</b>

- i) The company commenced into the operation in 2015 with a paid up capital of Rs. 50,000.

- ii) Profit earned before providing for taxation have been :

2015	Rs.22,500
2016	Rs.23,750
2017	Rs.26,250
2018	Rs.20,000
2019	Rs.27,500

- iii) Assume that Income tax @ 50% has been payable on these profits.
- iv) Dividends have been distributed from the profits of the first three years @ 10% and for those of the next years @ 15% on the paid up Capital.

Compute the value of Goodwill by the capitalization method.

OR

From the following information compute the Net Asset Value of an Equity share of Mk Ltd. [15]

**Balance Sheet as on 31<sup>st</sup> March 2019**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs</b>
10,000 Equity Shares of Rs.10 each fully paid-up	1,00,000	Land & Buildings	40,000
1,000, 6% Preference shares of Rs.10 each, fully paid	10,000	Plant & Machinery	40,000
Reserves and Surplus	25,000	Sundry Debtors	5,000
100, 5% Debentures of Rs. 100 each	10,000	Stock	20,000
Sundry Creditors	10,000	Cash at bank	25,000
		Investment in 5% Govt. Securities	10,000
		Cash in hand	10,000
		Preliminary Expenses	5,000
	<b>1,55,000</b>		<b>1,55,000</b>

Additional Information :

- i) The normal rate of return on capital employed in this type of business is around 10% p.a.
- ii) Goodwill is to be taken at 5 years purchase value of super profit.
- iii) Average of the profits for the last seven years is Rs.19,000.
- iv) Profit is more or less stable over years and the same trend is expected to be maintained in the near future.

