

Total No. of Questions : 4]

SEAT No. :

**P2192**

[Total No. of Pages : 4

**[5805]-103**

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

**ADVANCED ACCOUNTING AND TAXATION**

**103 - Group A : Advanced Accounting**

**(2019 Pattern) (CBCS) (Semester - I) (Paper-I)**

*Time : 3 Hours]*

*[Max. Marks : 60*

*Instructions to the candidates:*

- 1) *Question No. 1 is compulsory.*
- 2) *Attempt any Two Questions from the remaining.*
- 3) *Figure to the right indicate full marks.*
- 4) *Use of simple calculator is allowed.*

**Q1) A. i) Fill in the blanks. [5]**

- 1) According to \_\_\_\_\_ approach, the purpose of accounting is to provide information about relevant economic events.
  - a) Inductive Approach
  - b) Event Approach
  - c) Deductive Approach
  - d) Predictive Approach
- 2) IFRS stands for \_\_\_\_\_.
  - a) International Financial Reporting Standards
  - b) International Finance Reporting Standards
  - c) International Financial Review Standards
  - d) Interim Financial Review Standards
- 3) \_\_\_\_\_ are uniform rules for financial reporting.
  - a) Accounting Standards
  - b) Accounting Principles
  - c) Accounting Conservatisms
  - d) Accounting Elements
- 4) Net Assets method is also called as \_\_\_\_\_.
  - a) Yield method
  - b) Fair value method
  - c) Intrinsic value method
  - d) Earning Capacity method
- 5) Profit earned after acquisition of Shares is treated as \_\_\_\_\_.
  - a) Capital profit
  - b) Revenue Profit
  - c) General Profit
  - d) Gross Profit

**P.T.O.**

ii) State whether the following statements are True or False. [5]

- 1) According to convention of conservatism concept the inventory is valued at cost price or market price whichever is less.
- 2) The consistency concept implies that the business will not continue for a fairly long time to come.
- 3) The time interval between the date of acquisition of shares in subsidiary company and date of balance sheet of holding company is known as post acquisition period.
- 4) Preparation of consolidated statement as per AS 21 is Mandatory for listed Companies.
- 5) Liquidation is the legal procedure by which a company comes to an end.

iii) Match the following pairs. [5]

- | Group A                             | Group B                                     |
|-------------------------------------|---|
| a) GAAP                             | 1) Pre-acquisition profit                   |
| b) Rules of Financial Reporting     | 2) Generally Accepted Accounting principles |
| c) Net Asset Method                 | 3) Deficiency Account                       |
| d) List H                           | 4) Valuation of shares                      |
| e) Profit earned before acquisition | 5) Accounting Standards                     |

B) Write short notes (any Three) [15]

- a) Role of accounting theory.
- b) Generally Accepted Accounting Principles.
- c) Professional Development of Accounting in India.
- d) Accounting Environment.
- e) Methods of Valuation of Goodwill

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 2022 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	<u>Investments</u>			
Profit & loss A/c	32,000	24,000	18,000	Shares in Q Ltd.	1,90,000	-	-
R Ltd. Balance	6,000	-	-	Shares in R Ltd.	26,000	1,06,000	-

Sundry creditors	14,000	10,000	-	Stock in Trade	24,000	-	-
P Ltd. Balance	-	14,000	-	Q Ltd. Balance	16,000	-	-
				Sundry Debtors	52,000	42,000	64,000
				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:

- 1) The share capital of all companies is divided into shares of Rs. 10 each.
- 2) P Ltd. held 16,000 shares of Q Ltd. and 2,000 Shares of R Ltd.
- 3) Q Ltd. held 8,000 shares of R Ltd.
- 4) All these investments were made on 30th September 2021.
- 5) On 1st April 2021 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 2022.

**Q3)** Badluck Co. Ltd., went into voluntary liquidation on 31<sup>st</sup> March 2022. The following information was extracted from its books on that date. **[15]**

Balance Sheet as on 31<sup>st</sup> March 2022

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

- 1) Plant & Machinery and Building are valued at Rs. 37,500 and Rs. 30,000 respectively.
- 2) On realization losses of Rs. 3,750 are expected on stock.
- 3) Book debts will realize Rs. 17,500.
- 4) Calls in Arrears are expected to realize 90%.
- 5) Bank overdraft is secured against Buildings.
- 6) 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 2022. **[15]**

Balance Sheet as on 31<sup>st</sup> March 2022

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

- 1) The company commenced into the operation in 2018 with a paid up capital of Rs. 50,000.
  - 2) Profits earned before providing for taxation have been:
 

2018	Rs. 22,500
2019	Rs. 23,750
2020	Rs. 26,250
2021	Rs. 20,000
2022	Rs. 27,500
  - 3) Assume that Income tax @ 50% has been payable on these profits.
  - 4) 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.

