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SEAT No. :

PA-4209

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M.Com. (Part - I)

ADVANCED ACCOUNTING & TAXATION (Special Paper - I)

103 : Advanced Accounting

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

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 'Accounting Theory'. Explain the approaches to Accounting Theory in detail. [15]

OR

Write Short Notes (Any Three) :

[15]

- a) Generally Accepted Accounting Principles
- b) IFRS
- c) Accounting Environment
- d) Classification of Accounting Theory
- e) Professional Development of Accounting in India

Q2) The following are the summarized Balance Sheets of X Ltd. Y Ltd. and Z Ltd. as on 31st March 2022. [15]

Balance Sheets

Liabilities	X Ltd. Rs.	Y Ltd. Rs.	Z Ltd. Rs.	Assets	X Ltd. Rs.	Y Ltd. Rs.	Z Ltd. Rs.
Share Capital : Equity Shares of Rs. 100 each fully paid	5,00,000	4,00,000	1,50,000	Goodwill	30,000	-	-
Profit & Loss A/c	1,20,000	1,00,000	52,000	Fixed Assets	2,00,000	3,00,000	1,80,000
Creditors	20,000	25,000	8,000	Investments: acquired on 1 st April 2021			

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				3,000 Equity Shares in Y Ltd.	3,50,000	-	-
				1200 Equity shares in Z Ltd.		- 1,40,000	-
				Stock in Trade	50,000	40,000	20,000
				Debtors & Cash at Bank	10,000	45,000	10,000
	6,40,000	5,25,000	2,10,000		6,40,000	5,25,000	2,10,000

Further Information

- On 1st April 2021, Credit balances in Profit and Loss Account before taking into account proposed dividend were :
X Ltd. Rs. 80,000
Y Ltd. Rs. 48,000
Z Ltd. Rs. 3,000
- 10% dividend was distributed by X Ltd. for the year 2020-2021 on 30th June 2021.
- Proposed dividend for 2021-22 to be paid wholly from the profits for that year are :
X Ltd. 10%
Y Ltd. 5%
Z Ltd. 10%

Prepare a consolidated Balance Sheet as on 31st March 2022.

Q3) Following are the details of PK Ltd. which went into voluntary liquidation as on 31st March 2022. **[15]**

Liabilities	Rs.
12,000 Equity Shares of Rs.100 each, Rs.80 called and paid	9,60,000
6% 4,000 Preference Shares of Rs. 100 each fully called up Rs. 4,00,000	
Less : Calls in Arrears (Expected to be realized in full) <u>Rs. 20,000</u>	3,80,000
5% Debenture having floating charge on assets (Interest paid up to 30.9.2021)	4,00,000
Mortgage on Land and Buildings	3,20,000
Trade Creditors	10,62,000
Wages Outstanding	80,000
Secretary's Salary @ Rs. 2,000 PM outstanding	12,000
Managing Director's Salary @ Rs.6,000 PM outstanding	24,000

Assets	Estimated to produce Rs.	Book Value Rs.
Land & Building	5,20,000	4,80,000
Plant	5,20,000	8,00,000
Patents	1,20,000	2,00,000
Tools	16,000	80,000
Stock	2,96,000	3,48,000
Accounts Receivables	2,40,000	3,60,000
Investments (Pledged with bank for an overdraft of Rs. 7,60,000)	6,80,000	7,20,000

You are required to prepare a Statement of Affairs of the company as on 31st March 2022.

Q4) The Balance Sheet of Moon Co. Ltd. discloses the following financial position as on 31st March 2022. **[15]**

Balance Sheet as on 31st March 2022

Liabilities	Rs.	Assets	Rs.
Issued Capital		Fixed Assets	2,50,000
20,000 Shares of Rs. 10 each fully paid	2,00,000	Current Assets	1,00,000
Capital Reserve	45,000	Goodwill	20,000
Profit & Loss A/c	10,000		
5% Debenture	50,000		
Current Liabilities	65,000		
	<u>3,70,000</u>		<u>3,70,000</u>

- On 31st March 2022 the fixed Assets was independently valued at Rs. 2,75,000 and Goodwill at Rs. 25,000.
- The net profit for the last three years were Rs. 25,800, Rs. 25,825 and Rs. 26,000 of which 20% was placed to reserve, this proportion being considered reasonable in the industry in which the company is engaged and where a fair investment return may be taken at 10%.

Compute the value of company's share by-

- Net Assets Method
- Yield Method

OR

The Balance Sheet of Bharati Manufacturing Co. Ltd discloses the following financial position as on 31st March 2022. [15]

Balance Sheet as on 31st March 2022

Liabilities	Rs.	Assets	Rs.
Share Capital : Rs. 10 fully paid up	5,00,000	Goodwill	50,000
Reserve and Surplus	2,00,000	Land and Building	1,50,000
Sundry Creditors	1,50,000	Plant and Machinery	4,00,000
		Investment	50,000
		Stock	1,00,000
		Debtors	75,000
		Cash and Bank	25,000
	8,50,000		8,50,000

The Profit before tax for 2021-22 amounted to Rs. 3,00,000 including Rs. 5,000 as interest on investment. However, an additional amount of Rs. 25,000 p.a. shall be required to be spent for smooth running of the business.

Market values of Land and Building and Plant and Machinery are estimated at Rs. 4,50,000 and Rs. 5,00,000 respectively. In order to match the above figures further depreciation to the extent of Rs. 20,000 should be taken into consideration. Income tax rate may be taken at 50%. Return on capital at the rate of 20% before tax may be considered normal for this business at the present stage.

It has been agreed that 4 years purchase of super profit shall be taken as the value of goodwill for the purpose of the deal. You are required to calculate the value of goodwill of the company.

