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M. Com. (Semester - I) Examination - 2009

ADVANCED ACCOUNTING AND TAXATION

SPECIAL PAPER - I

ADVANCED ACCOUNTING

(Group - A)

(2008 Pattern)

Time : 3 Hours]

[Max. Marks : 80

Instructions :

- (1) *All questions are compulsory.*
- (2) *Figures to the right indicate full marks.*
- (3) *Give working notes wherever necessary.*
- (4) *Use of non-programmable calculator is allowed.*

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Q.1) Explain basic purposes of Accounting Theory. State in detail any three Accounting Concepts. **[16]**

OR

Q.1) Write short notes : **(Any Four)** **[16]**

- (a) Conservatism Convention
- (b) Full Disclosure Convention
- (c) Materiality Convention
- (d) Professional Development of Accounting in India
- (e) Need for Accounting Standards

Q.2) The following are the summarised Balance Sheets of A Ltd., B Ltd., and C Ltd. as on 31st March, 2009 :

Liabilities	A Ltd.	B. Ltd.	C. Ltd.
Share Capital :			
Equity Shares of Rs. 10 each fully paid	10,00,000	8,00,000	3,00,000
Profit and Loss A/c.	2,40,000	2,00,000	1,04,000
Creditors	40,000	50,000	16,000
	12,80,000	10,50,000	4,20,000
Assets :			
Goodwill	60,000	—	—
Fixed Assets	4,00,000	6,00,000	3,60,000
Investments :			
60,000 Equity Shares in B Ltd.	7,00,000	—	—
24,000 Equity Shares in C Ltd.	—	2,80,000	—
Stock	1,00,000	80,000	40,000
Debtors	20,000	90,000	20,000
	12,80,000	10,50,000	4,20,000

Additional Information :

(1) On the date of acquisition i.e. 1st April, 2008, Credit Balances in Profit and Loss Account before taking into account proposed dividends were :

A Ltd.	Rs. 1,60,000
B Ltd.	Rs. 96,000
C Ltd.	Rs. 6,000

(2) 10% dividend was distributed by A Ltd. for the year 2007-08 on 30th June, 2008.

(3) Proposed dividend for 2008-09 to be paid wholly from the profits for that year are :

A Ltd. 10%

B Ltd. 5%

C Ltd. 10%

Prepare a consolidated Balance Sheet as on 31st March, 2009. [16]

Q.3) Mr. Naren is appointed liquidator of Sanjana Co. Ltd., in voluntary liquidation on 1st April, 2009. The following balances are extracted from the books on that date :

Liabilities	Rs.	Assets	Rs.
48,000 Equity Shares of Rs. 5 each	2,40,000	Machinery	90,000
Debentures	1,50,000	Leasehold Property	1,20,000
Reserve for Bad Debts	30,000	Stock	3,000
Bank Overdraft	54,000	Book Debts	1,80,000
Liabilities for Purchases	60,000	Investments	18,000
		Calls in Arrears	15,000
		Cash in Hand	3,000
		Profit and Loss A/c.	1,05,000
	5,34,000		5,34,000

You are required to prepare a Statement of Affairs for the meeting of creditors. The following assets are valued as under :

Machinery	Rs. 1,80,000
Leasehold Property	Rs. 2,18,000
Investments	Rs. 12,000
Stock	Rs. 6,000

Bad Debts are Rs. 6,000 and the doubtful debts are Rs. 12,000 which are estimated to realise Rs. 6,000. The Bank Overdraft is secured by deposit of title deeds of leasehold property. Preferential Creditors are Rs. 3,000, Telephone Rent Outstanding Rs. 240.

[16]

Q.4) Following is the Trail Balance on March 31st, 2009 of Mumbai Branch (India) having its head office at New York (USA) :

(Rs. 000)

Particulars	Dr.	Cr.
Stock on 1st April, 2008	300	—
Purchases and Sales	800	1,200
Sundry Debtors and Creditors	400	300
Bills of Exchange	120	240
Wages and Salaries	560	—
Rent, Rates and Taxes	360	—
Sundry Charges	160	—
Computers	240	—
Bank Balance	420	—
New York Office A/c.	—	1,620
	3,360	3,360

Additional Information :

- (1) Computers were acquired from a remittance of US Dollar 6,000 received from New York head office and paid to the suppliers. Depreciate Computers at 60% for the year.

- (2) Unsold Stock of Mumbai Branch was worth Rs. 7,50,000 on 31st March, 2009.
- (3) The Rates of Exchange may be taken as follows :
- (i) On 1-4-2008 @ Rs. 48 per US \$
 - (ii) On 31-3-2009 @ Rs. 50 per US \$
 - (iii) Average Exchange Rate for the year @ Rs. 49 per US \$
 - (iv) Conversion in \$ shall be made upto two decimal accuracy.
- (4) Mumabi Branch Account showed a Debit Balance of US \$ 34127.54 on 31-3-2009 in New York books.

You are required to prepare in US dollars the Profit and Loss Statement for the year ended 31-3-2009 and the Balance Sheet as on that date of Mumbai Branch as would appear in the books of New York Head Office.

[16]

Q.5) Following is the Balance Sheet of Surekha Ltd. as at 31st March, 2009 :

Balance Sheet

Liabilities	Rs.	Assets	Rs.
2,500 Equity Shares of Rs. 100 each	2,50,000	Machinery	1,20,000
Share Premium	50,000	Furniture	50,000
General Reserve	1,19,700	Stock	3,10,000
Profit and Loss A/c.	78,800	Debtors	1,03,000
Sundry Creditors	2,04,700	Cash in Hand	1,700
Provision for Taxation	98,500	Cash at Bank	2,17,000
	8,01,700		8,01,700

The Company transfers 20% of its profit after tax to General Reserve. Net profits before taxation of the last three years have been as follows :

Year ended 31st March, 2007 Rs. 1,67,500, year ended 31st March, 2008 Rs. 1,83,000, year ended 31st March, 2009 Rs. 1,97,000. Machinery is valued at Rs. 1,60,000. Average yield in this type of business is 20%. The Rate of Tax is 50%.

Calculate value of one equity share on the basis of (1) Intrinsic Worth, (2) Yield Worth. [16]

OR

- Q.5)** (A) State difference between the Finance Lease and the Operating Lease. [08]
- (B) State factors affecting Value of Goodwill. [08]

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