

**M. COM. SEM - III (CHOICE BASED CREDIT SYSTEM) (2012
COURSE) : SUMMER - 2018**

SUBJECT: ELECTIVE-A GROUP: ADVANCED ACCOUNTING-V

Day: Wednesday
Date: 25/04/2018

S-2018-0379

Time: 03.00 PM TO 06.00 PM
Max. Marks: 60

N.B.:

- 1) All questions are **COMPULSORY**.
- 2) Use of **CALCULATOR** is allowed.
- 3) Figures to the right indicate **FULL** marks.

Q.1 The Balance Sheet of Radhika Manufacturing Co. Ltd. discloses the following [16]
financial position as at 31 March, 2017.

Balance Sheet of Radhika Manufacturing Co. Ltd. as at 31 March, 2017

Liabilities	Rs.	Assets	Rs.
Paid-up Capital: 30,000 Shares of Rs. 10 each fully paid	3,00,000	Goodwill at cost	30,000
Capital Reserve	60,000	Land and Buildings at cost(Less: depreciation)	1,75,000
Sundry Creditors	71,000	Plant and Machinery at cost (Less: depreciation)	90,000
Provision for Taxation	55,000	Stock at cost	1,15,000
Profits and Loss A/c	26,000	Book Debts 98,000	
		Less: Provision for doubtful debts - 3,000	95,000
		Cash at Bank	7,000
	5,12,000		5,12,000

You are asked to value the goodwill of Radhika Manufacturing Co. Ltd. for which purpose the following information is supplied:

- a) Adequate provision has been made in the accounts for income-tax and depreciation.
- b) Rate of income tax may be taken at 50%.
- c) The average rate of dividend declared by the company for the past five year was 15%.
- d) The reasonable return on capital invested in the class of business done by the company is 12%.

OR

What is 'Goodwill'? State the factors affecting the value of goodwill.

Q.2 Following is the summarized Balance sheet as at 31 March 2017 of Vidya Ltd. [16]

Liabilities	Rs.	Assets	Rs.
Issues and Subscribed Capital: 1,00,000 shares of Rs. 10 each	10,00,000	Debtors	2,25,000
General Reserve	2,50,000	Stock (Market Value 7,50,000)	7,25,000
Profit & Loss A/c	1,65,000	Plant	5,30,000
Bank Overdraft	1,50,000	Premises	5,60,000
Creditors	2,25,000		
Provisions for Taxation	1,00,000		
Depreciations Fund: Plant	50,000		
Workmen's Savings A/c	1,00,000		
	20,40,000		20,40,000

P.T.O.

The following are the revalued amounts of assets:

Particulars	Rs.
Goodwill	7,75,000
Plant	5,50,000
Premises	6,00,000

Net profits of the company after providing for taxation but before deduction of amount of dividends were:

For the year ended	Rs.
31-3-2015	3,50,000
31-3-2016	4,25,000
31-3-2017	5,00,000

Normal profit in this type of business is 10%. Calculate fair value of each share of the company.

OR

What is 'Fund Based Accounting'? Describe in brief revenue funds and specific funds with reference to accounting for educational institutions.

Q.3

You are given with:

[16]

- The balance Sheet of XYZ Ltd. as on 1.4.2016.
- The summary of cash transactions for the year 2016-2017.
- The remaining transactions and
- Adjustments.

a) Balance Sheet as on 1.4.2016

Liabilities	Rs.	Assets	Rs.
Capital	1,20,600	Land and Buildings	80,000
Creditors	69,800	Machinery	50,000
Bill Payable	29,000	Patents	20,000
Loans	30,600	Fixtures	15,000
General Reserve	20,000	Stock	44,600
Outstanding Wages	2,680	Debtors	49,400
Bank Overdraft	4,000	Bill Receivable	14,600
		Cash in Hand	3,080
	2,76,680		2,76,680

b) Cash Book for the year ended 31.3.2017

Particulars	Rs.	Particulars	Rs.
To Balance b/d	3,080	By Bank Overdraft	4,000
To Debtors	45,980	By Wages	15,280
To Bills Receivable	11,400	By Loans Paid	10,600
To Capital	15,000	By Creditors	41,000
To Sales (Cash)	35,820	By Bills Payable	21,800
To Commission	5,000	By Salaries	23,400
To Rent	22,000	By Sundry Expenses	1,460
		By Interest on Loan	2,000
		By Drawings	8,940
		By 6% Investments (Purchased on 1.10.2016)	8,000
		By Balance c/d	
		Cash	1,580
		Bank	220
	1,38,280		1,38,280

P.T.O.

c) The remaining transactions:

Particulars	Rs.
Credit Sales	76,000
Credit Purchases	70,000
Bills Receivable Received	21,400
Stock on 31.3.2017	59,000
Discount to Customers	1,020
Discount from Suppliers	740
Bill Payable issued	19,400
Bills Receivable dishonoured	3,000

d) Adjustments:

- i) Provide 5% for doubtful debts on Debtors and Bill Receivable.
- ii) Depreciate Machinery by 5% and Land and Buildings by $2\frac{1}{2}\%$, Patents and Fixtures by 10%.
- iii) Outstanding Wages are Rs. 1,820 and Salary outstanding amounted to Rs. 1,080.
- iv) Transfer Rs. 10,000 to General Reserve.

Prepare Trading and Profit and Loss Account for the year ended 31.3.2017 and Balance Sheet as on that date.

OR

Q.3 What do you mean by Human Resource Accounting? Explain its objectives in detail. [16]

Q.4 Write short notes on **ANY THREE** of the following: [12]

- a) Advantages of reporting the value added statement
- b) Approaches in valuing an intangible assets
- c) Utility of economic value added
- d) Functions of treasury
- e) Distinction between statement of affairs and balance sheet

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