

S.D.E.

M. COM. PART-II : SUMMER - 2018

SUBJECT : SPECIAL GROUP – A : ADVANCED ACCOUNTING – III

Day : Tuesday  
Date : 17/04/2018

S-2018-4206

Time : 3.00 P.M. TO 6.00 P.M.  
Max. Marks : 80

N.B.:

- 1) All questions are **COMPULSORY**.
- 2) Figures to the right indicate **FULL** marks.
- 3) Use of non-programmable **CALCULATOR** is allowed.
- 4) Answers to both the sections should be written in the **SAME** answer book.

SECTION – I

Q.1 The following is the Balance Sheet of Vishwa Ltd., as at 31<sup>st</sup> March, 2017. [16]

Liabilities	₹	Assets	₹
Share Capital		Building	1,50,000
6,000 equity shares of ₹ 100	6,00,000	Machineries	2,20,000
Profit and Loss A/c	50,000	Stock	3,00,000
Bank Overdraft	10,000	Sundry Debtors	1,60,000
Creditors	60,000	Bank	60,000
Provision for Taxation	1,10,000		
Proposed Dividend	60,000		
<b>Total</b>	<b>8,90,000</b>		<b>8,90,000</b>

The net profit of the company after deducting usual working expenses but before providing for taxation were as under:

Year	Profit
2014 – 15	2,00,000
2015 – 16	2,40,000
2016 – 17	2,20,000

On 31<sup>st</sup> March, 2017, Building was revalued at ₹ 2,00,000, Machinery ₹ 2,50,000 and Sundry Debtors on the same date included ₹ 10,000 as irrecoverable.

Having regard to the nature of the business, a 10% return on net tangible capital invested is considered reasonable. Value of goodwill may be based on three years' purchase of annual super-profits. Depreciation on Building 2%, Machinery 10%. The income tax rate is to be assumed at 50%. All workings should form part of your answer. You are required to calculate Goodwill value by super-profit method.

OR

Define Goodwill. Explain the need and factors affecting the valuation of Goodwill.

P.T.O.

- Q.2** Dinesh keeps his books on single entry system. The following information is [16] supplied by him for the year ended 31<sup>st</sup> March, 2017. The particulars of assets and liabilities are disclosed as below:

<b>Assets &amp; liabilities</b>	<b>01.04.2016</b>	<b>31.03.2017</b>
	₹	₹
Spare Parts	300	300
Creditors	9,400	8,350
Bills Receivable	4,000	2,400
Bills Payable	3,471	5,051
Fixtures	1,700	1,700
Stock-in-Trade	7,900	8,800
Cash in Hand	1,408	1,063
Petty cash	500	500
Cash at Bank	2,000	400
Book Debts	9,361	8,355
Salary Payable	150	250

Summary of Cash Book gives the following details:

**Cash Book for the year ended 31<sup>st</sup> March, 2017**

<b>Dr.</b>		<b>Cr.</b>	
<b>Receipts</b>	<b>₹</b>	<b>Payments</b>	<b>₹</b>
To Balance B/D		By Cartage	200
Cash in Hand	1,408	By Bills Payable	3,000
Petty Cash	500	By Trading Expenses	450
Cash at Bank	2,000	By Salary	800
To Bills Receivable	4,300	By Investments	1,000
To Sales	1,200	By Purchases	600
To Sundry Debtors	2,450	By general Expenses	250
To Interest on Investments	30	By Sundry Creditors	1,425
		By Wages	700
		By Medical Expenses of Mr. Dinesh	1,500
		By Balance C/D	
		Cash in Hand	1,063
		Petty Cash	500
		Cash at Bank	400
<b>Total</b>	<b>11,888</b>		<b>11,888</b>

Other additional information discloses the following facts:

Bad debts	₹ 560
Acceptances received from Debtors	₹ 3,000
Discount Allowed to Customers	₹ 400
Acceptances given to Creditors	₹ 4,580
Discount Allowed by Suppliers	₹ 355
Bills Receivable dishonoured	₹ 300

In addition to the above goods costing ₹ 94 were stolen away from the godown, no entry has been recorded for the same.

You are required to prepare Trading a/c, Profit and Loss Account for the year ended 31<sup>st</sup> March, 2017 and Balance Sheet as on that date.

**OR**

What do you mean by Human Resource Accounting? Explain its objectives in detail.

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SECTION – II

- Q.3** Anant Trade Centre of Delhi has a branch at Agra to which goods are supplied at fixed selling price which is 25% on cost. All expenses of the branch are met by the Head Office and all cash received by the branch is remitted to the Head Office only. From the following transactions relating to Agra Branch for the year 2016-17, prepare Branch Account, Branch Trading and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2017 in the books of Head Office. [16]

	₹
Stock as on 1.4.2016(Invoice Price)	30,000
Branch Debtors as on 1.4.2016	16,000
Petty Cash as on 1.4.2016	400
Furniture as on 1.4.2016	10,000
Goods sent by Head Office (Invoice Price)	2,50,000
Cheques sent for Branch expenses:	
Petty Cash	1,200
Salaries and Wages	10,000
Rent	(+ ) 6,000
	17,200
Goods returned to Head Office at Invoice Price	2,000
Cash Sales	26,000
Cash collected from Debtors	1,60,000
Credit Sales	1,74,000
Bad Debts written off	2,000
Discount Allowed	1,600
Credit Sales returned	2,400
Goods sent by Head Office at Invoice Price but not received by the branch upto 31.3.2017	10,000
Shortage in goods at Invoice price	400
Branch Debtors 31.3.2017	24,000
Petty Cash 31.3.2017	800
Stock as on 31.3.2017 (Invoice Price)	70,000
Provide depreciation on Furniture @ 10% p.a.	

OR

Which books are maintained by independent branches? How are its accounts incorporated in the books of Head Office?

- Q.4** ABC Ltd., came up with public issue of 3,00,000 Equity Shares of ₹ 10 each at ₹ 15 per share. P, Q, and R took underwriting of the issue in ratio of 3:2:1 with the provisions of firm underwriting of 20,000, 14,000 and 10,000 shares respectively. [16]

Applications were received for 2,40,000 shares excluding firm underwriting. The marked applications form public were received as under:

P	60,000
Q	50,000
R	60,000

Compute the liability of each underwriter as regards the number of shares to be taken up assuming that the benefit of firm underwriting is not given to individual underwriters.

OR

State the provisions related to underwriting commission under the Companies Act.

- Q.5** Write short notes on ANY TWO of the following: [16]
- International Accounting Standard
  - Packages Stock Account
  - Marked and Unmarked Applications
  - Foreign Branch