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

SUBJECT: ELECTIVE-A GROUPS: ADVANCED ACCOUNTING-V

Day: Wednesday
Date: 24/10/2018

W-2018-0426

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

N.B:

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

Q.1 The average net profit was (before adjustment) Rs. 2, 07,000. It included investment income Rs. 2,000. The cost (also present value) of investments was Rs. 50,000. Expenses amounting to Rs. 3,000 p.a. are likely to be discontinued in future. 50% in a rupee may be taken as average annual taxation. 6% represented a fair commercial return. The average 'tangible' capital employed was Rs. 13, 50,000 but upon valuation obtained, the capital was valued at Rs. 14, 50,000. **(16)**

a) Assuming seven years' purchase of super profits what is the value of Goodwill?

b) What will be the value of Goodwill under capitalization method?

OR

What is 'Goodwill'? In which circumstances goodwill to be valued?

Q.2 Following is the summarized Balance Sheet of Chandra Ltd. As 31st March, 2017. **(16)**

Liabilities	Rs.	Assets	Rs.
5,000 Equity Shares of Rs. 100 each	5,00,000	Machinery	2,40,000
Share premium	1,00,000	Furniture	1,00,000
General Reserve	2,39,400	Stock	6,20,000
Profit and Loss A/c	1,57,600	Debtors	2,06,000
Sundry Creditors	4,09,400	Cash in Hand	3,400
Provision for taxation	1,97,000	Cash at Bank	4,34,000
	16,03,400		**16,03,400**

The company transfers 20% of its profits (after tax) to General Reserve. Net profits before taxation of the last three years have been as follows:
Year ended 31st March 2015 Rs. 3, 35,000; Year ended 31st March, 2016 Rs. 3, 66,000; Year ended 31st March, 2017 Rs. 3, 94,000. Machinery is valued at Rs. 3, 20,000. Average yield in this type of business is 20%. The rate of tax is 50%.
Calculate the value of one equity share on the basis of:
(i) Intrinsic value method **(ii)** Yield value method **(iii)** Fair value method

OR

Explain special features of accounting for educational institutions.

P.T.O.

Q.3 Amit Bajaj, a retailer had not kept proper books of accounts but he gives the information about his assets and liabilities as follows: **(16)**

Assets and Liabilities	**As on 1st April, 2017 Rs.**	**As on 31st March, 2018 Rs.**
Cash in hand	1,200	1,500
Creditors	16,200	7,500
Stock	2,400	2,700
Bills Payable	8,800	8,300
Cash at Bank	10,000	10,000
Ms. A's Loan (Cr.)	10,000	10,000
Loose Tools	3,600	3,600
Book Debts	13,500	18,000
Bills Receivable	4,300	5,000
Machinery	25,000	25,000

On 31st March, 2018, Amit received Rs. 5,000 as interest on his private investment which he deposited immediately into the Business Bank Account at Dena Bank as introduction of additional capital. During the year he had withdrawn from his business, cash of Rs. 1,750 and goods of Rs. 650 for his personal use. Interest on opening capital is to be provided @ 4% p.a. and charged on drawings @ 5%. No depreciation or reserve is necessary except that Machinery should be written down by 8%. Bad debts amounted to Rs. 520.

Prepare Profit or Loss and a Balance Sheet also on 31st March 2018.

OR

Explain meaning, nature and importance of Environmental Accounting.

Q.4 Write short notes on **ANY THREE** of the following: **(12)**

a) Statement of affairs

b) Finance to education institution

c) Value added statement

d) Valuation of shares

e) Functions of Treasury

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