

**M. COM. SEM - III (CHOICE BASED CREDIT SYSTEM) (2012
COURSE) : WINTER - 2017**

SUBJECT: ELECTIVE-A GROUP: ADVANCED ACCOUNTING-V

Day: Wednesday
Date: 08/11/2017

W-2017-0338

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 following is the Balance Sheet of Seema Ltd. as at 31st March, 2017. **[16]**

Liabilities	Rs.	Assets	Rs.
Share Capital:		Building	1,50,000
6,000 equity shares of Rs. 100 each	6,00,000	Machinery	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		
	8,90,000		8,90,000

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 31st March 2017, Building was revalued at Rs. 2,00,000, Machinery Rs. 2,50,000 and Sundry Debtors on the same date included Rs. 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% and Machinery 10%. The income tax rate is to be assumed at 50%.

You are required to calculate value of goodwill by super profit method.

OR

Q.1 Define 'Goodwill'. Explain the various methods for valuation of goodwill.

P.T.O.

Q.2 Following is the summarised Balance Sheet of Sunlight Ltd. as at 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 worth;
- (ii) Yield worth.

OR

Q.2 What are the objectives of accounting for government grants? [16]

Q.3 Anand keeps his books on single entry system. The following information is supplied by him for the year ended 31st March, 2017.
The particulars of assets and liabilities are disclosed as below:

Assets and Liabilities	as on 1-4-2016	as on 31-3-2017
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

P.T.O.

Summary of Cash Book gives the following details:

Dr.		Cr.	
Receipts	Rs.	Payments	Rs.
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. Anand	1,500
		By Balance c/d	
		• Cash in Hand	1,063
		• Petty Cash	500
		• Cash at Bank	400
	11,888		11,888

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 Rs. 94 were stolen away from the godown, No entry has been recorded for the same.

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

OR

Q.3 What are the advantages and disadvantages of historical cost approach for valuation of human resources? [16]

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

- Importance of Environmental Accounting
- Distinction between Statement of Affairs and Balance Sheet
- Factors Affecting the Valuation of Shares
- Limitation of Value Added Statement
- Sources of Finance for an Education Institution

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