

FACULTY OF COMMERCE

B.Com. (CBCS) III – Semester Examination, December 2017
(Common Paper for General/Computers/Computer Applications/
Advertising/Foreign Trade and Tax Procedure Courses)

Advanced Accounting

Paper Code-BC-304

Time : 3 hours

Max. Marks : 80

Part – A (5 X 4 = 20 Marks)

Note : Answer any Five of the following questions.

- 1 What are the essential features of partnership Firm?
- 2 Distinguish between sacrificing ratio and gaining ratio.
- 3 Anil, Banu and Chandu sharing profit and losses in the ration of 2 : 2 : 1 capitals contributed were Anil Rs.60,000 ; Banu Rs.20,000 and Chandu Rs.8,000 ; cash in hand Rs.20,000 and realization loss Rs.68,000. Show the necessary ledger accounts assuming that Chandu is insolvent and is unable to bring anything in respect of his deficiency.
- 4 What you mean by Bonus shares?
- 5 Jeevani was holding 100 shares of Sony company of Rs.100 each. She paid Rs.20 on application and Rs.30 on allotment, but failed to pay first call and final call, her shares were forfeited and reissued at later date at the rate of Rs.70 per share journalise the transactions in the books of Sony company.
- 6 Accounting period calendar year 2017; date of taking over of the business 1-1-2017; date of incorporation 01-04-2017; total sales Rs.90,00,000 the monthly average of sales for the period of First three months of the year was one-half of the remaining period. Calculate sales ratio and time ratio of pre-incorporation and post incorporation.
- 7 What do you mean by super profits?
- 8 2000 15% preference shares of Rs.100 each Rs.2,00,000 20,000 equity shares of Rs.10 each Rs.8 per share paid up Rs.1,60,000 profit before tax Rs.5,00,000; rate of tax 50% transfer to general reserve every year 25% of profit normal rate of return 18%. Calculate the value of an equity share.

Part – B (5 X 12 = 60 Marks)

Note : Answer the following questions not exceeding FOUR pages each.

- 9 a) Explain the legal provisions in the absence of partnership deed.

OR

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- b) Ram and Naveen sharing profits in proportion of 3 : 1 and their balance sheet on 31-12-2016 as follows

Liabilities	Rs.	Assets	Rs.
Bills payable	70,000	Cash in hand	10,000
Creditors	70,000	Cash at bank	70,000
General reserve	32,000	Debtors	1,16,000
Capital Accounts		Stock	1,60,000
Ram	2,00,000	Furniture	44,000
Naveen	1,68,000	Land & Building	1,40,000
	<u>5,40,000</u>		<u>5,40,000</u>

They admit Venu into partnership on 1-1-2017 on the following conditions.

- Venu pays Rs.1,20,000 as his capital for 1/5 share in future profits
 - Venu pays Rs.1,60,000 as Goodwill
 - The stock and furniture be reduced by 15% each
 - 10% provision for doubtful debts be created on debtors
 - Value of land and building be increased by 25%
 - The capital accounts of the partners be re-adjusted on the basis of their profit sharing ratio and additional amount be debited or credited to their current accounts prepare revaluation account, capital account and new balance sheet.
- 10 a) What do you mean by insolvency of a partner and what is rule under Garner Vs Murry judgements?

OR

- b) Anil, Balu, Chandra and Dasu are in partnership and they decided to dissolve the partnership on 31st December 2015. When their balance sheet showed as under.

Liabilities	Rs.	Assets	Rs.
Creditors	76,000	Cash in hand	4,000
Bills payable	76,000	Cash at bank	20,000
Capital Accounts :		Land & Building	1,80,000
Anil	80,000	Chandra Capital Account	48,000
Balu	40,000	Dasu Capital Account	20,000
	<u>2,72,000</u>		<u>2,72,000</u>

The assets realized : Land and buildings Rs.2,20,000, Goodwill Rs.40,000. The expenses of realization amounted to Rs.8,000 "Chandra" has become insolvent and nothing was realized from his estate. Show realization and capital accounts of partners.

11 a) What is the difference between equity shares and preference shares also explain underwriting.

OR

b) Mani Ltd., issued 1,00,000 equity shares of Rs.100 each payable as follows; Rs.25 on application, Rs.20 on allotment, Rs.25 on First call and the balance on Final call. 7500 shares were applied and allotted. All money were received with the exception of first and final calls on 2500 shares. These shares were forfeited and reissued at a later date at the rate of Rs.80 per share. Give Journal entries to prepare cash account, capital account and balance sheet of the company.

12 a) Explain general instructions to accounts for preparation of balance sheet under new schedule.

OR

b) Ramachandra Ltd. was incorporated on 1st may 2015 to take over the business of malleesh as a going concern from 1st January 2015. The profit and loss account for the year ending 31st December 2015 is as under :

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Particulars	Rs.	Particulars	Rs.
To Rent and Taxes	60,000	By Gross profit	6,20,000
To Insurance	24,000		
To Salaries	1,20,000		
To Electricity charges	9,600		
To Auditors Fees	7,200		
To Office expenses	30,000		
To Directors Fees	1,20,000		
To Advertisement	40,000		
To Discount	26,000		
To Bank charges	6,000		
To Bad debts	8,000		
To interest on loan	12,000		
To preliminary expenses	25,200		
To Net profit	<u>2,40,000</u>		
	6,20,000		<u>6,20,000</u>

The Total turnover for the year ending 31st December 2015 was Rs.20,00,000 divided into Rs.6,00,000 for the period upto 1st may 2015 and Rs.1,40,000 for the remaining period.

Prepare profit and loss account to find out profit prior and post incorporations periods.

13 a) What are the objects for valuation of Goodwill?

OR

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b) The following is the balance sheet of Dhoni Company Ltd. as on 31st December 2016.

Liabilities	Rs.	Assets	Rs.
Share capital of 50,000 shares of Rs.10 each	5,00,000	Land and Buildings	3,50,000
General reserve	2,50,000	Plant and Machinery	3,00,000
Tax provision	1,00,000	Furniture	50,000
Sundry creditors	3,00,000	Trademarks	1,00,000
Profit and loss account	1,50,000	Stock	1,00,000
		Debtors	2,40,000
		Cash in hand	50,000
		Cash at bank	75,000
		Preliminary expenses	35,000
	<u>13,00,000</u>		<u>13,00,000</u>

The plant and machinery is worth Rs.2,40,000, furniture worth Rs.60,000 and land and buildings are worth Rs.6,50,000 as valued by an independent valuer Rs.25,000 of the debtors is to be taken as bad. The profits of the company were 2014 Rs.2,50,000 2015 Rs.3,50,000 and 2016 Rs.3,00,000. It is the practice of the company to transfer 25% of the profits to reserve, Goodwill of the company may be taken at Rs.5,00,000, normal rate of return 15%.

Find out the value of its equity shares by fair value method.
