

Dr. Babasaheb Ambedkar Open University
Term End Exam August – 2010

Course Code : DAA-01 Roll No. _____
Subject : Basics of Accounting -1 Marks : 70
Date : 02-08-2010
Time : 11:00 to 02:00

Note : Attempt questions carry equal marks.

Que 1 : A. Explain the need for accounting concepts. (14)

B. Explain the concept of cost.

OR

Que 1 : A. Explain periodicity concept.

B. Explain consistency concept.

Que 2: Write a note on AS-7 Accounting for construction Contracts. (14)

OR

Que 2: Write a note on Accounting standard -1 (AS-1) Disclosure of Accounting policies.

Que 3: Write a note on Accounting standard – 14 : Amalgamation. (14)

OR

Que 3: Write a note on Accounting standard – 3 (AS-3) Cash flow Statement.

Que 4: Write a note on Accounting standard – 13 : Accounting for Investments. (14)

OR

Que 4: Write a note on Accounting standard – 16 : Borrowing costs.

Que 5: Write short Note. (Any one) (14)

1. Accounting standard -2 : Valuation of Inventories
2. Accounting standard -6 : Depreciation Accounting
3. Accounting standard -12 : Government grants.

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Course Code : DAA-02 Roll No. _____
Subject : Analytical Accounting Marks : 70
Date : 02-08-2010
Time : 03: 00 to 06:00

Note : All question carry equal marks.

Que 1 : Write short notes : (Any two)

- (1) Fund – Flow statement
- (2) Schedule of changes in working capital
- (3) Adjusted profit and loss Account.

Que 2: Write four Sources and four applications of fund.

OR

Prepare Fund-flow Statement , with imaginary figures.

Que 3: Discuss the utility of cash flow statement. What are its limitations ? Give a specimen of cash flow statement.

OR

Explain the difference between fund flow statement and cash flow statement.

Que 4: On 31-3-2007 the machinery appears in the Balance Sheet at cost of Rs. 2,60,000 against which there is a provision for depreciation of Rs. 85,000. The balance on 31-3-2008 at cost is 3,20,000 and the provision of depreciation amounted to Rs. 95,000. During the year machinery costing Rs. 15,000 was sold for Rs. 5,000. The accumulated depreciation on the machine was Rs. 8,000. What is the amount of cash flow from purchase of machinery during the year 2007- 2008?

OR

The Balance sheet as on 31-03-2007 of a company shows a balance of profit and loss Account Rs. 11,200 and on 31-3-2008 Rs. 13,600 . During the year following transaction took place.

- (1) provision made for depreciation Rs. 14,000 and for taxation Rs. 2,000

(P.T.O)

- (2) During the year Investments costing Rs. 12,000 were sold for Rs. 12,100 and machinery costing Rs. 18,000 was sold for Rs. 18,400. The profit made on both was credited to profit and loss account.
- (3) During the year Rs. 8,000 was paid for dividend.
- (4) The balance of General Reserve on last year was Rs. 60,000 and it was Rs. 62,000 on current year.

What is the amount of inflow of cash through Profit.

Que 5: What are “ Accounting Ratios” ? Discuss its utility and limitations.

OR

The following is the Balance Sheet of Rohan Ltd. as on 31-3-2006.

Liabilities	Rs.	Assets	Rs.
Eq. Share Capital	2,50,000	Fixed Assets	4,80,000
10% Pref. share Capital	1,00,000	Stock	1,12,500
Reserves	1,12,000	Debtors	87,500
12% Debentures	1,50,000	Bills receivable	25,000
Bank overdraft	25,000	Cash and Bank	45,000
Creditors	95,000	Preliminary Exps.	<u>12,500</u>
Bills payable	<u>30,000</u>		7,62,500
	7,62,500		

Additional Information :

- | | |
|-------------------------------------------------------|----------|
| (1) Total Sales (Cash Sales are 20% of Credit sales) | 9,00,000 |
| (2) Gross Profit | 3,60,000 |
| (3) Net profit (Before Interest and 50% Tax) | 2,43,000 |
| (4) Stock on 1-4-2005 | 1,03,500 |

From the above information calculate the following Ratios for the year ended on 31-3-2006 and comment in brief :

- | | |
|----------------------------------|------------------------------|
| (1) Current ratio | (2) Debtors ratio (300 days) |
| (3) Net profit ratio | (4) Capital gearing ratio |
| (5) Return on Shareholders Funds | (6) Stock ratio. |

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Course Code : DAA-03 Roll No. _____
Subject : Accounting in Special situations for companies.
Date : 03-08-2010 Marks : 70
Time : 11:00 to 02:00

Note : All question carry equal marks.

Que 1 : Define Holding Company. Explain the concept of Interest and capital profits.

OR

Madhuvan Ltd. acquires all the shares of S Ltd. On 31st March 2009 . On which date the balance sheets of the two corporates are as under :

Liabilities	Madhuvan Ltd.	S Ltd.	Assets	Madhuvan	S Ltd.
Shares of Rs. 10 each fully paid	5,00,000	2,00,000	Sundry Assets 100% Shares in S Ltd.	4,80,000 2,00,000	2,60,000 -----
Reserves	1,00,000	----			
Creditors	80,000	60,000			
	6,80,000	2,60,000		6,80,000	2,60,000

Prepare a consolidated Balance – sheet as at 31st March 2009.

Que 2 : Explain the advantages and disadvantages of holding body corporate.

OR

Explain Inter Company transactions incase of ‘Holding Company ’
Accounts.

Que 3: Narrate the Accounting treatments for Revaluation of Asssets and
Liabilities.

OR

Explain legal provisions relating to Holding company as per clause – 212 of
the companies Act 1956. (P.T.O)

Que 4: Following are the balance sheet of Ursh Ltd and its Subsidiary Niki Ltd. as at 31st March 2009.

Liabilities	Ursh Ltd.	Niki Ltd.	Assets	Ursh Ltd.	Niki Ltd.
Shares of Rs. 100 each fully paid	6,00,000	2,00,000	Machinery	3,00,000	1,00,000
General Reserves	1,50,000	80,000	Furniture	70,000	45,000
Profit and Loss A/C	70,000	50,000	70% shares in Niki Ltd at cost	2,60,000	-----
Creditors	90,000	60,000	Stock	1,75,000	1,89,000
			Debtors	55,000	30,000
			Cash at Bank	50,000	10,000
			Preliminary Expenses	-----	16,000
	9,10,000	3,90,000		9,10,000	3,90,000

Ursh Ltd acquired the shares of Niki Ltd. on 30th June 2008. On 1st April, 2008 Niki Ltd's General Reserve and profit and loss A/C stood at Rs. 60,000 and Rs. 20,000 respectively. No part of preliminary Expenses was written off during the year ended 31st March 2009.

Prepare the consolidated balance sheet of Ursh Ltd. and its subsidiary Niki Ltd as at 31st March 2009.

OR

Explain Method of preparation of Consolidated Balance Sheet.

Que 5: Write note on the following. (Any two).

1. Minority Interest with illusive figures.
2. Goodwill and capital Reserves with illusive figures
3. Issue of Bonus shares by Subsidiary.
4. Unrealized profits in stocks.

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Course Code : DAA-04 Roll No. _____
Subject : Development in Account
Date : 03-08-2010 Marks : 70
Time : 03:00 to 06:00

Note : All question carry equal marks.

Que 1 :

(a) Explain the meaning (07)

(1) Amalgamation (2) Absorption

(b) What is purchase consideration. (07)

OR

(c) Explain

(1) Treatment of goodwill arising on amalgamation (07)

(2) Treatment of reserves on amalgamation (07)

Que 2: (1) How would you close the books of the vendor body corporate. (14)

OR

(2) How would you pass entries in the books buying body corporate (14)

Que 3: AB Ltd has assets worth Rs. 700000 and its liabilities are Rs. (14)

172000. Share capital 14000 equity share each of Rs. 100.

XY Ltd. agrees to absorb AB. Ltd. the purchase consideration to be satisfied by issue of 5 equity share of XY Ltd. for every 6 share of AB Ltd. on the basis of intrinsic value of share and the balance in cash.

Draft Journal entries in the books of XY Ltd. and state what I would get in share and cash if I hold 6 share AB Ltd.

OR

(3) Pass Journal entries in the book of XY Ltd. in above case.

(P.T.O)

Que 4: Balance Sheet ABC Ltd as on 31-0-2005

(14)

Liabilities	Rs.	Assets	Rs.
200000 equity shares each of Rs. 10 fully paid up	20,00,000	Land & Building	10,00,000
General reserve	250000	Plant Machinery	1500000
Div. equalization reserve	200000	Furniture	25000
Profit and loss A/C	51000	Stock	600000
12% Debentures	1000000	Work in Progress	300000
Gold dry Creditors	300000	Gold dry Debtors	250000
		Cash	126000
	3801000		3801000

The body corporate is absorbed by XYZ Ltd. on 31-3-2005. The consideration for the absorption is discharge of debentures at premium of 5% taking over the liability in respect of the Gold dry creditors and a payment of Rs. 7 in cash and one share of Rs. 5 in XYZ Ltd. at the market price of Rs. 8 per share in ABC Ltd. The cost of liquidation of Rs. 15000 is to be met by the buying body corporate. Close the books of ABC Ltd.

OR

(4) Pass Journal entries in the books of XYZ ltd. in above example. (14)

Que 5: Write any Two short note. (14)

- (1) Format , layout and get up of financial statement.
- (2) Type of Amalgamation
- (3) Directors reports
- (4) Disclose in the first Financial statement after amalgamation