

Dr. Babasaheb Ambedkar Open University
Term End Examination July-2015

Course : Diploma in Advance Accounting (DAA) **Numerical Code: 0024**
Subject : Basics of Accounting (DAA-01) **Roll No.:** _____
Date : 21/07/2015 **Numerical Code: 0159**
Time : 11.00 to 2.00
N.B. : All Questions carry equal Marks **Total Marks: 70**

Q.1 Explain the concept of Entity Going Concern concept. **(14)**

OR

Stat the usefulness and SCOPE of accounting standards.

Q.2 Write a note on Accounting standard -6 Depreciation Accounting. **(14)**

OR

Explain the Accounting Standard-10 Accounting for Fixed assets.

Q.3 Explain the Accounting Standard-12 Government Grants. **(14)**

OR

Explain the Accounting Standard-4 contingencies and events occurring After the Balance sheet date.

Q.4 Explain Accounting Standard -14 Amalgamation.. **(14)**

OR

Explain Accounting Standard -16 borrowing costs.

Q.5 Write a note on the following (Any Two) **(14)**

1. Consistency Concept
 2. Cost Concept.
 3. Stable money Value concept.
 4. Accrual concept.
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Course : Diploma in Advance Accounting (DAA)

Numerical Code: 0024

Subject : Analytical Accounting (DAA-02)

Roll No.: _____

Numerical Code: 0160

Date : 21/07/2015

Time : 03.00 to 06.00

N.B. : All questions carry equal Marks.

Total Marks : 70

1. Write a difference between Cash flow and Fund flow Statement. (14)

OR

Write a short note on Funds-flow Statement.

2. The balance sheets of Khushvi Ltd. as on 31/3/99 and 31/3/2000 are given below (14)
Prepare Cash Flow Statement.

Balance sheet as at

Liabilities	31.03.99 Rs.	31.03.2000 Rs.	Assets	31.03.99 Rs.	31.03.2000 Rs.
Share Capital	3,00,000	4,10,000	Fixed Assets at cost	8,00,000	9,50,000
Capital Reserve	----	10,000	Less:	----	----
General Reserve	1,70,000	2,00,000	Depreciation	<u>2,30,000</u>	<u>2,90,000</u>
P & L Account	60,000	75,000	-----	<u>5,70,000</u>	<u>6,60,000</u>
Debentures	2,00,000	1,40,000	Investments	1,00,000	80,000
Current Liabilities	1,20,000	1,30,000	Current Assets	2,70,000	3,10,000
Provision for Revenue Tax	----	----	Cash Balance	10,000	30,000
Proposal Dividend	90,000	85,000	Preliminary Expense	20,000	10,000
Unpaid Dividend	30,000	36,000		----	----
	----	4,000		----	----
	9,70,000	10,80,000		9,70,000	10,80,000

During the year 1999-2000 the body corporate:

- (1) Sold one machine for Rs. 24,000 the cost of which was Rs. 50,000 and the depreciation provided on it was Rs. 21,000.
- (2) Provided Rs. 95,000 as depreciation.
- (3) Redeemable 10% of Debentures at Rs. 103.
- (4) Sold some Trade Investments at a profit which was credited to Capital Reserve.
- (5) Decided to value stock at cost whereas previously the practice was to value stock at cost less 10%. The stock according to books on 31-3-1999 was Rs. 54,000. The stock on 31-3-2000 was correctly valued at cost Rs. 75,000.
- (6) Write off fixed assets costing Rs. 14,000 which is fully depreciated.

OR

Explain the limitations of Cash Flow Statement.

Q.3 Prepare a specimen of cash flow statement.

OR

Prepare the cash flow statement after taking into account the balance sheets and additional information given for Sujal Ltd. below. All the calculations done by you are to be shown as part of your answer:

Liabilities	31.03.99	31.03.2000	Assets	31.03.99	31.03.2000
Equity Share Capital	2,00,000	2,51,000	Goodwill	30,000	27,000
Share Premium	10,000	15,000	Land & Buildings	90,000	1,40,000
General Reserve	35,000	40,000	--	--	--
P & L A/c	25,000	90,000	Machinery	1,30,000	1,50,000
6% Debentures	1,00,000	1,00,000	Patents	50,000	45,000
Creditors	30,000	40,000	Furniture & Fixtures	15,000	13,500
Provision for Taxation	18,000	15,000	Sundry Debtors	45,000	70,000
			Cash & Bank Balance	5,800	8,000
			Stock	50,000	96,000
			Debenture Discount	1,200	1,000
			Preliminary Expenses	1,000	500
	4,18,000	5,51,000		4,18,000	5,51,000

Additional Information:

- (1) Depreciation written off: Land & Buildings Rs. 9,000 Machinery Rs. 13,000 Patents Rs. 5,000 Furniture & Fixtures Rs. 1,500.
- (2) During the year machinery of Rs. 20,000 was sold at Rs. 15,000.
- (3) During the year taxes and dividend paid were Rs. 8,000 and 20,000 respectively.

Q.4 Explain about Gross profit Ratio and Net profit Ratio **(14)**

OR

What is Ratio Analysis? Explain it.

Q.5 Write about the usefulness and Limitations of Ratio analysis. **(14)**

OR

The following are the summarized balance sheets of Rehan Ltd. for two years. You are required to rearrange in the form suitable for computing ratios:

Balance Sheets:

Liabilities	1997 Rs.	1998 Rs.	Assets	1997 Rs.	1998 Rs.
Share Capital	---	---	Fixed Assets	---	---
Equity Shares of	1,00,000	1,50,000	Less. Depreciation	3,50,000	4,90,000
Rs. 100 each	---	---	Current Assets	---	---
8% pref. shares of	50,000	50,000	Stock	1,60,000	60,000
Rs. 100 each	---	---	---	---	---
Reserves	2,00,000	1,50,000	Debtors	40,000	35,000
6% Debentures	1,00,000	1,00,000	Cash	10,000	5,000
Current Liabilities	90,000	1,20,000	---	---	---
Bank Overdraft	20,000	20,000	---	---	---
	5,60,000	5,90,000		5,60,000	5,90,000

From the above information you are required to calculate the following ratios and comment on the financial position of body corporate.

- (1) Current Ratio (2) Liquid Ratio (3) Acid-Test Ratio
- (4) Proprietary Ratio (5) Long term Funds to Fixed Assets Ratio

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Term End Examination July-2015

Course : Diploma in Advance Accounting (DAA)

Numerical Code: 0024

Roll No.: _____

Subject : Accounting in Special situation for companies (DAA-03)

Numerical Code: 0161

Date : 22/07/2015

Time : 11.00 to 02.00

N.B. : All questions carry equal Marks.

Total Marks : 70

1. Sita Ltd. acquired all shares of Rina Ltd. on 1-4-2001. The Balance Sheet of both the (14)
corporate as on 31-3-2002 are as follows:

Liabilities	Sita Ltd. Rs.	Nita Ltd. Rs.	Assets	Sita Ltd. Rs.	Nita Ltd. Rs.
Share Capital	10,000	60,000	Sundry	---	---
General Reserve	---	---	Assets	1,20,000	1,30,000
(1-4-2002)	50,000	30,000	Shares of	---	---
Profit and Loss A/c	---	---	Nita Ltd.	---	---
Creditors	50,000	20,000	(At cost)	1,10,000	---
	30,000	20,000	---	---	---
	2,30,000	1,30,000	---	2,30,000	1,30,000

On 1-4-2001 the Profit and Loss Account of Nita Ltd. showed a credit balance of Rs. 6,000.

Prepare a Consolidate Balance Sheet as on 31st March , 2002.

OR

Following are the Balance Sheets of the Ravi Limited and Kavi Limited as at 31st December 2001:

Liabilities	Ravi Ltd. Rs.	Kavi Ltd. Rs.	Assets	Ravi Ltd. Rs.	Kavi Ltd. Rs.
Share Capital	---	---	Goodwill	1,00,000	22,000
Shares of Rs.100 each, fully paid up	5,00,000	1,50,000	Land & building	1,20,000	45,000
General Reserve	1,20,000	25,000	Plant and Machinery	---	---
Profit & Loss A/c	64,500	22,000	Investments	2,60,000	85,500
Creditors	1,75,000	40,000	Stock	1,50,000	---
Current A/c of Kavi Ltd.	---	---	Debtors	70,000	25,000
---	6,000	---	Current A/c Of Ravi Ltd.	1,20,000	47,500
---	---	---	Cash and Bank	---	---
	8,65,500	2,37,000		45,500	6,000
				8,65,500	2,37,000

Prepare a consolidated balance sheet of Two corporate as on 31st December, 2001 after considering the following information:

- (1) Ravi Ltd. acquired 1,200 shares of Kavi Ltd. at a price of Rs. 1,44,000 on 30-6-2001. The books of Kavi Ltd. showed general reserve at Rs. 10,000 and cr. Balance of Profit & Loss A/c at Rs. 8,000 on that date.
- (2) The directors of Ravi Ltd. revalued land and buildings of Kavi Ltd. on the date of acquisition. Its book value was Rs. 50,000 on 1-1-2001 and was increased to Rs. 60,000. Depreciation is

Charged at 10% on land and building by Kavi Ltd. On effect has been given to such a change so far, but must be considered while preparing Consolidated Balance Sheet.

2. Bharti Limited acquired 3,000 shares of Rs. 100 each out of 4,000 shares of Gangu Limited 1-1-2000. The profits of A Ltd. for the last four years were: 2,000 Rs. 50,000; 2001 Rs. 60,000; 2002 Rs. 45,000; 2003 Rs. 56,000. (14)

There was a credit balance of Rs. 30,000 of Profit & Loss A/c and General Reserve of Rs. 10,000 on 1-1-2000 in the books of Gangu Ltd. Gangu Ltd. had declared dividends a 10%, 12.5% 9% and 10% respectively for these years. The financial year of Gangu Ltd. ends on 31st December.

How will you show in the annual a/c of Niki Ltd. on 31-3-2003 the profit of Gangu Ltd. "dealt with" and "not dealt with" in accordance with Section 212 of the Indian Companies Act?

OR

H Ltd. acquires all the shares of S Ltd. on 31st March, 1987 on which date the balance sheets of the two corporate are as under:

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Share Capital: Shares of Rs.10 each	---	---	Sundry Assets 100% shares in S Ltd.	4,80,000 2,00,000	2,60,000 ---
Fully paid	5,00,000	2,00,000	---	---	---
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 1987.

3. Discuss Legal Provisions relating to Accounts . (Sec. 212) (14)

OR

The Balance Sheets of Lallu Ltd. and Chaku Ltd, as on 31-12-2001 are as follows:

Liabilities	Lallu Ltd. Rs.	Chaku Ltd. Rs.	Assets	Lallu Ltd. Rs.	Chaku Ltd. Rs.
Share Capital: Shares of Rs.10 each fully Paid up	---	---	Freehold Assets Machineries 1,200 Shares In Chaku Ltd.	1,40,000 20,000 ---	---
General reserve	1,20,000	15,000	Investments	30,000	---
Profit & Loss A/c	75,000	7,500	Debtors	45,000	15,000
Creditors	25,000	20,000	Bills Receivable	35,000	17,000
Bills Payable	45,000	4,500	Bank balance	4,000	---
Contingent Liabilities	5,000	6,000	---	26,000	8,000
Bill discounted by Lallu but not matured	---	---	---	---	---
Rs. 2,000	---	---	---	---	---
	3,00,000	53,000		3,00,000	53,000

Lallu Ltd. acquired shares of Chaku Ltd. on 1-4-2001. The books of Chaku Ltd. disclosed a reserve of Rs. 2,500 and credit balance of profit and loss account of Rs. 8,000 on 1-1-2001. All the bills accepted by Chaku Ltd. were drawn by Lallu Ltd., of which Lallu Ltd. has discounted bills of Rs. 2,000. The debtors of Lallu Ltd. include Rs. 3,000 receivable from Chaku Ltd. The monthly profit was evenly earned during the year.

From the above information, prepare consolidated balance sheet as on 31-12-2001.

4. Balance sheet as at 31st March, 1987. (14)

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Share Capital:	---	---	Sundry Assets	4,90,000	2,60,000
Shares of Rs.10 each fully paid	5,00,000	2,00,000	100% shares in S Ltd. (at cost)	1,90,000	---
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, 1987.

OR

Write short note (Any Two)

(1) Dividend from Pre-acquisition profit (2) Unrealized profit in Stock. (3) Minority Interest.

5. Balance Sheets as at 31st March, 1987. (14)

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Share Capital:	---	---	Sundry Assets	4,26,000	3,04,000
Shares of Rs.10 each fully paid	5,00,000	2,00,000	100% shares in S Ltd. acquired on 31 st March, 1989 (cost)	2,54,000	---
Reserves	1,00,000	50,000	Preliminary Expenses	---	6,000
Creditors	80,000	60,000		---	---
	6,80,000	3,10,000		6,80,000	3,10,000

Prepare a Consolidated Balance Sheet as at 31st March, 1987.

OR

Balance Sheets as at 31st March, 1987. (14)

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Share Capital:	---	---	Sundry Assets	4,46,000	3,04,000
Shares of Rs.10 each fully paid	5,00,000	2,00,000	100% shares in S Ltd. acquired on 31 st March, 1989 (cost)	2,34,000	---
Reserves	1,00,000	50,000	Preliminary Expenses	---	6,000
Creditors	80,000	60,000		---	---
	6,80,000	3,10,000		6,80,000	3,10,000

Prepare a Consolidated Balance Sheet as at 31st March, 1987.

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Course : Diploma in Advance Accounting (DAA) **Numerical Code: 0024**
Subject : Developments of Accounts (DAA-04) **Roll No: _____**
Date : 22/07/2015 **Numerical Code: 0162**
N.B. : All Questions carry equal Marks **Time : 03.00 to 06.00**
Total Marks : 70

1. Give usual Journal entries with imaginary figures in the book of the vendor company (14) an Amalgamation.

OR

Explain the types of Amalgamation.

2. Discuss about Absorption. (14)

OR

Give Journal entries in the book of the purchasing company on absorption with imaginary figures.

3. The following is the Balance Sheet of Niki Ltd. as at 31st March, 1987. (14)

Liabilities	Rs.	Assests	Rs.
65,000 Equity share of Rs.10 each	6,50,000	Furniture & Fittings	85,000
2,000 12% preference shares of Rs. 100 each	2,00,000	Stock	7,20,000
10% Debentures	1,50,000	Debtors	1,07,000
Bank overdraft	5,000	Expense of issue of Debentures	7,500
Golddry Creditors	2,25,000	Profit & Loss A/c	3,10,500
Preference Dividend in Arrears for 3 years			
	12,30,000		12,30,000

P Ltd. takes over the body corporate on the terms that it would.

- (1) Take furniture and fittings after depreciating the same by 10%, stock at Rs. 6,86,350 and Debtors subject to a provision for Bad Debt. @ 5%.
- (2) Take 10% Debentures.
- (3) Discharge the purchase consideration by allotment of 20,000 equity shares of Rs. 10 each at an agreed value of Rs. 12 each to P Ltd. and by the payment of the balance in cash.
- (4) Bear the expenses of liquidation which came to be Rs. 18,000.
- (5) Preference shareholders of Niki Ltd. agreed to accept Rs. 1,80,000 in full settlement of their total claim close the books of Niki Ltd.

OR

Pass Journal entries in the books of P Ltd. in above cash.

Q.4 The Balance Sheets of yagnik Limited as on 31-3-2002 are given below: **(14)**

Liabilities	Sita Ltd. Rs.	Nita Ltd. Rs.	Assets	Sita Ltd. Rs.	Nita Ltd. Rs.
Share Capital	1,00,000	80,000	Goodwill	60,000	30,000
Reserve	25,000	60,000	Machinery	1,20,000	1,56,000
Dividend	---	---	Investments	20,000	20,000
Equalization Fund	15,000	40,000	Stock	20,000	50,000
Profit & Loss A/c	---	20,000	Debtors	65,000	55,000
Debenture	1,20,000	1,00,000	Cash	20,000	9,000
Creditors	50,000	30,000	Bills Receivable	15,000	20,000
Bills Payable	10,000	10,000		---	---
	3,20,000	3,40,000		3,20,000	3,40,000

It was agreed that jigar ltd. will absorb Yagnik Ltd. On this date: The Purchase consideration was to be discharged by issue of shares in Jigar Ltd. on the basis of intrinsic value of shares. The face value of shares of yagnik Ltd. was Rs. 10 per share on which Rs. 5 per share was paid up, whereas the nominal value of shares of jigar Ltd. was Rs. 10 on which Rs. 4 was paid up. Debtors of Jigar Ltd. include Rs. 10,000 due by yagnik Ltd. All bills payable of yagnik Ltd. are drawn by jigar Ltd. stock of yagnik Ltd. includes goods valued at Rs. 20,000 purchased from Jigar Ltd. which has sold goods so as to realize 25% profit on sales.

Draft Journal entries in the books of Jigar of Jigar Ltd.

OR

Prepared the opening Balance Sheet.

Q.5 Write short note (Any Two) **(14)**

1. Auditor's Report
 2. Balance Sheet
 3. Format layout and get up
 4. Accounting standard (AS-14) Amalgamation
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