

Dr. Babasaheb Ambedkar Open University
Term End Examination July-2016

Course : Diploma in Advance Accounting (DAA) **Numerical Code: 0024**
Subject : Basics of Accounting (DAA-01) **Roll No.:** _____
Date : 10/07/2016 **Numerical Code: 0159**
Time : 03.00 to 06.00
N.B. : All Questions carry equal Marks **Total Marks: 70**

Q.1 Explain the concept of consistency and conservatism concept. **(14)**

OR

Explain the concept of cost and periodicity concept.

Q.2 Explain the Accounting Standard – 9 (AS-9) Revenue Recognition **(14)**

OR

Explain the Accounting Standard – 10 (AS-10) Accounting for fixed Assets.

Q.3 Explain the Accounting Standard – 13 (AS-13) Accounting for Investment. **(14)**

OR

Discuss the Accounting Standard - 16 (AS-16) Borrowing Costs.

Q.4 Describe the Accounting Standard – 2 (AS-2) Valuation of Inventories **(14)**

OR

Describe the Accounting Standard – 6 (AS-6) Depreciation Accounting.

Q.5 Write a note on the following (any one) **(14)**

1) Accounting Standard – 12 (AS-12) Government Grants.

2) Accounting Standard – 14 (AS-14) Amalgamations.

**Dr. Babasaheb Ambedkar
Open University
Term End Examination July -2016**

Course : Diploma in Advance Accounting (DAA) **Numerical Code: 0024**
Roll No.: _____
Subject : Analytical Accounting (DAA-02) **Numerical Code: 0160**
Date : 11/07/2016 **Time : 03.00 to 06.00**
N.B. : All questions carry equal Marks. **Total Marks : 70**

Q.1. Describe the utility of fund flow statement. (14)

OR

State the utilities and limitations of cash flow statement.

Q.2. From the Following Balance-Sheets of Sunil Ltd. make out cash flow statement. (14)

Balance Sheets

Liabilities	31-03-99 Rs.	31-03-2000 Rs.	Assets	31-03-99 Rs.	31-03-2000 Rs.
Equity Share Capital	3,10,000	4,00,000	Goodwill	1,25,000	90,000
8% Redeemable Preference Share Capital	1,50,000	1,00,000	Land & Building	2,00,000	1,70,000
General Reserve	40,000	70,000	Machineries	80,000	2,00,000
Profit and Loss A/C	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed Dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills Receivable	20,000	30,000
Bills Payable	20,000	16,000	Cash on Hand	12,000	10,000
Provision for Taxation	40,000	50,000	Bank Balance	13,000	8,000
	6,87,000	8,17,000		6,87,000	8,17,000

Additional Information:

- (1) During the year 1999-2000 depreciation Changed was Rs. 10,000 on Machineries and Rs. 20,000 on Land & Building.
- (2) Interim dividend paid during 1999-2000 summed to Rs. 20,000.
- (3) Taxation paid during the year 1999-2000 was Rs. 35,000.

OR

Describe the concept of cash flow statements and state how it differs from fund flow statement.

Q.3 From the following financial statements of Mr. X prepare a cash flow statement. (14)

Balance Sheets

Liabilities	31/12/2004 Rs.	31/12/2003 Rs.	Assets	31/12/2004 Rs.	31/12/2003 Rs.
Capital	2,10,000	1,50,000	Property	90,000	1,00,000
Secured lone	60,000	1,30,000	Machinery	1,45,000	1,60,000
Creditors	20,400	35,600	Furniture	10,000	12,000
Bills Payable	59,600	28,700	Stocks	22,000	15,000
			Debtors	45,000	30,000
			Cash Balance	15,600	7,500
			Bank Balance	22,400	19,800

	3,50,000	3,44,300		3,50,000	3,44,300
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Other Information :

- (a) There are no purchase or sales of fixed assets.
(b) Mr. X has withdrawn Rs. 30,000 during the year

OR

Prepare the cash flow statement for the year ended 30th June, 2004 from the two balance sheets given below

Balance Sheets

Liabilities	30-6-2004 Rs.	30-6-2003 Rs.	Assets	30-6-2004 Rs.	30-6-2003 Rs.
Equity Capital	6,50,000	5,00,000	Fixed Assets	4,50,000	4,00,000
General Reserve	1,50,000	1,00,000	Investment	1,00,000	1,00,000
P & L Balance	1,50,000	50,000	Sundry		
14 % Debenture	2,00,000	2,00,000	Debtors	3,00,000	2,00,000
Sundry	2,00,000	2,00,000	Stock	2,50,000	2,00,000
Creditors			Cash	3,15,000	1,50,000
Proposed Dividend	65,000	50,000	Misc. Exp.	----	50,000
	14,15,000	11,00,000		14,15,000	11,00,000

Note: Depreciation of Rs. 50,000 was provided on fixed assets

Q.4 Explain the concept and need of ratio analysis. (14)

OR

Explain the various types of Balance Sheet ratios.

Q.5 The Following is the Balance Sheets of Prithvi Ltd. as on 31-3-2003. Rearrange it in a form of suitable for analysis and calculate the following ratios : (14)

- (1) Net Profit Ratio (2) Current Ratio (3) Proprietary Ratio
(4) Returns of Capital Employed
(5) Debtors Ratio (6) Fixed Assets Turn Over

Balance Sheet as on 31-3-2003

Liabilities	Rs.	Assets	Rs.
Creditors	16,000	Cash at Bank	26,000
Bill Payable	6,000	Debtors	11,000
Debentures	1,00,000	Stock	50,000
Reserves & Profits	69,000	Bill Recivable	4,000
Paid –Up Capital	1,00,000	Fixed Assets	2,00,000
	2,91,000		2,91,000

OR

Write about the usefulness and Limitations of ratio analysis.

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Course : Diploma in Advance Accounting (DAA) **Numerical Code: 0024**
Roll No.: _____
Numerical Code: 0161

Subject : Accounting in Special situation for companies (DAA-03)
Date : 12/07/2016 **Time** : 03.00 to 06.00
N.B. : All questions carry equal Marks. **Total Marks : 70**

Q.1. Discuss Legal provision relating to Account (Sec-212) **(14)**

OR

The following are the Balance Sheers of H Ltd. and R Ltd. as on 31-12-2003.

Liabilities	H Ltd. Rs.	R Ltd. Rs.	Assets	H Ltd. Rs.	R Ltd. Rs.
Share Capital: Share of (Rs.100 Each)	10,00,000	5,00,000	Fixed assets	4,80,000	2,50,000
<u>Reserves & Surplus</u>			Investments In R Ltd.	5,00,000	-----
General Reserve	1,00,000	1,50,000	Current Assets	7,20,000	7,50,000
Profit & Loss A/c	1,60,000	1,50,000			
Current Liabilities	4,40,000	2,00,000			
	17,00,000	10,00,000		17,00,000	10,00,000

The following further information is furnished:

- (1) H Ltd. acquired 3,000 shares in R Ltd. on 1-4-2003. The reserves and surplus position of R Ltd. as on 1-1-2003 was as under
 - (i) General Reserve Rs. 2,50,000
 - (ii) Profit & Loss A/c Balance Rs. 1,20,000
- (2) On 1-7-2003 R Ltd. issued 1 share for every 4 shares held as bonus shares at a face value of Rs. 100 per share. No entry has been made in the books of H ltd. for the receipt of these bonus shares.
- (3) On 30-6-2003 R Ltd. declared a dividend out of its Pre-acquisition Profits of 25% on its then capital H Ltd. credited the dividend to its Profit & Loss A/c
- (4) H Ltd. owed R Ltd. Rs. 50,000 for purchase of stock from R Ltd. The entire stock is held by H Ltd. on 31-12-2003 R Ltd. made a profits of 25% on cost.
- (5) H Ltd. transferred a machine to R ltd. for Rs. 1,00,000. The book value of the machine to H Ltd. was Rs. 80,000 prepare a consolidated Balance Sheet as on 31-12-2003

Q.2. Akash Ltd. acquired 3,000 shares of Rs. 100 each of Dhirti ltd. on 30-6-2003 at a price of Rs. 5,20,000 out of total of 4,000 shares. There was general reserve of Rs.2,50,000 and Profit and loss account of Rs. 20,000 in the books of Dharti Ltd. on that date Dharti Ltd. On that date Dharti Ltd. issued bonus shares, at the rate of 1 share for every 2 share held out of its general reserve. The credit balance of profit and loss A/c on 31-12-2003 was Rs. 60,000. **(14)**

Show necessary details for preparing consolidated balance sheet.

OR

A Ltd acquired 4,500 shares of. 10 each of K ltd. on 1-4-2001. The balance sheet of both the corporate as on 31-3-2003 are as follows:

Balance Sheet as on 31-3-2001

Liabilities	A Ltd. Rs.	K Ltd. Rs.	Assets	A Ltd. Rs.	K Ltd. Rs.
Share Capital: Shares of Rs.10 each	1,00,000	60,000	Sundry Assets	1,20,000	1,10,000
General Reserve	50,000	30,000	Stock	30,000	20,000
Profit & Loss A/c	50,000	20,000	Shares in K Ltd.	80,000	-----
Creditors	30,000	20,000			
	2,30,000	1,30,000		2,30,000	1,30,000

When shares were acquired by A ltd. in K ltd. on 1-4-2000. K Ltd. had Rs.20,000 general Reserve and Rs. 12,000 credit balance in Profit & loss A/c. From the above information, prepare consolidated Balance Sheet as at 31-3-2001

Q.3. The financial year of H ltd. a holding body corporate, ends on 31-3-2002 and that of B Ltd. its subsidiary, ends on 31-12-2001. **(14)**

The share capital of B Ltd. consists of 5,000 equity shares of Rs. 100 fully paid. On 1-1-2000 H Ltd. acquired 3,000 equity shares in B Ltd. at a cost of Rs. 4,50,000. It also purchased another 1,000 shares in B Ltd. on 15-1-2002. On 1-1-2002, when H Ltd. acquired the shares in B Ltd. the books of B Ltd. disclosed a credit balance of profit & loss A/c Rs. 10,000 and a reserve of Rs. 25,000 B Ltd. made profits of Rs. 70,000 and Rs. 1,00,000 respectively for the years ending on 31-12-2000 and 31-12-2001. B Ltd. declared dividend at 10% for 2001 and at 12.5% for 2002 free of tax.

Between 1-1-2002 and 31-3-2002, B Ltd. has:

- (1) Purchased a building for Rs. 60,000
- (2) Issued 12% Debentures of Rs. 1,00,000
- (3) Advanced a loan of Rs. 80,000 to Jai Hind Ltd.
- (4) Purchased 7% (2003) Gujarat Govt.

You are required to prepare a statement, as required under sec. 212 to be attached to the Balance Sheet of H Ltd. as on 31-3-2002.

OR

Following are the balance Sheets of the R limited And K limited as at 31-12-2001.

Liabilities	R Ltd. Rs.	K Ltd. Rs.	Assets	R Ltd. Rs.	K Ltd. Rs.
Share Capital: Shares of Rs. 100 each fully paid up	5,00,000	1,50,000	Goodwill	1,00,000	22,000
General Reserve	1,20,000	25,000	Land Building	1,20,000	45,000
Profit & Loss A/c	64,500	22,000	P&M	2,60,000	85,500
			Investments	1,50,000	-----
			Stock	70,000	25,000

Creditors Currents A/c of K Ltd.	1,75,000 6,000	40,000 -----	Debtors Current A/c of R Ltd. Cash & Back	1,20,000 ----- 45,500	47,500 6,000 6,000
	8,65,500	2,37,000		8,65,500	2,37,000

Prepare Consolidated Balance Sheet of two Corporates as on 31-12-2001 after considering the following Information:

- (a) R Ltd. acquired 1,200 shares of K Ltd. at a price of Rs. 1,44,000 on 30-6-2001. The books of K Ltd. showed G.R. at Rs. 10,000 and Cr. Balance of Profit & loss A/c at Rs. 8,000 on that date.
- (b) The directors of R Ltd. revalued land & buildings of K 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 K Ltd. No effect has been given to such a change so far, but must be considered while preparing consolidated balance Sheet.

Q.4. Balance Sheets as at 31-03-1987

(14)

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Share Capital: Shares of Rs.10 each fully paid	5,00,000	2,00,000	Sundry Assets	4,70,000	2,60,000
Reserves	1,00,000	---	100% shares in S Ltd. (at cost)	2,10,000	-
Creditors	80,000	60,000			
	6,80,000	2,60,000		6,80,000	2,60,000

Prepare a Consolidated Balance Sheet as at 31-03- 1987.

OR

Following are the balance Sheet of S Ltd. and P ltd. as on 31-3-2002

Liabilities	S Ltd. Rs.	P Ltd. Rs.	Assets	S Ltd. Rs.	P Ltd. Rs.
Share Capital: Shares of Rs.10 Each	2,40,000	75,000	P& M Stock	1,80,000 60,000	68,000 23,200
General Reserve	60,000	7,200	Debtors	24,000	18,000
Profit & Loss A/c	78,000	18,000	6,000 shares of P Ltd.	1,02,000	-----
Creditors	18,000	16,000	Share of jyoti ltd.	30,000	7,000
	3,96,000	1,16,200		3,96,000	1,16,200

Prepare consolidated balance Sheet as on 31-3-2002 after considering the following information:

- (1) When S Ltd. Purchased shares of p Ltd. the books of P Ltd. showed profit & Loss A/c (cr. Bal) of Rs. 8,000 and general reserve Rs. 7,200.
- (2) Out of the goods purchased by P Ltd. form S Ltd. goods of Rs. 12,000 are still in stock, S Ltd. charges a profit of 20% on cost
- (3) Debtors of S Ltd. include Rs. 5,000 due from P Ltd.

Q.5. Write short note (Any Two)

(14)

1. Dividend from Pre-acquisition Profit
 2. Unrealized Profits in stock
 3. Minority Interest
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Term End Examination July -2016

Course : Diploma in Advance Accounting (DAA)
Subject : Developments of Accounts (DAA-04)
Date : 13/07/2016
Time : 03.00 to 06.00
N.B. : All Questions carry equal Marks

Numerical Code: 0024
Roll No: _____
Numerical Code: 0162
Total Marks : 70

Q.1. The following is the summarizes balance sheet of V Ltd, as at March 31, 1987 : (14)

Liabilities	Rs.	Assets	Rs.
Share Capital 60,000 equity shares of Rs. 10 each	6,00,000	Fixed Assets Investment	4,70,000 2,30,000
Fully paid up Share Premium Account	1,00,000 2,45,000	Current Assets	3,00,000
Creditors Bank Overdraft	55,000		
Total	10,00,000	Total	10,00,000

The business of the body corporate is taken over by p Ltd. as on that date, on the following terms.

- (i) P Ltd. to take over all assets and liabilities at book values.
- (ii) Goodwill is to be valued at weighted average of the net profits of V Ltd. for three year ending 31st march, 1987 The weights for this purpose for the accounting years 1984-85, 1985-86, 1986-87 are to be assigned as 1,2 and 3 respectively, The profits for these years had been:

	Rs.
Year ending 31 st March, 1985	40,000
Year ending 31 st March, 1986	1,60,000
Year ending 31 st March, 1987	2,40,000

- (iii) The purchase consideration is to be paid by P Ltd. in the form of equity shares of Rs. 10 each issued at par. Prepare Realization Account and Equity Shareholders Account in the books of V Ltd.

OR

Give usual Journal entries with imaginary figures in the book of the vendor company on Amalgamation.

Q.2. Given below are the Balance Sheets of two corporate as on 31st March, 2002 (14)

Kaju Co.Ltd.

Liabilities	Rs.	Assets	Rs.
Capital:20,000 Shares of - - Rs. 100 each	20,00,000	Freehold Buildings Plant and Machinery	5,38,000 7,22,000
Reserves Profit & Loss A/c	1,23,000 2,40,000	Stock Debtors	4,74,000 8,14,000
Creditors	5,27,000	Cash and Bank balance	3,42,000
Total	28,90,000	Total	28,90,000

Kismis Co.Ltd.

Liabilities	Rs.	Assets	Rs.
Capital:15,000 Shares of- -Rs. 100 each	15,00,000	Goodwill	6,00,000
Profit & Loss A/c	75,000	Plant and Machinery	7,23,000
Creditors	3,14,000	Stock	1,27,000
Bills Payable	1,27,000	Debtors	4,18,000
		Cash and Bank balance	1,48,000
Total	20,16,000	Total	20,16,000

Both the corporate decided to wound up, and to acquire the business of these two corporate, a new body corporate called R.K.Co.Ltd. was formed with share capital of Rs. 35,00,000 divided into Shares of Rs. 100 each and 500, 5% Debentures of Rs. 100 each.

All assets of Kaju Co. Ltd. except cash and bank balance were sold at following mentioned revalued figures, Freehold Building and Plant & Machinery after weiting off 20% and stock after increasing 20% value. New Body corporate agreed to pay to creditors of Kaju Co. Ltd.

All assets of Kismis Co.Ltd. were purchased by New Body corporate with the exception of cash and bank balance, In Assets, Goodwill was valued at Rs. 3,00,000 and Plant & Machinery at Rs. 4,00,000 whereas remaining assets were, taken over at their book values, Liabilities were taken over at book value by the new Body corporate.

OR

Prepare its balance sheet in the book of the New Body Corporate in above case.

- Q.3.** The following were the Balance Sheets of Dhiru Ltd. and Priti Ltd. as on 31-3-02.
Balance Sheet of Dhiru Ltd. (14)

Balance Sheet of Dhiru Ltd.

Liabilities	Rs.	Assets	Rs.
Paid up Share Capital: equity shares of Rs. 10 each rs. 7.50 paid up	6,00,000	Fixed assets	11,00,000
General reserve	3,00,000	Debtors	1,60,000
Profit and Loss A/c	1,00,000	Preliminary expenses	40,000
Workers profit sharing fund	1,00,000		
0% Debentures	2,00,000		
Creditors (Including Rs. 60,000 due to Priti Ltd.)	3,00,000		
Total	16,00,000	Total	16,00,000

Balnce Sheet of Priti Ltd.

Liabilities	Rs.	Assets	Rs.
Paid up Share Capital: Equity share of Rs. 10 each Rs. 5 paid up	6,00,000	Fixed assets	5,00,000
10% Debentures	3,00,000	Investments	1,10,000
Creditors	2,00,000	Stock	2,00,000
		Debtors(including Rs. 60,000 due by Dhiru ltd.)	1,70,000
		Preliminary expenses	20,000
		Profit & Loss A/c	1,00,000
	11,00,000		11,00,000

On 1-4-2002 Dhiru Ltd. agreed to absorb Priti Ltd. on the following Conditions:

- 1) Stock of Priti Ltd. includes goods worth Rs. 60,000 purchased from Dhiru Ltd. which was sold by them charging 20% profit on cost.
- 2) The purchased consideration was to be satisfied by issue of necessary equity shares of dhiru Ltd. in exchange of equity shares of priti Ltd., on the basis of intrinsic value of their shares.

Prepare necessary ledger accounts in the books of Priti Ltd.

OR

Pass entries in the books of Dhiru Ltd in above case.

Q.4 The balance Sheets of Yagnik Ltd. and Jigar Ltd. as on 31-3-2002 are given below.(14)

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

It was agreed that Jigar limited will absorb Yagnik Limited on this date:

The purchase consideration was to be discharged by issue of shares in Jigar Limited on the basis of intrinsic values of shares. The face value of shares of Yagnik Limited was, Rs. 10 per share on which Rs. 5 per share was paid up, whereas the nominal value of shares of Jigar Limited was Rs. 10 on which Rs. 4 Was paid up. Debtors of Jigar Limited include Rs. 10,000 due by Yagnik Limited. All bills payable of Yagnik Limited are drawn by Jigar Limited. 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 Limited and its opening Balance Sheet.

OR

Explain the Accounting Standard -14(AS-14) Amalgamations.

Q.5 Write short note (Any Two)

(14)

1. Auditor's Report provided in annual report.
 2. Chairman's note provided in annual report.
 3. Shareholder's information provided in annual reports.
 4. Accounting ratios provided in annual reports.
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