

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

Course : Diploma in Advance Accounting (DAA)

Numerical Code: 0024

Subject : Basics of Accounting (DAA-01)

Roll No.: _____

Numerical Code: 0159

Date : 20/02/2015

Time : 11.00 to 2.00

N.B. : All Questions carry equal Marks

Total Marks: 70

Q.1 Explain the need for Accounting concept and principles. (14)

OR

Explain the concept of Dual Aspect and Money value concept.

Q.2 Explain the Accounting Standard -3 (AS-3) cash flow Statements. (14)

OR

Explain the Accounting Standard-6 (AS-6) Depreciation Accounting.

Q.3 Discuss the Accounting Standard-2 (AS-2) valuation of Inventories. (14)

OR

Discuss the Accounting Standard-9 (AS-9) Revenue Recognition.

Q.4 Describe the Accounting Standards (AS-12) Government Grants. (14)

OR

Explain Accounting Standard (AS-14) Amalgamation.

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

1. Accounting Standard (AS-16) Borrowing costs.
 2. Going Concern Concept and stable Money value concept.
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Course : Diploma in Advance Accounting (DAA)

Numerical Code: 0024

Subject : Analytical Accounting (DAA-02)

Roll No.: _____

Date : 20/02/2015

Numerical Code: 0160

Time : 03.00 to 06.00

N.B. : All questions carry equal Marks.

Total Marks : 70

Q.1 Write a meaning of Fund and its utility. (14)

OR

Explain the utilities and Cash flow statement.

Q.2 From the following financial statement of Mr. X, prepare a cash flow statement. (14)

Balance sheet as at

	31.12.94 Rs.	31.12.93 Rs.		31.12.94 Rs.	31.12.93 Rs.
Capital	2,10,000	1,50,000	Property	90,000	1,00,000
Secured Loan	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
	3,40,000	3,44,300		3,40,000	3,44,300

Other information.

- There are no purchases or sales of fixed assests.
- Mr. X has withdrawn Rs. 30000 during the year.

OR

Write a short note on Accounting Standards -3 (AS-3) Cash Flow Statements.

Q.3 Write a meaning of Cash Flow – Statement and discuss Cash Flow from Fixed Assets and Liabilities. (14)

OR

Prepare the cash flow statement for the year ended 30th June 1994 from the two balance sheets given below:

Balance sheet as on 30th June

Liabilities	1994 Rs.	1993 Rs.	Assets	1994 Rs.	1993 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	Investments	1,00,000	1,00,000
Profit & Loss balance	1,50,000	50,000	Sundry debtors	3,00,000	2,00,000
14% Debentures	2,00,000	2,00,000	Stock	2,50,000	2,00,000
Sundry creditors	2,00,000	2,00,000	Cash	3,15,000	1,50,000
Proposed dividend	65,000	50,000	Miscellaneous Expenditure	-----	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 Write a short note on Ratio Analysis. (14)

OR

Explain about Earnings Per Share (EPS) and Dividend Per Share (DPS)

Q.5 The financial statement of XYZ Ltd. for the past two years are summarized below:

(14)

As on :	31-3-1996 Rs.	31-3-1997 Rs.
Assets :-		
Cash	-	1,500
Debtors	55,000	40,000
Stock in trade	55,000	45,000
Prepaid expenses	300	500
Loan to a director payable in 2002	-----	5,000
Plant at cost less depreciation	61,700	65,000
Land and building at cost less depreciation	75,000	75,000
<u>Rs.</u>	<u>2,47,000</u>	<u>2,32,000</u>
Liabilities :-		
Creditors	32,000	25,000
Provision for taxation	11,000	9,000
Bank overdraft	12,000	
Paid up capital	1,50,000	1,50,000
General reserve	30,000	30,000
Profit & Loss account	12,000	18,000
<u>Rs.</u>	<u>2,47,000</u>	<u>2,32,000</u>

You are required to:

- I. Calculate current ratio, liquid ratio, proprietary ratio and stock-working capital ratio & comment thereon.

OR

Write about the usefulness & limitations of Ratio analysis.

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Course : Diploma in Advance Accounting (DAA)

Numerical Code: 0024

Roll No.: _____

Subject : Accounting in Special situation for companies (DAA-03) **Numerical Code: 0161**

Date : 21/02/2015

Time : 11.00 to 02.00

N.B. : All questions carry equal Marks.

Total Marks : 70

- Q.1 Write a definition of Holding company and discuss Legal provisions relating to Accounts (Sec 212) (14)

OR

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

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

How will you show in the annual accounts of Nikki 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?

- Q.2 The financial year of Hiren Ltd., a holding body corporate, ends on 31-3-2002 and that of Biren Ltd., its subsidiary, ends on 31-12-2001. (14)

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

Between 1-1-2002 & 31-3-2002, Biren Ltd. has:

- (i) Purchased a building for Rs.60,000
- (ii) Issued 12% Debentures of Rs.1,00,000
- (iii) Advanced a loan of Rs.80,000 to Jaihind Ltd.
- (iv) Purchase 7% (2003) Gujarat Govt. Loan of Rs.25,000.

You are required to prepare a statement as required under sec.212 to be attached to the balance sheet of Hiren Ltd. as on 31-3-2002.

OR

Following are the balance sheets of Shailesh Ltd. and Prashant Ltd. as on 31-3-2002

Liabilities	Shailesh Ltd. Rs.	Prashant Ltd. Rs.	Assets	Shailesh Ltd. Rs.	Prashant Ltd. Rs.
Share Capital			Plants & Machinery	1,80,000	68,000
Shares of Rs.10 each	2,40,000	75,000	Stock	60,000	23,200
General reserve	60,000	7,200	Debtors	24,000	18,000
Profit & Loss account	78,000	18,000	6,000 Shares of Prashant Ltd.	1,02,000	----
Creditors	18,000	16,000	Shares of	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 Shailesh Ltd purchased shares of Prashant Ltd. the books of Prashant Ltd. showed Profit & Loss A/c (Cr. Bal) of Rs. 8,000 & General reserve of Rs.7,200.
2. Out of the goods purchased by Prashant Ltd. from Shailesh Ltd. goods of Rs.12,000 are still in stock, Shailesh Ltd. charges a profit of 20% on cost.
3. Debtors of Shailesh Ltd. include Rs. 5,000 due from Prashant Ltd.

Q.3 Balance sheet as at 31st March 1987.

(14)

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

Balance sheet as at 31st March 1987.

	H Ltd. Rs.	S Ltd. Rs.		H Ltd. Rs.	S Ltd. Rs.
Share Capital			Sundry Assets	5,60,000	2,60,000
Shares of Rs.10 each, fully paid	5,00,000	2,00,000	60% shares in S Ltd. (at cost)	1,20,000	--
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.

Q.4 Following are the balance sheets of Jitendra Ltd. & Shailendra Ltd. as on 31-12-2002. Jitendra Ltd. had purchased 8,000 shares of Rs.10 each of Shailendra Ltd., on 1-1-2001 **(14)**

Liabilities	Jitendra Ltd. Rs.	Shailendra Ltd. Rs.	Assets	Jitendra Ltd. Rs.	Shailendra Ltd. Rs.
Share Capital: Shares of Rs.10 each	1,20,000	1,00,000	Land Building		
General reserve (1-1-1999)	24,000	20,000	Investments	80,000	1,20,000
Profit & Loss account	68,000	56,000	Shares of Shailendra Ltd.	1,04,000	---
Creditors	20,000	6,000	Stock	24,000	30,000
Proposed Dividend		10,000	Debtors	20,000	40,000
			Bank Balance	4,000	2,000
	2,32,000	1,92,000		2,32,000	1,92,000

The credit balance of Profit & Loss accounts of Shailendra Ltd. as on 1-1-2001 was Rs.16,000. Shailendra Ltd. has paid 10% dividend during the year for the year of 2000. Jitendra Ltd. has credited dividend received by it to its profit & loss account. Jitendra Ltd. has not made any entry for the proposed dividend of Shailendra Ltd at 10%.

From given information prepare consolidated balance sheet as on 31-12-2001.

OR

Aarti Ltd acquired 4500 shares of Rs. 10 each of Kirti Ltd. on 1-4-2001. The balance sheet of both the Corporate as on 31-3-2003 are as follows:

Balance sheet as of 31-3-2001

	Aarti Ltd. Rs.	Kirti Ltd. Rs.		Aarti Ltd. Rs.	Kirti Ltd. Rs.
Share Capital : Shares of Rs.10 each	1,00,000	60,000	Sundry Assets	1,20,000	1,10,000
General Reserves	50,000	30,000	Stock	30,000	20,000
Profit & Loss A/c	50,000	20,000	Shares in Kirti 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 Aarti Ltd. in Kirti Ltd. on 1-4-2000, Kirti Ltd. had Rs. 20,000 General Reserves & Rs.12,000 credit balance in profit & loss a/c.

From the above information, prepare consolidated balance sheet as at 31-3-2001.

Q.5 Write a short note on Holding company.

(14)

OR

Balance sheets as at 31-03-1987.

	H Ltd. Rs.	S Ltd. Rs.		H Ltd. Rs.	S Ltd. Rs.
Share Capital			Fixed Assets	3,00,000	1,00,000
Shares of Rs.10 each, fully paid	5,00,000	2,00,000	60% shares in S Ltd. (at cost)	1,62,400	2,39,000
General Reserves	1,00,000	50,000	Current Assets	2,77,600	--
Creditors	80,000	60,000	Preliminary Expenses	--	6,000
Profit & Loss A/c	60,000	35,000			
	7,40,000	3,45,000		7,40,000	3,45,000

H Ltd. acquired the shares on 1-4-1985 on which date General Reserves & Profit & Loss A/c of S Ltd. showed balances of Rs. 40,000 & Rs.80,000 respectively. No part of Preliminary Expenses was written off during the year ending 31-3-1987.

Prepare the consolidated balance sheet of H Ltd. & its subsidiary S Ltd. as at 31-3-1987.

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Numerical Code: 0024

Subject : Developments of Accounts (DAA-04)

Roll No: _____

Numerical Code: 0162

Date : 21/02/2015

Time : 03.00 to 06.00

N.B. : All Questions carry equal Marks

Total Marks : 70

Q.1 Explain the Accounting Standard (As) 14 Amalgamations. (14)

OR

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

Q.2 Give Journal entries in the book of the purchasing company on absorption with imaginary figures. (14)

OR

What do you mean by the term 'Absorption'? Discuss the purpose of absorption.

Q.3 Two Companies Ram Ltd. and Jitu Ltd. Amalgamation and form a new company Ramkrishna Ltd. on 1-4-2012. (14)

The position of these Two companies was as under

Liabilities	Ram Ltd. Rs.	Sita Ltd. Rs.	Assests	Ram Ltd. Rs.	Sita Ltd. Rs.
Paid up Capital	3,00,000	2,00,000	Goodwill	70,000	-
Equity share of Rs.10 each			Stock	1,80,000	80,000
P & L A/c	50,000	42,000	Debtors	2,00,000	2,20,000
15% Debentures	70,000	-			
Sundry creditors	30,000	58,000			
	4,50,000	3,00,000		4,50,000	3,00,000

The average profit of Ram Ltd. and Sita Ltd. was Rs. 39000 and Rs.20000 respectively. Ramkrishna Ltd. agreed to take over both the companies for the sum Rs.600000. Moreover to meet all Liabilities the payment Rs.100000 is to be made in cash and rest of the amount in equity share capital.

It is agreed to take over the debtors after written off 10% total debtors of Ram Ltd. and Sita Ltd. Profit due to conversion is to be divided by Ram Ltd. and Sita Ltd. in proportion of the profit they were earning previously.

Prepare shareholder Account in the books of Ram Ltd. and Sita Ltd.

OR

Prepare the opening Balance sheet in the books of Ramkrishna Ltd.in above example.

Q.4 Geeta Ltd. has assets worth Rs. 700000 and its Liabilities summed to Rs.172000. Share capital Rs.4800 equity share each of Rs.100 on 31-03-2012. Seeta Ltd. has assets worth Rs. 18,00,000 and creditors Rs.50000 share capital Rs.14000 equity share each of Rs.100 Seeta Ltd. agrees to absorb Geeta Ltd. The purchase consideration to be satisfied by issue of 5 equity share of Seeta Ltd. for every 6 share of Geeta Ltd.on the basis of Intrinsic value of share and the balance in cash.

Draft the Journal entries in the books of Seeta Ltd. and state what I would get in share and cash if I hold 6 share of Geeta Ltd. (14)

OR

Pass Journal entries in the book of Geeta Ltd. in above cash.

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

1. Types of Amalgamation.
2. Directors Reports.
3. Format layout and get up of financial statement.
4. Discuss in the first financial statement after amalgamation.