

M.Com. Part-I Examination, 2020 (DDE)
Subject: Commerce
Paper: 10
(Advanced Financial Accounting)

Time: 2 Hours

Full Marks: 40

The figures in the margin indicate full marks.
Candidates are required to give their answers in their own words
as far as possible

Answer any four questions

10x4=40

1. Differentiate between Equity and Financial Liability.
2. a) State the features of Double Accounting System.

b) Distinguish between Single Accounting System and Double Accounting System.

(5+5)

3. The following figures are extracted from the BBB Bank Ltd. as on 31.03.2020

| Particulars | Rs. |
|--------------------------------|------------|
| Interest and discount received | 10,15,000 |
| Interest paid on deposits | 6,01,000 |
| Issued and subscribed capital | 2,50,000 |
| Reserve under section 17 | 2,75,000 |
| Commission earned | 45,000 |
| Rent received | 15,000 |
| Profit on sale of investment | 47,500 |
| Directors' fees | 6,000 |
| Salaries | 52,500 |
| Rent paid | 27,000 |
| Stationery | 6,000 |
| Postage | 12,500 |
| Other expenses | 6,000 |
| Audit fees | 2,000 |

Other information:

- i) Provide Rs. 1,00,000 for doubtful debts;
- ii) Rebate on bills discounted as on 31.3.2020 is Rs. 3,750;
- iii) Provide Rs. 1,75,000 for income tax;

Prepare Profit and Loss Account for the year ended 31.03.2020.

- 4. Write, in brief, different types of winding up of companies.
- 5. a) State the accounting treatments of Payment of Income Tax, Advance Payment of Tax and Tax Deduction at Source.
b) Explain the terms: Temporary differences and Tax base of assets.

(5+5)

- 6. From the following abridged Balance Sheets as on 31 March,2020 and additional information calculate Goodwill (or Capital Reserve) and Reserves and Surplus for the group. You are not required to prepare a Consolidated Balance Sheet.

| | M Ltd. Rs. | N Ltd. Rs. | O Ltd. Rs. |
|---|-----------------------|-----------------------|-----------------------|
| Equity and Liabilities | | | |
| Equity Share Capital (shares of Rs. 100 each) | 125000 | 100000 | 60000 |
| Reserves | 18000 | 10000 | 7200 |
| Profit and Loss | 16000 | 4000 | 5000 |
| Sundry Creditors | 7000 | 3000 | - |
| M Ltd. | - | 7000 | - |

| | | | |
|-------------------------------|---------------|---------------|--------------|
| O Ltd. | 3300 | - | - |
| Total | 169300 | 124000 | 72200 |
| Assets | | | |
| Property, Plant and Equipment | 28000 | 55000 | 37400 |
| Investment in Shares of: | | | |
| N Ltd. | 85000 | - | - |
| O Ltd. | - | 53000 | - |
| Inventories | 22000 | 6000 | - |
| Sundry Debtors | 26000 | 10000 | 31500 |
| N Ltd. | 8000 | - | - |
| M Ltd. | - | - | 3300 |
| Total | 169300 | 124000 | 72200 |

Additional Information:

- i) M Ltd. holds 750 shares in N Ltd. and N Ltd. holds 400 shares in O Ltd. These holdings were acquired on 31.10.2019.
- ii) On 01.04.2019 the following balances stood in the books of N Ltd. and O Ltd.

| | N Ltd. Rs. | O Ltd. Rs. |
|-----------------|---------------|---------------|
| Reserves | 8000 | 6000 |
| Profit and Loss | 1000 | 1000 |

- iii) O Ltd. sold goods costing Rs. 2500 to N Ltd. for Rs. 3100. These goods remain unsold as on 31.03.2020.