

**XX-2017**                      Seat No. \_\_\_\_\_  
**M. Com. (Part-I) Examination**  
April / May – 2003  
**Cost Accountancy : Paper – II**

Time : 3 Hours]

[Total Marks : 100

૧	ભવાની દિ		૨૦
	ખાતાનું નામ	ઉધાર	જમા
		રૂ.	રૂ.

---

42,42,000    42,42,000

અથવા

૧

પ્લેનેટ લિમિટેડ

૬

ઉધાર

જમા

રૂ.

રૂ.

તમારે તૈયાર કરવાના છે :

₹

ઉધાર

જમા

₹.

₹.

પરાગ લિમિટેડ

₹

લેણા થયેલ પરંતુ મળવાના બાકી હપતા :

લેણાં નહિ થયેલ હપતા :

અથવા

१०

परिमल लिमिटेड

१०

संख्या

संख्या

तल. १-१-२००२

तल. ३१-१२-२००२

अथवा

१०

१-४-२००२

३१-३-२००३

रु.

रु.

વર્તમાન પડતર

રૂ.

\_\_\_\_\_

=====

૩

બે

૨૦

અથવા

૩

AS-2

૮

સ્થિર હપતાની	ઘટતી જતી
રીતે ઘસારો	બાકીની રીતે
	ઘસારો
રૂ.	રૂ.

_____	_____
=====	=====

AS-6

AS-9

દેવાં	દિક્ષીતા રૂ.	નીલ રૂ.	મિલકતો	દિક્ષીતા રૂ.	નીલ રૂ.
	૧૧,૭૬,૦૦૦	૭,૭૯,૦૦૦		૧૧,૭૬,૦૦૦	૭,૭૯,૦૦૦

વધારાની માહિતી :

નીલ લિ.

નીલ લિ.

નીલ લિ.

અથવા

દેવાં	એચ. લિ. રૂ.	એસ. લિ. રૂ.	મિલકતો	એચ. લિ. રૂ.	એસ. લિ. રૂ.
	૨,૨૨,૦૦૦	૬૪,૦૦૦		૨,૨૨,૦૦૦	૬૪,૦૦૦

'૦૦૦ રૂ.માં

'૦૦૦ રૂ.માં

ચૂકવેલ દાવા

(બાદ પુનર્વાંમો) :

વધારાનું અનામત :

ચૂકવેલ કમિશન :

બાકી જોખમ માટેનું અનામત :

પ્રીમિયમ બાદ પુનર્વાંમો :

રોકાણો (મૂળ કિંમતે) :

મળવાનું બાકી પ્રીમિયમ :

તા.૧-૧-૨૦૦૨ના રોજ

ચૂકવવાના બાકી દેવાં :

આપેલ પુનર્વાંમો અંગે કમિશન :

અથવા

૫

૧૦

દેવાં	અ. લિ. રૂ.	બ. લિ. રૂ.	મિલકતો	અ. લિ. રૂ.	બ. લિ. રૂ.
	૭૫,૦૦,૦૦૦	૪૫,૦૦,૦૦૦		૭૫,૦૦,૦૦૦	૪૫,૦૦,૦૦૦

XX-2017]

14

[Contd...

દેવાં	શ. લિ. રૂ.	ચ. લિ. રૂ.	મિલકતો	શ. લિ. રૂ.	ચ. લિ. રૂ.
	૪,૫૦,૦૦૦	૩,૨૫,૦૦૦		૪,૫૦,૦૦૦	૩,૨૫,૦૦૦

### ENGLISH VERSION

- 1 Trial Balance of *Bhavani Ltd.* as on 31-3-2003 was as **20**  
under :

<i>Account Name</i>	<i>Debit Rs.</i>	<i>Credit Rs.</i>
Purchase and Sales	5,00,000	15,40,000
Goods return	40,000	50,000

Salary and salary to pay	60,000	5,000
Provident fund and contribution	10,000	80,000
Debtors and Creditors	90,000	60,000
Bills payable and Bills receivable	35,000	20,000
Cash and Bank	85,000	32,000
Debenture redemption fund and investments	80,000	80,000
Stock as on 1-4-2002	1,20,000	
Wages	2,00,000	
Rent	10,000	
Repairs	20,000	
Audit fee	12,000	
Administrative expenses	40,000	
Interest on debentures	30,000	
Interest and dividend (gross Rs. 20,000)		15,000
Sundry Income		30,000
Provision of taxation as on 1-4-2002		80,000
Advance - payment of taxation :		
Year 2001-2002   Rs.   50,000		
Year 2002-2003   Rs. 1,00,000	1,50,000	
Machinery	12,00,000	
Building	14,50,000	
Furniture	70,000	
Investment in <i>Shivam Ltd.</i> (5,000 equity shares, each Rs. 10 Rs. 8 paid up)	40,000	

Equity share capital	
shares each of Rs. 10	8,00,000
10% pref. share capital	
shares each of Rs. 100	2,00,000
General Reserve	3,00,000
10% Debentures	6,00,000
Public deposits	2,30,000
Profit and loss a/c (1-4-2002)	1,20,000
	<u><b>42,42,000</b></u>
	<u><b>42,42,000</b></u>

You are required to prepare Trading a/c, Profit and Loss a/c and Profit and Loss appropriate A/c for the year ended on 31-3-2003 and the balance sheet on that date after taking into account the following additional information :

- (1) Authorised capital of the company is Rs. 20,00,000 divided into 1,50,000 equity shares of Rs. 10 each and 5,000 pref. shares of 10% of Rs. 100 each.
- (2) Closing stock of Rs. 2,16,000, which was valued at 20% above its cost price.
- (3) One bill receivable worth Rs. 5,000, which was given to a creditor, was dis-honoured on due date, but no entry was passed for this.
- (4) Provide depreciation on machinery at 20%, furniture at 15% and building at 10%.
- (5) Income tax assesement for the last year has been completed and tax liability is fixed at Rs. 90,000. Provision for taxation to be made for the current year at the rate of 50% on net profit.

- (6) Provide 10% reserve for bad debts.
- (7) Directors are entitled to get remuneration at 5% on net profit. Rs. 15,000 of remuneration paid to Directors is included in administrative expenses.
- (8) Transfer Rs. 40,000 to general reserve and Rs. 40,000 to debenture redemption fund.
- (9) The Board of Directors has recommended 15% dividend on paidup capital and 10% dividend on preference share capital.

**OR**

- 1** (a) The trial balance of *Planet Ltd.* as at 31<sup>st</sup> March, 2003 shows the following : **6**

	<i>Dr.</i>	<i>Cr.</i>
	<i>Rs.</i>	<i>Rs.</i>
Advance payment of income tax	11,00,000	—
Provision for income-tax for the year ended 31-3-2002	—	6,00,000

The following further informations are given :

- (1) Advance payment of income-tax includes Rs. 7,00,000 for 2001-2002.
- (2) Actual tax liability for 2001-2002 amounts to Rs. 7,60,000 and no effect for the same has so far been given in accounts.
- (3) Provision for income-tax has to be made for 2002-03 for Rs. 8,00,000.

You are required to prepare :

- (a) Provision for income-tax account
- (b) Advance payment of income-tax account
- (c) Liability for taxation account and also show, how the relevant items will appear in the profit and loss account and balance sheet of the company.

- (b) The following items appear in the Trial balance **6**  
extracted from the books of a limited company :

	<b>Dr.</b>	<b>Cr.</b>
	<b>Rs.</b>	<b>Rs.</b>
Plant and machinery		
less depreciation	19,22,500	—
Investments	9,75,000	—
Capital Reserve	—	2,20,000
Income-tax	2,00,000	—
12% Redeemable preference shares	—	8,00,000

You are required to state, in regard to each of the above items, the further information you would require to enable you to draft the final accounts of the company for publication.

- (b) *Parag Ltd.* having three whole-time directors on its board, the others being part-time directors, earned profits of Rs. 37,50,000 after taking into consideration the following : **8**

- (1) Depreciation on fixed assets  
(depreciation calculated in accordance with section 350 is Rs. 4,92,000)..... Rs. 7,17,000

- (2) Provision for income-tax ..... Rs. 18,37,500
- (3) Capital expenditure included in  
 general expenses charged to  
 profit and loss account ..... Rs. 1,87,500

Calculate the maximum remuneration payable to the whole-time directors assuming that the remuneration payable to them is to be calculated on net profits remaining after payment of commission to part-time directors and the commission of part-time directors is to be calculated on net-profits remaining after payment of remuneration to whole-time directors.

- 2** (a) *Pearl Ltd.* sells motor cars on hire purchase basis at **10** cost plus 25%. Terms of sales are Rs. 50,000 as down payment and 8 monthly instalments of Rs. 25,000 for each motor car. From the following particulars prepare Hire Purchase Trading account for the year 2002 :

1-1-2002 Last instalment on 30 motor cars was outstanding as these were not due upto the end of the previous year.

During 2002 the company sold 240 motor cars.

*As on 31-12-2002*, the position of instalments outstanding was as under :

*Instalments due but not collected :*

2<sup>nd</sup> instalments on 2 motor cars and last instalment on 6 motor cars.

Instalments not yet due :

8 instalments on 50 motors cars, 6 instalments on 30 motor cars and last instalment on 20 motor cars.

Two motor cars on which 6 instalments were due and one instalment not yet due on 31-12-2002 had to be repossessed. Repossessed stock is valued at 50% of cost.

All other instalments have been received.

**OR**

- (a) How is the concept of value added linked to social change ? Explain the utility of value added. **10**
- (b) *Parimal Ltd.* purchases containers at Rs. 5 per unit and charges them out to customers at Rs. 6 each, while a credit of Rs. 4 each is given to customers when they are returned. The following information is available for the year 2002 :

	<i>Nos.</i>		<i>Nos.</i>
<b>1-1-2002</b>			
(i) Stock in hand (valued at Rs. 2.50)	30,000	Containers returned by customers	76,000
(ii) Stock with customers  (valued at Rs. 2.50)	60,000	Containers destroyed	700
		Containers sold as scrap @ Rs. 0.60	400
<b>31-12-2002</b>			
Purchases of new units	40,000	(i) Stock with customers (to be valued @ 2.50)	50,000
Containers sent to customers	90,000	(ii) Stock in hand (to be valued at Rs. 2.50)	( ? )

Prepare containers trading account under the assumption that a provision account is kept for returnable containers.

**OR**

- (b) From the data given below, calculate the 'Gearing Adjustment' under Current Cost Accounting method : **10**

	<b><i>1-4-2002</i></b>	<b><i>31-3-2002</i></b>
	<b><i>Rs.</i></b>	<b><i>Rs.</i></b>
Paid-up share capital	40,00,000	40,00,000
Reserves	10,00,000	15,00,000
Bank loan	15,00,000	14,00,000
12% debentures	20,00,000	20,00,000
Provision for taxation	4,00,000	6,00,000
Cash and Bank	3,00,000	4,00,000

***Current cost***

***Rs.***

Cost of sales adjustment	8,00,000
Depreciation adjustment	2,00,000
Monetary working capital adjustment	6,00,000
	16,00,000
	16,00,000

**3** Write short notes on any **two** : **20**

- (1) Utility of 'Environmental Accounting'
- (2) Models or approaches to 'Social Accounting'
- (3) Recent trends in published accounts
- (4) Harmonisation of accounting standards.

**OR**

**3** (1) How will you value the inventory per kg. of finished **8**  
goods (with reference to AS-2) consisted of :

Material cost ..... Rs. 50 per kg.

Direct labour cost ..... Rs. 10 per kg.

Variable production overhead..... Rs. 5 per kg.

Fixed production charges for the year on normal capacity of one lakh kgs. is Rs. 5 lakhs. 2000 kgs. of finished goods are on stock at the year end.

(2) A plant was depreciated under two different methods **6**  
as under :

	Straight line method Depreciation  <i>Rs.</i>	Written down value method Depreciation  <i>Rs.</i>
1st year	1,95,000	5,34,500
2nd year	1,95,000	3,95,000
3rd year	1,95,000	2,92,000
4th year	1,95,000	2,16,000
	<hr style="width: 50%; margin: 0 auto;"/>	<hr style="width: 50%; margin: 0 auto;"/>
	7,80,000	14,37,500
	<hr style="width: 50%; margin: 0 auto;"/>	<hr style="width: 50%; margin: 0 auto;"/>
5th year	1,95,000	1,59,500
	<hr style="width: 50%; margin: 0 auto;"/>	<hr style="width: 50%; margin: 0 auto;"/>

Required (using AS-6) :

- (a) If the company followed WDV for first four years and decides to switch over to SLM, what would be the resultant amount of surplus/deficiency ?
  - (b) If the company followed SLM for first four years and decides to switch over to WDV, what would be the amount of resultant surplus/deficiency ?
- (3) A company is doing the business of construction and renovation of houses. On completion of the renovation work, a work completion certificate is prepared and countersigned by customer. Subsequently, invoice is prepared based on the work completion certificate describing the nature of work done together with the rate and the amount. Customer scrutinizes the invoice and any variation is informed to company. **6**

Negotiations take place between the company and customer. The negotiations may result in a deduction being allowed from the invoiced amount either as a lump sum or as a percentage of the invoiced amount.

The accounting treatment followed by the company is as under :

- (a) When the invoice is raised, the customer's account is debited and Building Repairs Income is credited with the invoiced amount.
- (b) Deduction, if any arrived after negotiation is treated as trade discount by debiting the Building Repairs' Income A/c
- (c) At the end of the year a provision for anticipated loss is created by debiting the profit and loss account in respect of invoices pending for negotiations.

Comment (in the light of AS-9) :

- (i) Whether accounting treatment of deduction as trade discount is correct ? If not, give the correct accounting treatment.
- (ii) Whether the disclosure of the provision for anticipated loss in balance sheet is correct ? If not, give the correct accounting treatment.

**4** The Balance sheets of *Dixita Ltd.* and its subsidiary company *Neel Ltd.* as on 31st March, 2003 are given below : **20**

<b>Liabilities</b>	<b>Dixita</b>	<b>Neel</b>	<b>Assets</b>	<b>Dixita</b>	<b>Neel</b>
	<b>Rs.</b>	<b>Rs.</b>		<b>Rs.</b>	<b>Rs.</b>
Equity shares capital (Rs.10)	6,00,000	3,00,000	Goodwill	75,000	45,000
10% pref. share capital (Rs.10)	1,20,000	60,000	Machinery	1,20,000	75,000
Gen. Res.	1,26,000	75,000	Furniture	90,000	60,000
Ptprofit and loss a/c	1,95,000	1,50,000	Vehicles	2,40,000	1,92,500
Creditors	87,000	69,000	Investments		
Bills payable	9,000	4,500	22,500 equity shares of Neel Ltd. (on 31-3-02)	2,62,500	—
Bank O/D	39,000	1,20,500	2250 10% pref. shares of Neel Ltd. (on 1-4-2002)	52,500	—

	Other invts.	60,000	67,500
	Stock	75,000	75,000
	Debtors	1,05,000	1,20,000
	Bills Recie- vable	1,500	10,500
	Cash and Bank	94,500	1,33,500
<u>11,76,000</u>	<u>7,79,000</u>	<u>11,76,000</u>	<u>7,79,000</u>

*Additional information :*

- (1) On 31-3-2002 the machinery of *Neel Ltd.* was found overvalued by Rs. 15,000, but no entry was made in this regard in the books. Depreciation is charged @ 10% rate.
- (2) The balances of Gen. Res. and Profit and loss A/c of *Neel Ltd.* as on 31-3-2002 were Rs. 30,000 and Rs. 45,000 respetively.
- (3) On 1-7-2002 *Neel Ltd.* had paid a dividend of 10% on pref. share capital and a dividend of 10% on equity share capital for the year 2001-02. *Dixita Ltd.* had credited the dividend to its profit and loss a/c.
- (4) On 31-3-2003 *Neel Ltd.* had allotted bonus shares out of Gen. Reserve in the ratio of 1 equity share for every 10 equity shares. The transaction has not been recorded in the books of any company. The directors of *Neel Ltd.* had also proposed a 10% dividend for 2002-03 on both types of shares.

- (5) During the year 2002-03, *Dixita Ltd.* had bought goods from *Neel Ltd.* for Rs. 18,000 (cost of *Neel Ltd.* Rs. 15,000) 40% of such good remained unsold in the stock of *Dixita Ltd.* on 31-3-2003.
- (6) Bills payable of *Dixita Ltd.* were accepted in favour of *Neel Ltd.* which company had discounted bills of Rs. 4,500.

Prepare consolidated balance sheet as on 31-3-2003.

**OR**

- 4** (a) *H. Ltd.* acquired 15,000 shares of Rs. 100 each out of 20,000 equity shares of *S. Ltd.* on 1st January 2002. On this date, *S. Ltd.* had a balance in general reserve of Rs. 10,00,000 and a balance in the profit and loss account Rs. 5,00,000. During 2002 *S. Ltd.* earned profit of Rs. 20 lakhs after charging depreciation and providing for income tax. During 2002, *S. Ltd.* declared and paid dividend @ 20%. *S. Ltd.* had also made a provision for proposed dividend @ 20% for the year 2002. **10**

You are required to prepare a statement pursuant to Sec. 212 of the companies Act, 1,956 showing the required disclosures about investments in subsidiaries by *H. Ltd.*

- (b) From the following Balance sheets of H. Ltd. and its subsidiary S. Ltd. prepare a consolidated Balance sheet as on 31-12-2002 : 10

<i>Liabilities</i>	<i>H. Ltd.</i>	<i>S. Ltd.</i>	<i>Assets</i>	<i>H. Ltd.</i>	<i>S. Ltd.</i>
	<i>Rs.</i>	<i>Rs.</i>		<i>Rs.</i>	<i>Rs.</i>
Share capital	2,00,000	40,000	Sundry		
(Rs.10)			Assets less		
Profit and			liabilities	1,86,000	64,000
Loss A/c :			Investment		
Op. Bala.	18,000	14,000	in 2,400		
Profit of			shares of		
year 2002	4,000	10,000	S. Ltd.		
			(at cost)	36,000	—
	<u><u>2,22,000</u></u>	<u><u>64,000</u></u>		<u><u>2,22,000</u></u>	<u><u>64,000</u></u>

H. Ltd. bought in earlier year 3200 shares in S. Ltd. @ Rs. 15 when the balance in Profit and Loss A/c of S. Ltd. was Rs. 8,000. H. Ltd. sold 800 shares @ Rs. 22.50 on 30<sup>th</sup> June 2002. Profit made on sale of investment was properly recorded in the books of H. Ltd. Profit during the year accrued uniformly.

5 The following figures are extracted from the books of **20**  
*Piram Insurance Company Ltd.* as at 31-12-2002 :

	<b>Rs.</b> <b>(in '000)</b>		<b>Rs.</b> <b>(in '000)</b>
<i>Claims paid less</i>		Depreciation	21
<i>re-insurance :</i>		Due from other	
Fire	80	insurers	27
Marine	62	Director's fees	4
General Reserve	118	<b><i>Additional Reserves :</i></b>	
<i>Commission paid :</i>		Fire	132
Fire	48	Marine	16
Marine	39	Interest accrued	25
Share capital		Furniture (cost of Rs. 18)	12
(of Rs.100 each)	2,000	Building (cost Rs. 125)	87
Exps. of management :		Office equipments	
Fire	53	(cost Rs. 48)	30
Marine	36	Cash in hand	56
<i>Reserve for unexpired</i>		Cash at Bank	104
<i>risk :</i>		<b><i>Premium less</i></b>	
Fire	204	<b><i>re-insurance :</i></b>	
Marine	103	Fire	211
<i>Investment at cost :</i>		Marine	162
Central Govt. securities		Tax deducted at source	9
deposited with RBI	1921	<b><i>Premiums due :</i></b>	
Other central		Fire	28
Govt. securities	123	Marine	20
State Govt. securities	222		

		<i>Claims outstanding</i>	
Shares in companies	249	<i>on 1-1-2002 :</i>	
<i>Commission on</i>		Fire	14
<i>re-insurance ceded :</i>		Marine	2
Fire	23	Dividends	20
Marine	2	Int. on investments	100
Due to other insurers	43	Contingency Reserve	39
		Investment Reserve	47

*The following further information is also available :*

- (1) Claims outstanding on 31-12-2002 are : Fire Rs. 17,000, Marine Rs. 6,000
  - (2) Market value of investments is Rs. 24,01,000.
  - (3) Increase additional reserve by 10% of net premium for the year for Fire.
  - (4) Maintain reserve for un-expired risk at 50% of premium for the year in case of fire insurance and 100% of premium for the year in case of Marine Insurance.
- Prepare Revenue Accounts, Profit and Loss account and Balance sheet.

**OR**

- 5 (a) The following are the balance sheets of A. Ltd. and **10**  
*B LTD.* as at 31st March, 2003 :

<i>Liabilities</i>	<i>A. Ltd.</i> <i>Rs.</i>	<i>B. Ltd.</i> <i>Rs.</i>	<i>Assets</i>	<i>A. Ltd.</i> <i>Rs.</i>	<i>B. Ltd.</i> <i>Rs.</i>
Share capital of Rs.100 each)	50,00,000	30,00,000	Sundry assets	75,00,000	35,00,000
Reserves	10,00,000	5,50,000	Investments :		
Creditors	15,00,000	9,50,000	(in 20% shares of A. Ltd.)	—	10,00,000
	<b>75,00,000</b>	<b>45,00,000</b>		<b>75,00,000</b>	<b>45,00,000</b>

A. Ltd. was to absorb B. Ltd. on the basis of intrinsic value of the shares the consideration was to be discharged in the form of fully paid shares, entries to be made at par value only.

Give journal entries in the books of both the companies.

- (b) *X. Ltd.* and *Y. Ltd.* decide to amalgamate themselves **10** into *XY Ltd.* on the basis of the following balance sheets as on March, 31, 2003 :

<i>Liabilities</i>	<i>X. Ltd.</i> <i>Rs.</i>	<i>Y. Ltd.</i> <i>Rs.</i>	<i>Assets</i>	<i>X. Ltd.</i> <i>Rs.</i>	<i>Y. Ltd.</i> <i>Rs.</i>
Share capital (of Rs.100 each)	2,50,000	2,00,000	Sundry Assets	3,85,000	2,20,000
Reserves	1,00,000	50,000	Investments : (500 shares in Y. Ltd.)	65,000	—
Creditors	1,00,000	75,000	1000 shares in X. Ltd.	—	1,05,000
	<b>4,50,000</b>	<b>3,25,000</b>		<b>4,50,000</b>	<b>3,25,000</b>

Show how much is payable to outside shareholders of the two companies.