

[60-E] Seat No: _____

No. of printed pages: 4

SARDAR PATEL UNIVERSITY
B.Com. (V - Semester) Examination
Friday, 13th April, 2018
2.00 pm - 4.00 pm
UB05ECOM02 - Advanced Accounting and Auditing - X
Total Marks : 60

Note: (1) Figures to the right indicate full marks of the question
(2) Show your working clearly.

Q.1

15

The following is the Balance Sheet of Sahyog Engineering Company Limited as on 31.03.2015. You are required to compute the capital employed for the purpose of calculating return on Capital Employed. The values of assets are to be based on current replacement costs.

Liabilities	Rs.	Assets	Rs.
Share Capital:		Goodwill (Cost)	20,000
36,000 10% Pref. Shares of Rs.		Patents less written off	1,000
10 each	3,60,000	Freehold Property	
48,000 12% Red. Pref. Shares of		(Cost Rs. 4,30,000)	3,90,000
Rs. 10 each	4,80,000	Leasehold Property	
60,000 Equity Shares of Rs. 10		(Cost Rs. 12,000)	10,200
each	6,00,000	Plant & Machinery	
Share Premium	1,15,000	(Cost Rs. 1,50,000)	72,000
Profit & Loss Account	6,30,000	Due from subsidiary Company	11,54,000
Reserve for taxation	3,40,000	Investments:	
Creditors	9,80,000	Quoted	24,000
Bank Loan	24,000	Unquoted	60,000
Unclaimed Dividend	1,200	Stock	4,80,000
Proposed Dividend		Debtors	15,50,000
On Pref. Shares	84,000	Cash at bank	88,000
On Equity Shares	1,20,000	Preliminary Expenses	15,000
Provision for taxation	1,30,000		
	38,64,200		38,64,200

Additional Information:

1. Quoted investments are valued at Rs. 35,000 and unquoted investments are valued at Rs. 80,000. Quoted investments are not related to normal trading business.
2. Closing stock valued includes obsolete components of Rs. 3,000 which are to be written off, some of the raw materials are to be valued at Rs. 1,00,000 more than its book value.

3. For valuing fixed assets at current replacement costs, following additions are to be made to their costs after depreciation.

Freehold Property	Rs. 2,40,000
Leasehold Property	Rs. 10,000
Plant & Machinery	Rs. 70,000

4. Goodwill was paid to a company, which has gone into liquidation.
5. Patents have a market value of Rs. 70,000.

OR

Q.1

15

The Balance Sheet of GMM Engineering Company Limited as on 31.03.2014, based on historical cost is given below.

Liabilities	Rs.	Assets	Rs.
Share Capital:		Goodwill	15,000
20,000 9% Preference shares of		Patents	5,000
Rs. 10 each	2,00,000	Land & Building	
50,000 Equity shares of Rs. 10		(Cost Rs. 4,00,000)	2,60,000
each	5,00,000	Plant & Machinery	
Share premium	90,000	(Cost Rs. 1,20,000)	65,000
Profit & Loss Account	3,50,000	Investments:	
Taxation Reserve	1,40,000	Trade Investments	80,000
Creditors	5,64,000	Non trading Investments	50,000
15% Bank Loan	50,000	Stock	5,00,000
Unclaimed Dividend	1,000	Debtors	10,00,000
Proposed Dividend		Cash on hand	50,000
Equity	50,000	Preliminary Expenses	20,000
Preference	20,000		
Provision for taxation	80,000		
	20,45,000		20,45,000

Additional Information:

- Trade investments are valued at Rs. 1,00,000
- The following additions are required to the original costs to convert them to current replacement costs.

Land & Building	Rs. 1,00,000
Plant & Machinery	Rs. 35,000
- Patents have market value of Rs. 40,000 and goodwill is purchased from a company which has gone into liquidation.
- Stock requires the following adjustments.
 - Increase the value of raw material Rs. 80,0000
 - Obsolete components included in stock is Rs. 5,000 which is to be written off.
- Provision at 2% on debtors is to be made for bad debts.

Q.2

15

What is Environment Accounting? Explain Scope and Utility of Environmental Accounting.

OR

Q.2 (a)

08

Explain meaning and objectives of transfer pricing.

Q.2 (b)

07

Discuss methods of transfer pricing

Q.3

15

From the following Information prepare income statements as per absorption costing & marginal costing.

Production - 5000 units

Sales - 4800 units @ Rs. 25 per unit

Opening Stock - 100 Units (Variable Cost Rs. 4 per unit, Fixed Cost Rs.3000)

Variable Production Cost - Rs. 5 per Unit

Fixed Production Cost - Rs.25000

Variable Sales Cost - Rs. 2 per Unit

Fixed Sales Cost- Rs.15000

During the year Fixed Production Cost was absorbed at Rs.6 per unit.

OR

Q.3

15

From the following Information prepare income statements as per absorption costing & marginal costing for the year 2011.

Production - 7000 units

Closing Stock - 400 Units

Opening Stock - 500 Units (Variable Cost Rs. 12 per unit, Fixed Cost Rs.5000)

Variable Factory Cost - Rs. 6 per Unit

Fixed Factory Cost - Rs.35000

Variable Sales Cost - Rs. 3 per Unit

Fixed Sales Cost - Rs.20000

During the year sales was made at Rs. 30 per unit.

Q.4

15

Explain the Meaning and Advantages of Value Added. How Value Added Statement is differ from Profit & Loss A/C?

OR

Q.4

15

The following are the balances in the accounts statements of value for Money Limited for the year 2015.

Particulars	Amt. (Rs.)
Sales	23,00,000
Plant & Machinery (Net)	10,80,000
Loss on sale of Machinery	75,000
Depreciation on plant & Machinery	2,00,000
Dividend on ordinary shares	1,46,000
Debtors	1,95,000
Creditors	1,27,000
Total stock of materials	
WIP and finished goods	
Opening stock	1,60,000
Closing stock	2,00,000
Raw material purchased	6,25,000
Cash at bank	98,000
Printing & Stationary	22,000
Auditors remuneration	28,000
Retained Profit (Opening Balance)	9,94,000
Retained Profit for the year	2,88,000
Rent, Rates & Taxes	1,65,000
Other expenses	85,000
Ordinary share capital issued	15,00,000
Interest on borrowings	40,000
Income tax for the year	2,76,000
Wages & Salaries	3,27,000
Employees state insurance	35,000
P.F. Contribution	28,000

Prepare a value added statement for the company for 2015 together with ratios that would be of interest to the employees of the company who are 95.