

M.Com. 3rd Semester Examination, 2011

COMMERCE

Full Marks : 50

Time : 2 hours

The figures in the right-hand margin indicate marks

Candidates are required to give their answers in their own words as far as practicable

Illustrate the answers wherever necessary

PAPER – CM-304 (AF)

(Advanced Financial Accounting)

UNIT – I

[Marks : 20]

1. Answer any *two* of the following : 5 × 2

- (a) What is Human Resource Accounting? Why human resources have not been accounted for the traditional financial statements? 2 + 3

(Turn Over)

(b) Distinguish between Value Added Statement and Profit and Loss Statement.

5

(c) You are presented with the following Balance Sheets of Asha Ltd. and Usha Ltd. as at 31.12.2010 :

<i>Liabilities</i>	Asha Ltd. Rs.	Usha Ltd. Rs.
Share capital : Shares of Rs. 100- each, fully paid	6,00,000	3,00,000
Reserve	2,00,000	60,000
10% Debentures	3,00,000	1,50,000
Creditors	1,50,000	1,00,000
	12,50,000	6,10,000

<i>Assets</i>	Asha Ltd. Rs.	Usha Ltd. Rs.
Fixed Assets (excluding Goodwill)	8,30,000	2,50,000
Current assets	4,00,000	2,30,000
1000 shares in Asha Ltd.		1,20,000
Preliminary expenses	20,000	10,000
	12,50,000	6,10,000

Goodwill of A Ltd. is valued at Rs. 40,000. A Ltd. absorbs B Ltd. on the basis of the intrinsic value of the shares. State the number of shares to be issued as purchase consideration. 5

(d) Discuss the steps in formulation of a reconstruction scheme. 5

2. Answer any *one* of the following : 10 × 1

(a) P Ltd. went into voluntary liquidation on 31.3.2011. The following balances are extracted from its books on that date :

<i>Liabilities</i>	<i>Amount Rs.</i>	<i>Assets</i>	<i>Amount Rs.</i>
Capital :		Building	1,50,000
50,000 shares of Rs. 10 each	5,00,000	Plant and Machinery	2,10,000
Debentures (secured by a floating charge)	2,00,000	Stock in trade	95,000
Bank overdraft	30,000	Rs.	
Creditors	40,000	Book debts 75,000	
		Less : Provision 10,000	65,000
		Calls in arrear	1,00,000
		Cash in hand	10,000
		Profit and Loss Account	1,40,000
	7,70,000		7,70,000

Plant and Machinery, and Building are valued at Rs. 1,50,000 and Rs. 1,20,000 respectively. On realisation losses of Rs. 15,000 are expected on stock. Book debts will realise Rs. 70,000. Calls in arrears are expected to realise 90%. Bank overdraft is secured against Building. Preferential creditors for taxes and wages are Rs. 6,000.

Prepare a Statement of Affair as on the date. 10

(b) (i) Write the treatment of work-in-progress (W-I-P) and Finished goods stock in value added computation.

(ii) A company has submitted the following information for the year ended 31.3.2011 :

	Rs. (‘000)	Rs. (‘000)	Rs. (‘000)
Sales			5,000
<u>Direct cost of sales :</u>			
Material	1,000		
Labour	1,200		
Factory overhead *	<u>1,500</u>	3,700	
Work-in-Progress : #			
W-I-P opening	140		
W-I-P closing	<u>160</u>	(20)	

	Rs. ('000)	Rs. ('000)	Rs. ('000)
Finished goods stock :			
F.G. stock opening	400		
F.G. stock closing	<u>440</u>	<u>(40)</u>	<u>3,640</u>
Gross Profit			1,360
Selling and administration			
Overhead :			<u>870</u>
Trading Profit			<u>490</u>
Royalty received			<u>10</u>
Net Profit			500
Taxation			<u>200</u>
Net Profit after tax			300
Dividends			100
Added to reserves			<u><u>200</u></u>

*Overhead analysis :	Factory (Rs. '000)	Selling and Administration (Rs. '000)
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Wages and salaries	400	470
Equipment leasing	50	10
Depreciation	200	50
Others (Rent, Rates etc.)	850	340

# Stock analysis	Opening W-I-P (Rs.'000)	Closing WIP (Rs.'000)	Opening FGS (Rs.'000)	Closing FGS (Rs.'000)
Material and service contents	70	85	200	215

You are required to calculate value added using both
Generating and Distributive methods. 3 + (4 + 3)

UNIT – II

[Marks : 20]

3. Answer any *two* of the following : 5 × 2

(a) You are given the following balance sheet as on
31.3.2011.

<i>Liabilities</i>	P Ltd. Rs.	Q Ltd. Rs.	R Ltd. Rs.
Share capital (Shares of Rs. 10 each fully paid)	20,00,000	10,00,000	8,00,000
Securities Premium Account	2,00,000	50,000	—
General Reserve	6,00,000	3,00,000	2,00,000
Profit and Loss Account	2,50,000	1,80,000	1,20,000
Creditors	3,00,000	2,00,000	1,40,000
P Ltd.	—	50,000	30,000
	33,50,000	17,80,000	12,90,000

<i>Assest side</i>	P Ltd. Rs.	Q Ltd. Rs.	R Ltd. Rs.
Fixed assets (cost less depreciation)	15,00,000	9,00,000	9,70,000
Investments	13,00,000	5,80,000	—
Current assets	4,50,000	3,00,000	3,00,000
Q.Ltd.	70,000	—	—
R.Ltd	30,000	—	—
Preliminary expenses	—	—	20,000
	33,50,000	17,80,000	12,90,000

P Ltd. had acquired 80,000 shares in Q Ltd. at a total cost of Rs. 11,00,000 on 1st October, 2009, on 1st April 2010, P Ltd. and Q Ltd. purchased respectively 10,000 and 50,000 shares in R Ltd. at Rs. 11.60 per share.

Particulars about General Reserve and the Profit and Loss Account are as given below :

	<u>P Ltd.</u> (Rs.)	<u>Q Ltd.</u> (Rs.)	<u>R Ltd.</u> (Rs.)
General Reserve as on 1.4.2009	5,50,000	2,50,000	2,00,000
Profit and Loss Account balance on 1.4.2009	50,000	40,000	20,000
Profit during 2009-10	1,70,000	1,00,000	1,00,000
Dividend paid in November 2010 in respect of 2009-10	10%	12%	10%

PLtd. and Q Ltd. have credited the dividends received by them to their Profit and Loss Account. Increase in reserves were done in 2010-11. On 31st March, 2011, R Ltd. sold goods costing Rs. 20,000 to Q Ltd. for Rs. 25,000; these were immediately sold for Rs. 28,000 to P Ltd.

You are required to analyse the profit of the group to Capital profit, Revenue profit and Revenue reserve.

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(b) The Balance Sheets of H Ltd. and its subsidiary of S Ltd. as on 31st March, 2011 are as follows :

<i>Liabilities</i>	H Ltd. Rs.	S Ltd. Rs.
Equity share capital (shares of Rs. 100 each, fully paid)	30,00,000	15,00,000
General Reserve (as on 1.4.2010)	8,00,000	4,00,000
Profit and Loss Account (as on 1.4.2010)	2,00,000	2,50,000
Net profit for the year 2010-11	6,00,000	4,00,000
15 % Debenture	10,00,000	—
Creditors	4,00,000	2,70,000
Bills payable	60,000	30,000
	60,60,000	28,50,000

<i>Assets</i>	H Ltd. Rs.	S Ltd. Rs.
Premises	14,00,000	9,00,000
Machinery	12,00,000	7,00,000
Investment in shares of S Ltd.	17,00,000	—
Inventories	7,00,000	4,50,000
Debtors	5,00,000	4,20,000
Cash at Bank	3,80,000	2,00,000
Bills receivable	1,80,000	80,000
Misc. expenditure on 1.4.2010	—	1,00,000
	60,60,000	28,50,000

The following is the additional information :

- (i) H Ltd. acquired 12,000 shares in S Ltd. on 1.4.2010.
- (ii) Inventories of S Ltd. include goods purchased from H Ltd. for Rs. 1,25,000 which invoiced by H Ltd. at a profit on 25% on cost.
- (iii) Both H Ltd. and S Ltd. have proposed 10% dividend for the year 2010-11, but no effect has been given in the Balance Sheets.

Calculate consolidated Profit & Loss A/c
balance of H Ltd.

2 + 3

- (c) From the following details, find out the claim under Loss of Profit Policy :

Indemnity period – 6 months, Policy value Rs. 25,000, Date of fire – 1st April, 2011, Dislocation up to 1st August, 2011.

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	<u>Rs.</u>
Sales for 2010 accounting year	1,20,000
Net profit for 2010 accounting year	13,000
Standing charges for 2010 accounting year (all insured)	17,000
Sales from 1.4.2010 to 31.3.2011	1,60,000
Sales from 1.4.2011 to 1.8.2011	20,000
Sales from 1.4.2010 to 1.8.2010	50,000
There is a clear 10% upward trend in business.	

- (d) Explain the following terms in respect of insurance business :

2 + 2 + 1

- (i) Life Assurance Fund
- (ii) Reserve for unexpired risk
- (iii) Average clause principle.

4. Answer any *one* of the following :

10 × 1

(a) From the following Balance Sheets calculate Pre-acquisition profit, Revenue profit and Goodwill :

Balance Sheets as on 31.12.2011

<i>Liabilities</i>	H Ltd.	S. Ltd.	<i>Assets</i>	H Ltd.	S. Ltd.
	Rs.	Rs.		Rs.	Rs.
Share capital (Rs. 10 each)	4,00,000	5,00,000	Fixed assets	—	3,00,000
Profit and Loss A/c	1,60,000	1,00,000	Investment in shares in S Ltd.	4,50,000	—
Sundry creditors	50,000	90,000	Bills receivable	10,000	8,000
Bills payable	10,000	15,000	Other assets	1,50,000	3,77,000
			Cash	10,000	20,000
	6,20,000	7,05,000		6,20,000	7,05,000

- (i) Net profit for 2011 (included above) H Ltd. Rs. 40,000, S Ltd. Rs. 80,000.
- (ii) In 2011 S Ltd. credited Rs. 4,000 to Profit and Loss Account in settlement of a claim for loss of stock (cost Rs. 5,000 included in the opening stock of the year) by fire on 31.3.2011.

(iii) The following points were not considered in making out the accounts :

(A) Rs. 500 p.m. expenses were incurred by H Ltd. on behalf of S Ltd.. It was by mistake debited to Profit and Loss Account of H Ltd. and nothing has been in the accounts of S Ltd.

(B) Dividend proposed for 2011 – 10%.

(iv) On 30th April, 2011 H Ltd. acquired 32,000 shares at Rs. 4,50,000. On the same day Bonus shares @ one for every four held were received ; 10% dividend has also been received on the same day from S Ltd. The dividends have been credited to Profit and Loss A/c. 4 + 3 + 3

(b) From the following information, prepare the Profit and Loss Account of AXIS Bank Ltd. for the year ended 31st March, 2011 :

	<u>Rs.</u>
Interest on loans	25,00,000
Interest on fixed deposits	27,50,000
Rebate on bills discounted	4,90,000

	<u>Rs.</u>
Commission	82,000
Salaries and Allowances	5,40,000
Discount on bills discounted	14,60,000
Interest on cash credit	22,30,000
Depreciation on bank property	4,20,000
Rent and Rates	1,80,000
Interest on overdraft	15,40,000
Director's fees	30,000
Auditors' fees	12,000
Interest on savings bank deposits	6,80,000
Postage and Telegrams	14,000
Printing and Stationery	29,000
Sundry charges	17,000

Bad debts to be written off amounted to Rs. 4,00,000. Provision for taxation may be made at 5%. Transfer 20% of profits to statutory reserve and provide Rs. 3,00,000 for dividends.

10

[*Internal Assessment* : 10 Marks]

PAPER – CM-304 (M)

(*Consumer Behaviour*)

UNIT – I

[*Marks : 20*]

1. Answer any *two* of the following questions : 5×2

(a) Why is it necessary to study consumer behaviour ?

(b) Explain the relationship between 'status' and 'social class' of an individual.

(c) Define a model and outline the uses of a model in consumer behaviour analysis.

(d) What are the major situational factors influencing consumer behaviour ?

2. Answer any *one* of the following questions : 10×1

(a) Outline the behavioural characteristics of a consumer.

(b) Explain the role of cultural and ethnic values in influencing the behaviour of a consumer.

UNIT – II

[Marks : 20]

3. Answer any *two* of the following questions : 5 × 2
- (a) What is consumer problem recognition ?
 - (b) Explain the Ego-defensive function of attitude.
 - (c) How would you distinguish between 'Families' and 'Households' ?
 - (d) Write an explanatory note on 'symbolic learning and problem solving'.
4. Answer any *one* of the following questions : 10 × 1
- (a) Briefly discuss the different types of consumer search activities.
 - (b) Explain Howard and Seth model of consumer behaviour.

[*Internal Assessment* : 10 Marks]
