

M.Com. 3rd Semester Examination, 2022

COMMERCE

*(Advanced Accounting/Advanced Financial
Accounting)*

PAPER – COM-305

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*

COM-305.1

(Advanced Accounting)

1. Answer any *two* of the following : 2 × 2
- (a) Write any two rights of an official liquidator in case of compulsory liquidation.

(Turn Over)

- (b) Write any two reasons for not disclosing human resources in traditional financial statements.
- (c) Give a proforma of Visitors Columnar ledger in Hotel accounts.
- (d) Write any two limitations of social accounting.

2. Answer any *two* of the following : 4 × 2

- (a) Do you think that Replacement Cost model of human resource valuation is more appropriate than Historical cost model ? Explain.
- (b) Do you think that Value Added Statement is more rationale than Profit and Loss Statement ? Justify your answer.
- (c) Illustrate Environmental Cost and Benefits. Give a proposed proforma of Environmental Cost-benefit analysis.
- (d) A railway station had to be replaced by a new one. The new station's cost was Rs. 8,00,000, where as the old one had cost Rs. 2,00,000. Material formed $\frac{3}{5}$ of the total expenditure

and labour accounted for the rest. Prices of materials have doubled and wages have gone up to 250% since the old station was built. Materials worth Rs. 35,000 were used in the new station and sale proceeds of the scrap material of old station was Rs. 10,000. Pass Journal entries to record the above transactions.

3. Answer any *one* of the following : 8 × 1

(a) The following was the Balance sheet of a company when it went into liquidation on 31.12.2021

Liabilities	Amount(Rs.)
Subscribed Capital (12,000 shares of Rs. 10 each)	1,20,000
Sundry Creditors :	
Preferential Rs. 8,000	
Secured 25,000	
Unsecured 66,000	9,90,00
Overdraft loan from Bank (Unsecured)	3,000
	2,22,000

Assets	Amount(Rs.)
Goodwill	25,000
Leasehold Property	28,000
Plant and Machinery	35,500
Stock in trade	48,500
Sundry Debtors	36,200
Cash	300
Profit and Loss A/C	48,500
	2,22,000

Leasehold Property which was sold by secured creditors themselves Rs. 22,500

Plant and Machinery	28,000
Stock in trade	43,700
Sundry Debtors	32,500

The expenses of liquidation amounted to Rs. 600 and the liquidator's remuneration was agreed at 2.5% on amount realized and 5% on the amount paid to unsecured creditors other than preferential creditors.

You are required to prepare the Liquidator's Account showing the distribution.

(b) The following are the balances in the accounts statements of Sonar Bangla Ltd. for the year, 2022 :

	(Rs.,000)
Turnover	2,300
Plant and Machinery net	1,080
Depreciation on plant and machinery	200
Dividend to ordinary shareholders	146
Debtors	195
Creditors	127
Total stock of all materials, WIP and Finished goods:	
Opening stock	160
Closing stock	200
Raw material purchased	600
Cash at bank	98
Printing and stationery	22
Insurance Premium	10
Postal charges	8
Legal expenses	10
Auditor's remuneration	25

Retained profit (Opening balance)	1,000
Retained profit for the year	288
Rent and rates	165
Other expenses	85
Ordinary share capital issued	2,000
Interest on borrowings	40
Income tax for the year	276
Wages and Salaries	325
Directors sitting fees	40
Managing Directors remuneration	37
Employees State Insurance	30
P.F. contribution	28
Staff welfare fund contribution	5

Prepare Value Added Statements both Subtractive and Additive method. 4 + 4

COM-305.2

(*Advanced Financial Accounting*)

4. Answer any *two* from the following : 2 × 2

- (a) What is short sale in insurance ?
- (b) What is the significance of capital adequacy ratio in Banking ?
- (c) What is non-banking assets ? Give an example.
- (d) What is difference between Revenue account and Profit & Loss Accounts in Insurance ?

5. Answer any *two* from the following : 4 × 2

- (a) A fire occurred on 1st October, 2016 in the premises of PQR ltd. The production hampers due to fire for 4 months. However, the insurance cover was for 2 months. The company made an insurance of Rs. 5,00,000 for the year. Determine the gross claim from the following information :

Statement of Turnover

Period	Amount of Turnover
1.4.15 to 31.3.16	Rs. 48,00,000
1.10.16 to 31.12.16	Rs. 3,00,000
1.10.15 to 31.3.16	Rs. 25,00,000

There is a sales growth of 5% in past three years

(i) Net Profit during the year ended 31.3.16: Rs. 10,00,000

(ii) Total standing charges: Rs. 5,00,000

(iii) 60% of the standing charges was not insured

(iv) Saving in standing charges due to occurrence of fire Rs. 55,000.

(b) When does net claim differs from gross claim in insurance ? How to compute net claim ?
2 + 2

(c) What are the different types of holding company ? Write brief note on each on those. 1 + 3

(d) Prepare Balance sheet from the following information of Hopeful Bank Ltd. registered in India for the year ended 2021-22 :

Particulars	2020-21('00 cr.)	2021-22('00 cr.)
Premises	12	15
Civil construction during the year	2	3
Depreciation for building	1	1
Plant & machinery	2	2
Investment in India	50	65
Investment in US shares	5	6
Cash in Hand	0.01	0.01
Current Account with RBI	3	4
Balance with Bank	2	2
Capital	16	16
Deposit	10	12
Reserve & surplus	?	?
Borrowings	18	16
Other Liabilities	4	6
Advances	12	14
Other Assest	3	4
Contingent Liability	0.08	0.08
Bills for Collection	0.01	0.01

6. Answer any *one* question from the following : 8×1

(a) Prepare Revenue Account and Profit & Loss account of ABC Health Insurance Co. Ltd. from the following information. Also prepare schedule of Premium and Schedule of Claim

- (i) Claims paid from direct business 25 cr.
- (ii) Claim for reinsurance accepted 13 cr.
- (iii) Claims for reinsurance ceded 2 cr.
- (iv) Transfer to catastrophe reserve 1 cr.
- (v) Claim outstanding at the end of the year 2 cr.
- (vi) Claims outstanding at the beginning of the year 3 cr.
- (vii) Provision for taxation: 1 cr.
- (viii) Bad debt provision : 0.2 cr.
- (ix) Administrative expenses: 2 cr.
- (x) Rental income: 5 cr.
- (xi) CSR expense: 0.78 cr.
- (xii) Director's remuneration: 0.5 cr
- (xiii) Audit expenses : 0.02 cr.
- (xiv) Direct Premium received 40 cr.
- (xv) Re-insurance premium accepted 15 cr.
- (xvi) Reinsurance premium ceded 4 cr.

- (xvii) Commission to the agents 2 cr.
 (xviii) Operating expenses for insurance business 4 cr.
 (xix) Profit on investment (out of invested premium) 3 cr.
 (xx) Interest, Dividend (out of invested premium) 2 cr. 3 + 3 + 2

(b) A Ltd. has one subsidiary company B Ltd. The balance sheet of the companies as at 31st march 2015 are as follows :

	A Ltd. (Rs.)	B Ltd. (Rs.)
Share Capital	5,00,000	4,00,000
Reserve	72,000	40,000
Profit & Loss Account	64,000	8,000
Sundry creditors	41,200	48,000
Fixed Assets	1,12,000	2,20,000
Investments :		
Shares in B Ltd.	3,40,000	-
Shares in C Ltd.	72,000	2,12,000
Stock	48,000	
Debtors	73,200	64,000

Determine Cost of Control and Minority Interest in the books of A Ltd. from the following additional information :

- (i) A Ltd. holds 3,000 shares of B Ltd.
- (ii) All investments are made in 30th September, 2014
- (iii) The Balance of P/L Account and Reserve of B Ltd. as on 1st April, 2014 were as Rs. 4,000 and Rs. 36,000. 4 + 4

[*Internal Assessment* – 10 Marks]
