

SARDAR PATEL UNIVERSITY
BCom (II Semester) Examination
2017

Thursday, 30th March

10.00 am - 12.00 pm

UB02ECOM02/14 - Advanced Accounting & Auditing IV

Total Marks : 60

Note: Figures to the right indicate full marks of the question.

Q.1 Following is the Balance Sheet of TAILOR Ltd. as on 31st March 2016.

(15)

Liabilities	Rs.	Assets	Rs.
Equity Shares of Rs. 10 each	800000	Goodwill	50000
10% Pref. Shares of Rs. 10 each	200000	Land & Building	450000
General Reserve	300000	Machinery	500000
Creditors	200000	12% Tax free Govt. Securities	150000
Bills Payable	100000	(face value Rs. 200000)	
Employee's Profit sharing fund	100000	Stock	400000
Depreciation fund on machinery	200000	Debtors	200000
	1900000	Cash & Bank	100000
		Preliminary Expenses	50000
			1900000

Additional Informations:

- Market value of Land & Building is 40% more than the book value while that of Machinery is 20% less than the book value.
- Market price of 50% stock is 25% less than the book value.
- Profit before tax (at 50%) for the last three years were Rs. 500000, Rs. 600000 & Rs. 700000 respectively.
- The expected rate of return on capital employed is 15%.

Calculate the value of Goodwill at three years purchase of super profit.

OR

Q.1

- What are the items are deducted at the time of calculating average profit? (08)
- How to find out capital employed in business? (07)

Q.2 The Balance Sheet of M R Ltd. as on 31-3-16 is as under:

(15)

Liabilities	Rs.	Assets	Rs.
Equity shares of Rs. 10 each fully paid	500000	Land & Building	700000
Equity shares of Rs. 10 each Rs. 5 paid up	200000	Machinery	500000
10% Pref. Shares	300000	Furnitures	100000
Profit & Loss Account	150000	Tools	150000
10% Debentures	300000	Equity shares of HR Ltd (1000 shares)	200000
Creditors	100000	Debtors	350000
Provision for Income Tax (for the year 15-16 at 50%)	400000	Cash & Bank	150000
Unpaid dividend	50000	Preliminary Expenses	50000
Bank overdraft	100000		