TYBCom Sem VI

Q. P. Code : 31094

2. RR Pvt. Ltd. was incorporated on 30th July, 2016. This company agreed to take over business of T. R. & Co. as going concern with effect from 1st April, 2016.
The Profit and Loss Account A/c for the year ended 31st March, 2017 is given below:

Particulars	Rs	Particulars	Rs
To Office Salaries	30,000	By Gross Profit	4,00,000
To Office Rent	45,000	By Interest on Investment	10,000
To Printing and Stationery	15,000		
To Electricity Charges	7,500		
To Advertisement	26,000		
To Travelling Expenses	15,000		
To Auditor's Fees	22,500		
To Commission on Sales	40,000		
To Preliminary Expenses	5,000		
To Interest on Debentures	10,000		
To Net Profit	1,94,000		
Total	**4,10,000**	**Total**	**4,10,000**

Additional Information:

1. Investment was made in October 2016.
2. Sales arise evenly per month upto 30/9/2016, where after they record an increase of two-third per month during the rest of the period.
3. Travelling Expenses includes Rs 3,000 which are fixed in nature.
4. Audit fees are paid for the whole year.

Prepare Profit and Loss A/c for the year ended 31st March 2017 in the columnar form appropriating all income and expenditure items between Pre-incorporation and Post-incorporation period on suitable basis. **(15)**

OR

2. On 1/1/2017 RA Ltd., has imported goods from Australia based company Zubin & Co. Australian(AS$)1,00,000$ at an exchange rate of Rs 48 per AS$ The Payments were made as follows:

Date	AS$	Exchange Rate per AS$
1/2/2017	10,000	Rs 53
1/3/2017	20,000	Rs 47
1/5/2017	70,000	Rs 52

The accounting year ends on 31st March. The Exchange Rate as on 31/3/2017 was Rs 49 per AS$.
Pass necessary Journal Entries in the books of RA Ltd. and Prepare Foreign Exchange Fluctuation A/C. **(15)**

Q. P. Code : 31094

3. From the following trial balance as on 31.3.2017 of "Shalimar CHS Ltd.", prepare Income & Expenditure A/c for the year ended 31st March, 2017 and the Balance Sheet as on that date in the format required under Maharashtra Cooperative Societies Act.

Debit Balances	Rs	Credit Balances	RS
Insurance Charges	1,06,485	Interest- Fixed Deposit	7,71,231
Income & Expenditure A/c: Balance b/d	2,22,827	Collection from Members for Establishment Expenses	54,21,600
Non-Agricultural Tax	5,275	Statutory Reserve Fund	1,66,86,146
TDS Refund Due	4,801	Subscribed Capital: 1,225 shares of Rs.50 each	61,250
1 Share of MDC Co-op Bank	1,000	Collection from Members for Property Expenses	49,78,510
Water Charges	5,84,241	Security Deposits from Members	6,03,000
Equipments	4,46,910	Interest- Savings Bank	86,475
Establishment Expenses	30,67,592	Members Contribution for Building	1,45,29,318
Electricity Charges	12,12,634	Mobile Tower Rent	8,40,823
Land and Building	1,45,29,318		
Cash in Hand	4,502		
Repairs and Maintenance	13,64,379		
Cash at Bank	12,96,699		
Loan & Advances	1,42,950		
Property Taxes	36,00,233		
Fixed Deposits	1,73,80,507		
Furniture	8,000		
Total	**4,39,78,353**	**Total**	**4,39,78,353**

Additional Information:

1. Authorised Capital: 6,000 shares of Rs 50 Each.
2. Dues receivable from members towards Establishment Expenses Rs 1,24,120
3. Prepaid Insurance Rs 15,612
4. Depreciate Furniture by 10% and Equipment by 15%
5. Outstanding Electricity Charges Rs 1,97,122 **(15)**

OR

3. Arjun & Co. decided to purchase the business of Mamta & Co. on 31.12.2017. Profits of Mamta & Co. for the last 4 years were:
2014: Rs 24,000; 2015: Rs 32,000; 2016: Rs 50,000; 2017: Rs 62,000
The following additional information about Mamta & Co. is supplied:
a. A casual income of Rs 6,000 was included in the profit of 2014 which can never be expected in future.
b. Profit of 2015 was reduced by Rs 2,000 as a result of an extraordinary loss by fire.
c. After acquisition of the business, Arjun & Co. has to pay insurance premium of Rs 2,000 which was not paid by Mamta & Co.
d. Due to purchase of business, it is expected that the volume of business will increase and therefore Arjun & Co. will have to hire premises for which rent will be Rs 2,000 p.m.
e. The business of Mamta & Co. was managed by a salaried manager who was paid a monthly salary of Rs 800. Now, Mr. Arjun the proprietor of Arjun & Co. decides to manage the firm after replacing the manager.
Compute the value of Goodwill on the basis of 3 years purchase of the average profit for the last 4 years. **(15)**

4. The following is the Balance Sheet of Beena Ltd. as on 31-3-2017:

Liabilities	Rs	Assets	Rs
2,00,000 equity shares of Rs10 each	20,00,000	Fixed Assets	40,00,000
10% preference shares of Rs10 each	10,00,000	Investments	2,00,000
Profit & Loss Account	2,00,000	Stock	5,00,000
General Reserve	4,00,000	Debtors	7,00,000
Security Premium	4,00,000	Bank Balance	6,00,000
9% Debentures	12,00,000		
Sundry Creditors	8,00,000		
Total	**60,00,000**	**Total**	**60,00,000**

On the same date it was decided to buy back maximum number of shares at the maximum possible price permissible under the law.

Pass necessary Journal entries to record the above transactions and prepare Notes to Accounts of Share Capital and Reserves and Surplus after Buyback. (Do not prepare Balance Sheet) **(15)**

OR

4. Mr. Ketan intends to invest Rs 66,000 in equity shares of a Victory Ltd and seeks your advice as to the maximum numbers of shares he can expect to acquire based on a intrinsic value of the shares to be determined by you.

The following information is available:

	Rs
Issued and Paid up capital: 6% Preference shares of Rs.100 each	11,00,000
Equity Shares of Rs 10 each	7,00,000
Total	18,00,000

Average net profit of the business is Rs 1,50,000. Expected normal yield is 8% in case of such equity shares. It is observed that the net assets on revaluation are worth Rs 1,40,000 more than the amounts at which they are stated in the books. Goodwill is to be calculated at 5 years purchase of the super profits, if any. Ignore Taxation. Consider closing capital employed as average capital employed. **(15)**

Q5A. What are the basis of allocation of expenses and incomes for calculating pre and post incorporation profits/ loss? **(08)**

Q5B. What is goodwill? Explain super profit method of valuing goodwill. **(07)**

OR

Q5. Write short notes on (any three) **(15)**

i) Sinking Fund of Cooperative Housing Society
ii) Yield method of Valuation of shares
iii) Need for conversion of foreign currency transactions
iv) Sources of buyback of Equity shares
v) Balance Sheet of Co-operative Housing Society

****

TYBCom | Paper / Subject Code: 11113 / Business Economics.: Paper VI. | 58

2018 ATKT

Q.P. Code :32367

[Time: 2:30 Hours] **[Marks:75]**

Please check whether you have got the right question paper.

N.B:
1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Draw neat and clear diagrams wherever necessary.

Q. 1 Attempt **any two** of the following: **(15)**

a) According to Ricardo, "the essence of international trade is not the absolute difference in cost but comparative difference in cost". Discuss

b) Explain Heckscher-Ohlin theory of international trade with special reference to factor abundance and factor intensity.

c) Discuss the various gains from International trade.

Q. 2 Attempt **any two** of the following: **(15)**

a) Explain the structure of balance of payments.

b) State and discuss the non-monetary measures for correcting disequilibrium in the balance of payments.

c) Discuss the trends in India's balance of payments since 1991.

Q. 3 Attempt **any two** of the following: **(15)**

a) Explain the functions of foreign exchange market.

b) Distinguish between spot and forward exchange rates.

c) Discuss the role of Hedging and Speculation in the foreign exchange market.

Q. 4 Attempt **any two** of the following: **(15)**

a) Explain how equilibrium rate of exchange is determined with the help of a suitable diagram.

b) Discuss absolute version of the purchasing power parity theory.

c) Outline role of the Central Bank in foreign exchange market.

Q. 5 A) State with reasons, whether the following statements are true or false. **(any four)** **(08)**

i) If the import prices are greater than export prices, terms of trade are favorable to the country.
ii) International trade increases welfare of only exporting countries.
iii) Devaluation of domestic currency makes exports costlier and import cheaper.
iv) WTO deals with domestic trade.
v) Commercial banks participate in the foreign exchange market.
vi) Arbitrage helps to equalize exchange rate in different foreign exchange markets.
vii) Investment in financial assets abroad will increase the demand for foreign exchange.
viii) Flexible exchange rate creates uncertainty among exporters and importers.