

**M. COM. SEM-II (2018 Course) (Choice Based Credit System) :
SUMMER - 2019**

SUBJECT: ELECTIVE – A GROUPS: ADVANCED ACCOUNTING - III

Day: Tuesday
Date: 16/04/2019

S-2019-0462

Time: 03.00 PM TO 06.00 PM
Max Marks: 60

N.B.

- 1) All questions are **COMPULSORY**.
- 2) Figures to the right indicate **FULL** marks.
- 3) Use of calculator is **ALLOWED**.

Q.1 Following are the Balance Sheets of A. Ltd. and its subsidiaries B. Ltd. and C. Ltd. as on 31st December, 2016 **(16)**

Liabilities	A Ltd. Rs	B. Ltd. Rs.	C. Ltd. Rs.	Assets	A Ltd. Rs	B. Ltd. Rs.	C. Ltd. Rs.
Share Capital (In Shares of Rs. 100 each)	12,50,000	10,00,000	6,00,000	Fixed Assets	2,80,000	5,50,000	3,75,000
Reserves	1,80,000	1,00,000	72,000	Investments at cost	10,30,000	5,30,000	-
P & L A/c	1,60,000	20,000	51,000	Stock in Trade	1,20,000	-	-
Sundry Creditors	1,03,000	1,20,000	-	Sundry Debtors	2,63,000	1,60,000	3,48,000
Total	16,93,000	12,40,000	7,23,000	Total	16,93,000	12,40,000	7,23,000

- i) The break-up of investments, which were all made on 30th June, 2016 is as under:
 - a) A. Ltd. held - 7,500 shares in B. Ltd. at a cost of Rs. 8,50,000. and 1,500 shares in C. Ltd. at a cost of Rs. 1,80,000.
 - b) B. Ltd. held – 4,000 shares in C. Ltd. at a cost of Rs. 5,30,000.
- ii) a) Sundry Creditors of A. Ltd. include Rs. 33,000 due to C. Ltd. which amount is duly reflected in the books of C. Ltd.
b) Sundry Creditors of B. Ltd. include Rs. 70,000 due to A. Ltd. whereas Sundry Debtors of A. Ltd. include Rs. 80,000 due from B. Ltd. the difference of Rs. 10,000 being cash in transit from B. Ltd. to A. Ltd as on 31st December, 2016
- iii) a) The subsidiary position as on the date of acquisition of shares (i.e. 30 June, 2016) was as follows:

	B. Ltd. Rs.	C. Ltd. Rs.
Reserves	90,000	60,000
Profit and Loss Account	10,000	8,400
Sundry Creditors	40,000	-
Fixed Assets	5,50,000	3,68,400
Stock-in-trade	40,000	-
Sundry Debtors	5,50,000	3,00,000

- b) The whole of the stock-in-trade of B. Ltd as on 30th June, 2016 was subsequently sold to A. Ltd. at a profit of 20% on selling price.
- iv) The stock in trade of A. Ltd. as on 31st December, 2016 includes Rs. 25,000 being cost of A. Ltd. of the above stock purchased from B. Ltd. and remaining unsold as on that date.

Prepare a Consolidated Balance Sheet as on 31st December, 2016.

P.T.O.

OR

Define 'Holding Company'. Explain the concept of capital profit and revenue profit. (16)

Q.2 The following is the Balance Sheet of "X" Ltd. as on 31st March, 2019 (16)

Liabilities	Rs.	Assets	Rs
Share Capital: 8,000 Shares of Rs. 100 each	8,00,000	Goodwill	1,20,000
6 % Debentures	3,00,000	Land & Building	4,30,000
Sundry Creditors	80,000	Plant & Machinery	3,70,000
		Patents	50,000
		Stock	80,000
		Sundry Debtors	45,000
		Cash in Hand	1,000
		Profit & Loss A/c	84,000
	11,80,000		11,80,000

The Company is not getting well due to heavy losses and the following scheme of reconstruction was accepted by all.

- i) Each Equity Share shall be sub-divided into Equity Shares of Rs. 10 each.
 - ii) After sub – division, each equity shareholder will surrender 50% of his shareholdings
 - iii) Debenture holders' total claim be reduced to Rs. 1,80,000 and this would be satisfied by issuing them the shares surrendered.
 - iv) The claim of the sundry creditors shall be reduced by 20%.
 - v) Out of the balance available, the company decided to write off Goodwill, profit and Loss Account, Patents completely and Plant and Machinery by Rs. 2,25,000
 - vi) Shares surrendered and not re-issued shall be cancelled.
- Pass necessary journal entries and prepare balance sheet after reconstruction of a company.

OR

- a) Explain the procedure for preparing the scheme of internal reconstruction. (08)
- b) Explain the subdivision and consolidation of shares with reference to the scheme of internal reconstruction. (08)

Q.3 The Balance Sheet of Sruja Ltd. as on 31st March, 2015 is as follows: (16)

Liabilities	Rs.	Assets	Rs
Share Capital: Issued and Subscribed Capital:		Fixed Assets:	
• 1,000, 6% Preference Shares of Rs. 100 each	1,00,000	Land and Buildings	2,00,000
• 2,000 Equity Shares of Rs. 100 each fully paid	2,00,000	Plant and Machinery	2,20,000
• 3,000 Equity Shares of Rs. 100 each fully Rs. 50 paid	1,50,000		
Secured loans:		Current Assets, Loans and Advances:	
• 6 % Debentures (Floating charge on all assets)	1,00,000	Stock	1,00,000
• Bank Loan (Mortgage on Land and Buildings)	1,00,000	Debtors	1,00,000
		Cash at Bank	30,000
Current Liabilities and Provisions:		Miscellaneous Expenditure:	
Sundry Creditors	90,000	Preliminary Expenses	40,000
Income Tax	10,000		
		Profit and loss:	
		Business Deflect	60,000
	7,50,000		7,50,000

P.T.O

The company went into liquidation on 31st March, 2015. The preference dividend were in arrears for three years. The arrears are payable on liquidation. The assets were realized as follows:

Land and Buildings Rs. 2,40,000, Plant and Machinery Rs. 1,80,000, Stock Rs. 70,000 and Debtors Rs. 60,000.

The expenses of liquidation amounted to Rs. 8,000. The liquidator is entitled to remuneration @ 2% on all assets realized and 3% on amount distributed to Unsecured Creditors. All payments were made on 1st October, 2015.

Prepare the Liquidator's Final Statement of Account.

OR

- a) What do you mean by liquidation of the company? What are the grounds for compulsory winding up of the company? (08)
- b) How the statement of affairs is prepared by the liquidator of the company. (08)

Q.4 Write short notes on any **THREE** of the following (12)

- a) Non Banking financial companies
- b) Advantages of vertical financial statements
- c) Alteration and reduction of share capital
- d) Distinction between internal reconstruction and external reconstruction
- e) Stock brokers

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