

**M. COM. SEM-I (2018 Course) (Choice Based Credit System) :**  
**SUMMER - 2019**  
**SUBJECT : ELECTIVE – A GROUPS: ADVANCED ACCOUNTING – I**

Day : Friday  
 Date : 12/04/2019

Time : 03.00 PM TO 06.00 PM  
 Max. Marks : 60

**S-2019-0453**

**N.B.:**

- 1) All questions are **COMPULSORY**.
- 2) Figures to the right indicate **FULL** marks.
- 3) Use of non-programmable **CALCULATOR** is allowed.

**Q.1** The Balance Sheet of Anita Ltd., as on 31<sup>st</sup> March, 2018 was as follows: **[16]**

**Balance Sheet as on 31<sup>st</sup> March, 2018**

Liabilities	₹	Assets	₹
<b>Share Capital :</b>		Land and Buildings	1,40,000
2,000 Shares of ₹ 100 each	2,00,000	Plant and Machinery	1,10,000
General Reserve	64,000	Stock	98,000
Profit and Loss	60,000	Sundry Debtors	42,000
Bills Payable	42,400	Cash in Hand	14,400
Creditors	70,000	Advertising Expenses	32,000
<b>Total</b>	<b>4,36,400</b>		<b>4,36,400</b>

Anita Ltd., was absorbed by Babita Ltd., on the following terms:

- a) Anita Ltd., agreed to write off Advertising expenses against its own reserves.
- b) Babita Ltd., revalued the assets of Anita Ltd., as under:  
 Land and Buildings ₹ 1,50,000; Plant and Machinery ₹ 1,04,000; Stock ₹ 1,20,000 and Debtors at Book value.
- c) Babita Ltd., took over the assets and liabilities of Anita Ltd., and agreed to discharge the purchase consideration in 2,600 shares of ₹ 100 each at ₹ 110 per share and balance in cash.
- d) Anita Ltd., paid its liquidation expenses of ₹ 4,000.  
 Prepare Realisation Account, Babita Ltd. Account, Cash Account and Shareholders Account in the books of Anita Ltd. Pass opening journal entries in the books of Babita Ltd.

**OR**

- a) Explain the concept of Amalgamation and Absorption of the company. What are the different modes of payment of purchase consideration? **[08]**
- b) Explain the concept of Accounting Theory. **[08]**

**Q.2** The Balance Sheet of A Ltd., and B Ltd., as on 31<sup>st</sup> March, 2018 is as follows. **[16]**  
 A new company was formed called C Ltd.

Liabilities	A Ltd. (₹)	B Ltd. (₹)	Assets	A Ltd. (₹)	B Ltd. (₹)
Share Capital:			Buildings	10,500	6,000
15,00 Shares of ₹ 10 each	15,000	--	Machinery	2,500	1,500
800 shares of ₹ 10 each	--	8,000	Motor Vehicles	1,000	--
General Reserve	8,000	--	Stock	6,000	7,800
Profit and Loss	2,000	2,000	Debtors	8,200	2,100
5% Debentures	--	6,000	Cash	4,300	1,800
Creditors	7,500	3,200			
<b>Total</b>	<b>32,500</b>	<b>19,200</b>		<b>32,500</b>	<b>19,200</b>

**P.T.O.**

The following are the terms of purchase of the business.

- Goodwill of A Ltd., and B Ltd., is to be valued at ₹ 8,000 and ₹ 3,000 respectively.
- All the assets and liabilities of A Ltd., are to be taken over at their book values except Motor Vehicle which is valued at ₹ 3,000.
- All the assets of B Ltd., are taken over at their book values except Debtors and Cash, but not the liabilities.
- The Debentures of B Ltd., are to be discharged at a premium of 5% by issuing them 9% Debentures of C Ltd., as part payment of purchase consideration.
- The balance of purchase price to B Ltd., and entire purchase price to A Ltd., is paid in ₹ 10 fully paid equity shares of C Ltd.

Show : i) Calculation of Purchase consideration of both the companies.

ii) Close the books of accounts of A Ltd., and B Ltd.,

iii) Balance Sheet of C Ltd., separately.

**OR**

- What do you mean by Cash Flow Statement? What are the main points of difference between Cash Flow Statement and Fund Flow Statement? [08]
- What are the objectives of Inflation Accounting? [08]

**Q.3** From the following Balance Sheets of Anushka Ltd., prepare a Cash Flow Statement. [16]

**Balance Sheets as on 31<sup>st</sup> March, 2018**

Liabilities	2017 (₹)	2018 (₹)	Assets	2017 (₹)	2018 (₹)
Equity Share Capital	3,00,000	4,00,000	Fixed Assets	4,00,000	5,50,000
Profit and Loss A/c	85,000	1,10,000	Stock	2,00,000	2,25,000
Bank Loan	1,00,000	75,000	Debtors	2,10,000	1,90,000
Accumulated depreciation	80,000	1,35,000	Bills Receivable	80,000	1,10,000
Creditors	3,10,000	2,95,000	Bank	30,000	--
Proposed Dividend	45,000	60,000			
<b>Total</b>	<b>9,20,000</b>	<b>10,75,000</b>		<b>9,20,000</b>	<b>10,75,000</b>

**Additional information :**

A piece of machinery costing ₹ 60,000 on which accumulated depreciation was ₹ 15,000 was sold for ₹ 30,000.

**OR**

- Explain the concept of Generally Accepted Accounting Principles (GAAP) [08]
- What are the advantages of setting Accounting Standards? [08]

**Q.4** Write short notes on **ANY THREE** of the following: [12]

- Purchase Consideration
- Inflation Accounting Method
- Professional development of accounting in India
- Need of Cash Flow Statement
- External Reconstruction

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