

S.D.E.

**M. Com. Sem-I (CBCS 2018 Course) : 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** : 70

**S-2019-4750**

**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** A Ltd., sells its business to B Ltd., as on 31<sup>st</sup> March 2018 on which date its Balance Sheet stood as follows : **(16)**

**Balance Sheet of A Ltd., as on 31<sup>st</sup> March, 2018**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
<b>Share Capital :</b>		Goodwill	50,000
2,000 Shares of Rs. 100 each	2,00,000	Freehold Property	1,50,000
6% Debentures of Rs. 100 each	1,00,000	Plant and Tools	83,000
Sundry Creditors	30,000	Stock	35,000
Reserve Fund	50,000	Bills Receivable	4,500
Profit and Loss	20,000	Sundry Debtors	27,500
		Cash at Bank	50,000
	<b>4,00,000</b>		<b>4,00,000</b>

A Ltd., agreed to take the assets (exclusive of Cash and Goodwill) at 10% less than the book values, to pay R. 75,000 for goodwill and to take over the debentures.

The Purchase consideration was to be discharged by allotment to A Ltd. of 1,500 Shares of Rs. 100 at a premium of Rs. 10 per share and balance in cash.

The cost of liquidation amounted to Rs. 3,000.

You are requested to prepare necessary accounts in the books of A Ltd. Pass Journal entries in the books of B Ltd.

**OR**

**Q.1** a) What do you mean by Amalgamation and Absorption of the company? What are the different modes of payment of purchase consideration? **(08)**

b) Explain the concept 'Accounting Standard'. State its advantages. **(08)**

**Q.2** X Ltd., and Y Ltd., are two companies carrying on business in the same line of activity. Their Balance Sheet as on 31<sup>st</sup> March 2019 are given below : **(12)**

<b>Liabilities</b>	<b>X Ltd. Rs.</b>	<b>Y Ltd. Rs.</b>	<b>Assets</b>	<b>X Ltd. Rs.</b>	<b>Y Ltd. Rs.</b>
Fully paid Equity Shares of Rs. 10 each	6,00,000	2,00,000	Land and Buildings	1,00,000	—
General Reserve	4,00,000	2,00,000	Plant and Machinery	7,00,000	3,00,000
Secured Loans	6,00,000	1,00,000	Investments	1,00,000	—
Current Liabilities	6,00,000	4,00,000	Stocks	9,00,000	4,00,000
			Debtors	3,00,000	1,00,000
			Cash at Bank	1,00,000	1,00,000
	<b>22,00,000</b>	<b>9,00,000</b>		<b>22,00,000</b>	<b>9,00,000</b>

**P.T.O.**

The two companies decided to amalgamate into XY Ltd. The following further information is given.

- X Ltd., holds 8,000 shares in Y. Ltd., @ Rs. 12.50 each.
  - All assets and liabilities of the two companies, except Investments are taken over by XY Ltd.
  - Each Share in Y Ltd., is valued @ Rs. 25/- for the purpose of the amalgamation.
  - Shareholders in X Ltd., and Y Ltd., are paid off by issuing to them sufficient number of Equity Shares of Rs. 10 each in XY Ltd., as fully paid up at par.
  - Each Share in X Ltd., valued @ Rs. 15 for the purpose of the amalgamation.
- Show journal entries to close the books of both the companies.

**OR**

- Q.2** a) What is 'Current Cost Accounting' ? Which different values are considered in current cost accounting? (06)
- b) Explain the concept of accounting theory and explain its role. (06)

- Q.3** Prepare Cash Flow Statement from the following Balance Sheets of XL Engineering Ltd.: (12)

Liabilities	2017 Rs.	2018 Rs.	Assets	2017 Rs.	2018 Rs.
Share Capital	17,00,000	18,35,000	Buildings	8,00,000	10,00,000
Reserves	40,000	83,700	Plant & Machinery	2,50,000	3,70,000
Profit & Loss			Fixtures & Fittings	5,000	6,000
Appropriation A/c	1,00,000	1,30,000	Cash	2,000	2,200
Provision for			Debtors	1,00,000	45,000
Dividends	70,000	50,000	Accounts Receivable	8,000	9,000
Creditors	1,00,000	95,000	Stock	4,00,000	3,43,700
Bank Overdraft	8,000	18,000	Prepaid Expenses	3,000	3,100
Bills Payable	14,000	13,000	Investments	1,64,000	1,70,000
Loan on Mortgage	10,000	70,000	Goodwill	3,00,000	3,43,700
			Preliminary Expenses	10,000	2,000
	<b>20,42,000</b>	<b>22,94,700</b>		<b>20,42,000</b>	<b>22,94,700</b>

- Depreciation is charged on building at 3 per cent of cost of Rs. 9,00,000; on Plant and Machinery at 8 per cent of cost Rs. 4,00,000. Fixtures and Fittings at 5 per cent of cost Rs. 8,000.
- Investments were purchased and interest received Rs. 3,000 was used in writing down the book value of investments.
- The declared dividend for 2017 was paid and interim dividend for Rs. 20,000 paid out of Profit and Loss Appropriation Account.

**OR**

- Q.3** a) What are the advantages of preparing cash flow statement? (06)
- b) How did Accounting Standard developed in India? (06)

- Q.4** Attempt **ANY THREE** from the following. (15)

- What are the advantages of setting Accounting Standards?
- What are the limitations of current cost accounting?
- Differentiate between cash flow statement and fund flow statement.
- Explain External Reconstruction of the company.

- Q.5** Write short notes on **ANY THREE** from the following. (15)

- Purchase consideration
- Selection of Accounting principles
- Professional development of Accounting in India
- Fund flow statement

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