

S.D.E.

M. Com. Part-I : SUMMER - 2019

SUBJECT: SPECIAL GROUP-A: ADVANCED ACCOUNTING-I

Day: Friday
Date: 12/04/2019

Time: 03.00 PM TO 06.00 PM
Max. Marks: 80

S-2019-4730

N.B:

- 1) All questions are **COMPULSORY**.
- 2) Figures to the right indicate **FULL** marks.
- 3) Answers to the both sections should be written in **SAME** answer book.
- 4) Use of Non-programmable **CALCULATOR** is allowed.

SECTION-I

Q.1 Following are the Balance Sheets of Honest Limited and Faithful Limited on (16) 31st March, 2013:

| Liabilities | Honest Ltd. ₹ | Faithful Ltd. ₹ | Assets | Honest Ltd. ₹ | Faithful Ltd. ₹ |
|---|------------------|--------------------|-------------------|------------------|--------------------|
| Equity Shares Capital (Shares of ₹ 100 each Fully Paid) | 12,00,000 | 18,00,000 | Goodwill | 90,000 | 1,50,000 |
| 7% Preference Shares of ₹ 100 each | 6,75,000 | 9,00,000 | Premises | 9,75,000 | 10,50,000 |
| General Reserve | 1,05,000 | 1,20,000 | Plant & Machinery | 9,00,000 | 12,30,000 |
| Profit & Loss Account | 67,500 | 93,000 | Stock | 2,70,000 | 3,75,000 |
| Statutory Reserve | 40,500 | 72,000 | Sundry Debtors | 2,10,000 | 5,02,500 |
| 10% Debentures | 2,25,000 | 1,26,000 | Bank | 18,000 | 36,000 |
| Sundry Creditors | 1,50,000 | 2,32,500 | | | |
| Total | 24,63,000 | 33,43,500 | Total | 24,63,000 | 33,43,500 |

On the above date, Faithful Limited takes over Honest Limited on the following terms and conditions:

- a) All Assets and Liabilities are taken over at book value except the following which were revalued as follows:

Premises ₹ 8, 50,000 and Plant and Machinery ₹ 7, 00,000.

- b) Shareholders of Honest Limited to be issued 10,000 equity shares of ₹ 100 each at 10% premium.
- c) 7% preference shareholders of Honest Limited to be discharged at 10% premium by issuing 8% preference shares of ₹ 100 each (at par).
- d) Debentures of Honest Limited to be converted into equivalent number of debentures of Faithful Limited.
- e) Sundry Debtors of Faithful Limited includes ₹ 25,000 due from Honest Limited.
- f) Cost of liquidation amounting to ₹ 4,000 were borne by Faithful Limited.

You are required to:

- i) Calculate Purchase Consideration.
- ii) Pass Journal entries in the books of Faithful Limited.
- iii) Prepare Balance Sheet of Faithful Limited after Amalgamation.

OR

- a) Distinguish between Merger and Purchase of Business. (08)
- b) Define Accounting Standards and also explain its importance in accounting. (08)

P.T.O.

- Q.2** Following are the summarized Balance sheets of Mayur Industries Private (16)
Limited as on 31st March 2013 and March 2014.

Balance Sheet

| Liabilities | 2014 ₹ | 2013 ₹ | Assets | 2014 ₹ | 2013 ₹ |
|------------------------|------------------|------------------|----------------|------------------|------------------|
| Share Capital | 5,00,000 | 5,00,000 | Premises | 4,75,000 | 5,00,000 |
| General Reserve | 1,50,000 | 1,25,000 | Machinery | 4,22,500 | 3,75,000 |
| Profit and Loss A/c | 76,500 | 76,250 | Equipments | 40,500 | 45,000 |
| Term Loan from ICICI | 1,55,000 | 1,75,000 | Stock | 74,000 | 1,00,000 |
| Sundry Creditors | 2,31,250 | 2,75,000 | Sundry Debtors | 1,60,000 | 2,00,000 |
| Provision for Taxation | 76,250 | 84,250 | Cash | 7,000 | 3,000 |
| | | | Bank | 10,000 | - |
| | | | Goodwill | - | 12,500 |
| | 11,89,000 | 12,35,500 | | 11,89,000 | 12,35,500 |

Other informations:

- Dividend (interim) of ₹ 25,000 was paid during the year.
- Depreciation on Premises is provided at 5%.
- Machinery of ₹ 75,000 was acquired during the year.
- Income Tax provision for the year was ₹ 75,000.
Prepare a cash flow statement.

OR

- Explain the Role of Accounting Theory. (08)
- What are the main features or requirements of AS-2? (08)

SECTION-II

- Q.3** From the balance sheets given below, prepare a consolidated balance sheet of (16)
X. Ltd. and its subsidiary Y. Ltd.

**Balance Sheet of X. Ltd. and Y. Ltd.
as at 31st March, 2017**

| Particulars | Note No. | Amount as at 31 st March, 2017 | |
|-----------------------------------|----------|---|------------------|
| | | X. Ltd. | Y. Ltd. |
| 08) Equity and Liabilities | | | |
| Shareholders funds | | | |
| a) Share Capital | 1 | 1,20,00,000 | 30,00,000 |
| b) Reserves and Surplus | 2 | 37,00,000 | 15,00,000 |
| Current Liabilities | | | |
| a) Trade payables | | 15,00,000 | 5,00,000 |
| Total | | 1,72,00,000 | 50,00,000 |
| II. Assets | | | |
| Non-current assets | | | |
| a) Fixed assets | 3 | 1,20,00,000 | - |
| b) Non-current investments | 4 | 25,00,000 | 40,00,000 |
| Current assets | | | |
| a) Inventories | | 14,00,000 | 6,50,000 |
| b) Trade receivables | | 9,00,000 | 2,00,000 |
| c) Cash and cash equivalents | 4 | 4,00,000 | 1,50,000 |
| Total | | 1,72,00,000 | 50,00,000 |

| Notes: | | | | |
|--|------------------|--|---------------------------|-------------------------|
| 1. Share Capital | | | | |
| Authorised | | | <u>1,20,00,000</u> | <u>30,00,000</u> |
| Issued, Subscribed and Paid up: | | | | |
| Equity Shares of ₹ 10 each, fully paid | | | <u>1,20,00,000</u> | <u>30,00,000</u> |
| 2. Reserves and Surplus | | | | |
| General Reserve | | | 25,00,000 | |
| General Reserve, as on 1 st April, 2016 | | | | 6,00,000 |
| Surplus i.e. credit balance of Profit and Loss Account | | | <u>12,00,000</u> | <u>9,00,000</u> |
| | | | <u>37,00,000</u> | <u>15,00,000</u> |
| 3. Fixed Assets | | | | |
| Freehold Buildings, at cost | | | 80,00,000 | |
| Leasehold Property | 30,00,000 | | | |
| Less: Depreciation | <u>5,00,000</u> | | | 25,00,000 |
| Plant and Machinery | | | | |
| X.Ltd. | | | | |
| Cost | 40,00,000 | | | |
| Less: Depreciation | <u>10,00,000</u> | | 30,00,000 | |
| Y. Ltd. | | | | |
| Cost | 15,00,000 | | | |
| Less: Depreciation | <u>5,00,000</u> | | | 10,00,000 |
| Furniture | | | | |
| X. Ltd. | | | | |
| Cost | 12,00,000 | | | |
| Less : Depreciation | <u>2,00,000</u> | | 10,00,000 | |
| Y. Ltd. | | | | |
| Cost | 6,50,000 | | | |
| Less: Depreciation | <u>1,50,000</u> | | - | 5,00,000 |
| | | | <u>1,20,00,000</u> | <u>40,00,000</u> |
| 4. Non-current Investments | | | | |
| 2, 00,000 fully paid Equity Shares in S. Ltd. at cost | | | <u>25,00,000</u> | |
| 5. Cash and Cash Equivalent | | | | |
| Balance with Bank | | | <u>4,00,000</u> | <u>1,50,000</u> |

On the 1st April, 2016 the date of acquisition by X. Ltd. of its holding of 2,00,000 shares in Y. Ltd., the latter company had a credit balance of ₹ 6, 00,000 in its profit and loss account.

OR

- a) What are the objectives of Consolidated Financial Statements? (08)
- b) What is the process of Consolidation of Financial Statements? (08)

Q.4

M/s Kanishk Ltd.
Balance Sheet as on 31st March, 2015

(16)

| Liabilities | ₹ | Assets | ₹ |
|---|-------------------------|---------------------------------------|-------------------------|
| 50,000 Equity Shares of ₹ 10 each | 5,00,000 | Plant & Equipment | 1,80,000 |
| 6,000 – 8% Preference Share capital of ₹ 100 each | 6,00,000 | Investments (Market value ₹ 8,00,000) | 7,60,000 |
| Provision for Tax | 40,000 | Stock | 2,00,000 |
| | <u>11,40,000</u> | | <u>11,40,000</u> |

OR

- a) Mention the Grounds for compulsory winding up. (08)
- b) What is the need of Internal Reconstruction? (08)

Q.5 Write short notes on **ANY TWO** of the following: (16)

- a) Salient features of Liquidation
- b) What is subdivision of shares?
- c) Write a note on: Non-controlling Interest
- d) Current Cost Accounting

* * * *
