M. COM. SEM-I (2018 Course) (Choice Based Credit System) : WINTER - 2018

SUBJECT : ELECTIVE – A GROUPS: ADVANCED ACCOUNTING – I

Day : Saturday
Date : 13/10/2018

W-2018-0398

Time : 03.00 P.M. To 06.00 P.M.
Max. Marks : 60

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 Efficient Ltd., agreed to acquire the business of Popular Ltd., as on 31st March, 2018. **[16]**

Balance Sheet as on 31st March, 2018

Liabilities	₹	Assets	₹
Share Capital :		Goodwill	1,00,000
Authorized capital:		Land and Buildings	3,00,000
60,000 Equity Shares of ₹ 10 each	6,00,000	Plant and Machinery	3,40,000
Issued, Subscribed and Paid-up capital:		Stock	1,68,000
60,000 Equity Shares of ₹ 10 each	6,00,000	Sundry Debtors	36,000
General Reserve	1,70,000	Cash in Hand	6,000
Profit and Loss	1,10,000	Cash at Bank	50,000
6% Debentures	1,00,000		
Sundry Creditors	20,000		
Total	**10,00,000**		**10,00,000**

The consideration payable by Efficient Ltd., was agreed as follows:

a) A cash payment of ₹2.50 per share in Popular Ltd.

b) The issue of 90,000 Equity Shares of ₹ 10 each in Efficient Ltd., having an agreed value of ₹ 15 per share.

c) The issue of such an amount of fully paid 8% debentures of the Efficient Ltd., at 96% as is sufficient to discharge the 6% debentures of Popular Ltd., at a premium of 20%.

While computing the agreed consideration the directors of Efficient Ltd., valued Land and Buildings at ₹ 6,00,000; Plant and Machinery at ₹ 6,00,000; Stock at ₹ 1,42,000 and Debtors at their face value subject to a reserve of 5% to cover doubtful debts. The cost of liquidation of Popular Ltd., came to ₹ 5,000.

Show the necessary ledger accounts in the books of Popular Ltd., and draft journal entries required in the books of Efficient Ltd.

OR

a) What is Accounting Standard? What are the advantages of setting the Accounting Standard? **[08]**

b) What do you mean by External Reconstruction? **[08]**

Q.2 The following is the Balance Sheets of A Ltd., and S Ltd., as on 31st March, 2018. **[16]**

Liabilities	A Ltd. (₹)	S Ltd. (₹)	Assets	A Ltd. (₹)	S Ltd. (₹)
Share Capital:			Buildings	80,000	--
Shares of ₹ 10 each	1,20,000	40,000	Machinery	46,000	42,000
8% Debentures	20,000	--	Stock	80,000	10,000
General Reserve	30,000	--	Debtors	40,000	12,000
Dividend Equalisation Reserve	42,000	--	Cash	20,000	6,000
Employers provident Fund	4,000	--			
Creditors	50,000	30,000			
Total	**2,66,000**	**70,000**		**2,66,000**	**70,000**

P.T.O.

The above companies have agreed to amalgamate and a new company V Ltd., is formed. V Ltd., takes over the assets and liabilities of both the companies on the following terms:

a) Buildings of A Ltd., is accepted at book value and Machinery at ₹ 40,000. The other assets are taken over at 10% depreciation.

b) All assets and liabilities of S Ltd., are taken over at book values.

c) Both the companies to receive 10% of net valuation of their respective business as Goodwill.

d) The entire purchase price of both the companies is paid in Equity Shares of ₹ 10 each.

Close the books of A Ltd., and S Ltd., and also give the opening journal entries in the books of V Ltd.,

OR

a) What is 'Current Cost Accounting'? What are the different values considered in current cost accounting? **[08]**

b) Explain the classification of theory. **[08]**

Q.3 The following are the summarized Balance Sheet of a company as on December, 2016 and 2017. **[16]**

Liabilities	2016 (₹)	2017 (₹)	Assets	2016 (₹)	2017 (₹)
Share Capital	2,00,000	2,50,000	Land and Buildings	2,00,000	1,90,000
General Reserve	50,000	60,000	Machinery	1,50,000	1,69,000
Profit and Loss	30,500	30,600	Stock	1,00,000	74,000
Bank Loan (Long-term)	70,000	--	Sundry Debtors	80,000	64,200
Sundry Creditors	1,50,000	1,35,200	Cash	500	600
Provision for taxation	30,000	35,000	Bank	--	8,000
			Goodwill	--	5,000
Total	**5,30,500**	**5,10,800**		**5,30,500**	**5,10,800**

Additional information :

During the year ended 31st December, 2017.

a) Dividend of ₹ 23,000 was paid.

b) Assets of another company were purchased for a consideration of ₹ 50,000 payable in shares.

The following assets were purchased: Stock ₹ 20,000, Machinery ₹ 25,000.

c) Machinery was further purchased for ₹ 8,000.

d) Depreciation written off Machinery ₹ 12,000.

e) Income-tax provided during the year ₹ 33,000.

f) Loss on sale of Machinery ₹ 200 was written off to General Reserve.

You are required to prepare a cash flow statement.

OR

a) Explain Cash Flow Statement and its advantages in detail. **[08]**

b) What are the various elements of financial statement? **[08]**

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

a) Distinguish between Amalgamation and Absorption

b) Dual aspect concept

c) Purchase consideration

d) Inflation accounting

e) Revenue recognition (AS.9)

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