

S.D.E.
M. Com. Sem-I (CBCS 2018 Course) : WINTER - 2018
SUBJECT : ELECTIVE – A GROUPS: ADVANCED ACCOUNTING – I

Day : Saturday
 Date : 01/12/2018

W-2018-4348

Time : 02.00 PM TO 05.00 PM
 Max. Marks : 70

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 31st March, 2018 was as follows: **[16]**

Balance Sheet as on 31st March, 2018

Liabilities	₹	Assets	₹
Share Capital :		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
Total	4,36,400		4,36,400

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 and role of accounting theory. **[08]**
- b) Distinguish between cash flow statement and fund flow statement. **[08]**

Q.2 From the following Balance Sheet of Suman Ltd., prepare Cash Flow Statement: **[12]**

Balance Sheets

Liabilities	31.03.2017	31.03.2018	Assets	31.03.2017	31.03.2018
	(₹)	(₹)		(₹)	(₹)
Equity Share Capital	40,000	60,000	Goodwill	10,000	8,000
12% Preference Share Capital	20,000	10,000	Land and Buildings	20,000	10,000
General Reserve	4,000	6,000	Plant	18,000	38,200
Profit and Loss A/c	3,600	5,400	Trade Investment	2,000	7,000
Proposed Dividend	5,600	7,800	Debtors	15,000	21,600
Bills Payable	7,000	10,600	Stock	17,000	15,600
Outstanding Expenses	1,600	1,200	Cash	3,400	5,600
Provision for Tax	5,600	6,400	Preliminary Expenses	2,000	1,400
Total	87,400	1,07,400		87,400	1,07,400

Additional information :

Depreciation has been charged on Land and Buildings ₹ 10,000 and on Plant ₹ 5,000 during the year.

P.T.O

OR

- a) What is Purchase Consideration? [06]
- b) Explain the need of External Reconstruction. [06]

Q.3 The following is the Balance Sheet of H Ltd., A Ltd. and B Ltd., as on 31st March, 2018 [15]

Liabilities	H Ltd. (₹)	A Ltd. (₹)	B Ltd. (₹)	Assets	H Ltd. (₹)	A Ltd. (₹)	B Ltd. (₹)
Share Capital	10,00,000	5,00,000	2,00,000	Fixed Assets	6,00,000	3,00,000	1,50,000
Reserve	1,50,000	1,50,000	1,20,000	Current Assets:			
P & L A/c	2,50,000	3,00,000	1,20,000	Stock	4,00,000	3,80,000	3,00,000
Creditors	3,00,000	2,00,000	1,30,000	Debtors	1,50,000	2,20,000	1,00,000
				Bank	50,000	30,000	20,000
				Shares in A Ltd.	5,00,000	--	--
				Shares in B Ltd.	--	2,20,000	--
Total	17,00,000	11,50,000	5,70,000		17,00,000	11,50,000	5,70,000

- a) H Ltd., purchased 90% shares in A Ltd., when latter's credit balance of Profit and Loss A/c was ₹ 80,000 and Reserve was ₹ 60,000.
- b) A Ltd., purchased 80% shares in B Ltd., when B Ltd., had ₹ 20,000 in Reserve and ₹ 30,000 as credit balance in Profit and Loss A/c.
- c) H Ltd., and A Ltd., acquired shares in subsidiaries on the same date.
Prepare the consolidated Balance Sheet of H Ltd., as on 31st March, 2018

OR

Explain the following concept with reference to the accounts of Holding company [15]

- a) Minority Interest b) Unrealized Profit

Q.4 The business of ABC was showing losses continuously. The Balance Sheet as on 31st March, 2018 was as follows: [12]

Liabilities	2018 (₹)	Assets	2018 (₹)
8,000 10% Cumulative Pref. Shares of ₹ 100 each	8,00,000	Goodwill	2,00,000
1,20,000 Equity Shares of ₹ 10 each	12,00,000	Land and Buildings	4,00,000
Securities Premium	1,80,000	Plant and Machinery	8,00,000
Capital Reserve	1,80,000	Furniture	40,000
Unsecured Loan (from Managing Director)	2,00,000	Debtors	8,00,000
Sundry Creditors	12,00,000	Bills Receivable	2,00,000
Outstanding Expenses (including Manager's commission ₹ 80,000)	2,80,000	Stock	6,00,000
		Cash / Bank	1,80,000
		Preliminary Expenses	20,000
		Profit and Loss Account (Loss)	8,00,000
Total	40,40,000	Total	40,40,000

...3...

The following scheme of reconstruction has been agreed upon and duly approved by the Court:

- a) Equity Shares are to be converted into 6,00,000 shares of ₹ 2 each and 90% were surrendered by shareholders.
- b) Dividends on cumulative preference shares are in arrears for 3 years and preference shareholders agree to forego their claims for consideration of being conversion of 10% Preference Shares into 11% Preference Shares.
- c) Creditors agree to reduce their claim by 20% for consideration of getting ₹ 1,40,000 shares out of surrendered.
- d) Managers and Managing Director forego their claims.
- e) Assets to be revalued as: Reduce Goodwill by Rs.2,00,000, Plant by Rs.2,00,000, Furniture by Rs.32,000, and Debtors by Rs.1,40,000
Increase Land & Building to Rs.4,40,000.
- f) Reconstruction expenses paid ₹ 40,000.
- g) 2,000 13% Debentures of ₹ 100 each are issued for increasing working capital. Show Journal Entries, Reconstruction Account and Balance Sheet after reconstruction.

OR

- a) Explain the content of Balance Sheet and Revenue Accounts with reference to the accounts of mutual funds. [06]
- b) Explain causes of Liquidation of a company. [06]

Q.5 Write short notes on **ANY THREE** of the following: [15]

- a) Preferential payments in liquidation of the company
- b) Reduction of capital
- c) Non-banking financial companies
- d) Consolidated Balance Sheet
- e) Accounting standard

* * * *