

S.D.E.

M. Com. Part-I : WINTER - 2018

SUBJECT: SPECIAL GROUP-A: ADVANCED ACCOUNTING-I

Day: Friday
Date: 12/10/2018

W-2018-4328

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

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 Madhu Limited took over Rakhi Limited on 31st March, 2015, on which day, (16) the summarized Balance Sheet of Rakhi Ltd. was as follows:

Liabilities	₹	Assets	₹
Equity Shares of ₹10/- each	10,00,000	Goodwill	60,000
5% Preference shares ₹ 100/- each	4,00,000	Cash & Bank Balance	80,000
Creditors	1,00,000	Inventory	3,10,000
Bills Payable	60,000	Plant & Machinery	4,10,000
		Debtors	1,10,000
		Land and Building	5,00,000
		Preliminary Expenses	35,000
		Profit & Loss A/c (Dr. Balance	55,000
	15,60,000		15,60,000

The business was taken over by Madhu limited on the following terms and conditions:

- a) For every 10 equity shares of Rakhi Limited, Madhu Ltd. issued 11 fully paid equity shares of ₹10 each and paid ₹15 in cash.
- b) Preference shareholders of Rakhi Limited were paid, equal number of 6% preference shares of ₹100/- each by Madhu Limited at a premium of 8%.
- c) All assets and Liabilities were taken over at Book value except cash and Bank Balance to the extent of ₹14000 which was left for meeting realization expenses.

You are required to:

- i) Calculate Purchase Consideration &
- ii) Prepare necessary ledger accounts to close the Books of Rakhi Ltd., assuming acquisition is in nature of purchase.

OR

- a) What are the different methods of Computation of Purchase Consideration? (08)
- b) What are the Fundamental Accounting Assumptions? (08)

Q.2 Following are the Balance Sheets of Yash Ltd.

(16)

P.T.O.

Balance Sheet as at 31st March

Liabilities	2013 ₹	2014 ₹	Assets	2013 ₹	2014 ₹
Equity Share Capital	6,00,000	8,00,000	Goodwill	20,000	15,000
15% Pref. Share Capital	3,00,000	2,00,000	Building	2,40,000	2,10,000
General Reserve	1,80,000	2,30,000	Machinery	6,15,000	6,07,000
Profit and Loss A/c	-	55,000	Investments	1,25,000	1,00,000
20% Debentures	2,00,000	-	Inventory	2,60,000	2,90,000
Bank Overdraft	1,40,000	1,60,000	Trade receivables	3,37,000	4,87,500
Trade Payables	1,41,500	1,96,500	Advance Income Tax	37,500	40,000
Outstanding Expenses	28,500	23,500	Cash and Bank	30,500	40,500
Proposed Dividend	60,000	80,000	Profit and Loss A/c	20,000	-
Provision For Tax	35,000	45,000			
	16,85,000	17,90,000		16,85,000	17,90,000

You are required to prepare Cash Flow Statement as per AS-3 by Indirect Method, after considering the following:

- 15% Preference Capital was partially redeemed on 31-3-2014 and preference dividend is paid in March every year.
- 20% debentures were converted into Equity shares on 31-3-2014.
- Additional Machinery of ₹ 1,10,000 was purchased during the year.
- Investments of ₹ 40,000 were sold at ₹ 25,000.
- Income Tax assessment was completed for the year ended 31-3-2013 at ₹ 35,000 and refund of Advance Tax of ₹ 2,500 was received on 01-01-2014.

OR

- What are the areas where different accounting treatment can be adopted? (08)
- Which transactions are not covered by As-9? (08)

SECTION-II

Q.3 The Balance Sheets of Suresh Ltd. and Harish Ltd. as on 31st March 2013 is as follows: (16)

Balance Sheet as on 31-3-2013

Liabilities	Suresh Ltd(₹)	Harish Ltd (₹)
Share Capital:		
Shares of ₹ 10 each	10,00,000	4,00,000
General Reserve	1,50,000	-
Profit and Loss A/c	1,42,000	60,000
Creditors	1,82,000	87,000
Bills Payable	20,000	-
	14,94,000	5,47,000
Assets	Suresh Ltd(₹)	Harish Ltd (₹)
Goodwill	60,000	20,000
Machinery	7,32,000	2,72,000
Stock	1,80,000	90,000
Debtors	2,95,000	1,23,000
Cash	35,000	27,000
Investment:		
24,000 Shares of Harish Ltd at cost	1,92,000	-
Bills Receivable	-	15,000
	14,94,000	5,47,000

Other Information:

- Suresh Ltd. Acquired the shares in Harish Ltd. on 1-10-2012.
 - The Profit and Loss A/c of Harish Ltd. Showed a debit balance of ₹ 20,000 on 1-4-2012.
 - Included in the stock of Harish Ltd are goods of ₹ 20,000 which were supplied by Suresh Ltd. at cost Plus 25%.
 - The Bills Payable in Suresh Ltd. represented ₹ 15,000 issued in favour of Harish Ltd.
- Prepare consolidated Balance Sheet as on 31-3-2013.

OR

- What are the advantages and disadvantages of Holding Companies? (08)
- What is Pre-Acquisition and Post-Acquisition Profit? (08)

Q.4 Following is the Balance Sheet of Satyaraj Ltd. as on 31st March, 2015. (16)

Balance Sheet

Liabilities	₹	Assets	₹
Share Capital: 1,60,000 Equity Shares of ₹ 5 each fully paid	8,00,000	Goodwill	3,40,000
4,000 6% Cumulative Preference shares of ₹100 each fully paid	4,00,000	Land & Buildings	2,60,000
8% Debentures (₹100 each)	4,00,000	Equipments	2,50,000
Bank Overdraft	1,50,000	Sundry Debtors	2,40,970
Sundry Creditors (Including ₹ 20,000 Interest on Bank Overdraft)	3,40,360	Stock	3,30,340
		Investment	45,450
		Cash at Bank	20,240
		Profit & Loss A/c	6,03,360
	<u>20,90,360</u>		<u>20,90,360</u>

Preference dividend is in arrears for five years.

Following scheme of reconstruction was approved by the Court.

- Equity shares be reduced to ₹1.25 each and then to be consolidated into shares of ₹10 each.
 - 6% preference shares be reduced to ₹ 40 each and then to be subdivided into shares of ₹10 each.
 - Interest accrued but not due on 8% debentures for half year ended 31st March, 2008 has not been provided in the above Balance Sheet. The debenture holders have agreed to receive 40% of this interest in cash immediately and provision for the balance be made in the books of account.
 - ₹ 24,000 be paid to preference shareholders in lieu of arrears of preference dividend.
 - The debenture holders have also agreed to accept equal number of 9% debentures of ₹ 60 each in exchange of 8% debentures of ₹100 each.
 - Bank has agreed to take over 50% of stock in full satisfaction of its claim including interest. The remaining stock be revalued at ₹ 1,20,000.
 - Investments be sold for ₹ 40,000.
 - Tangible fixed assets be appreciated by 20%. Goodwill be written off in full and provision be made for doubtful debts of ₹ 20,000.
- Give Journal entries for the above scheme of reconstruction in the books of Satyaraj Ltd.

OR

- a) List the points considered while preparing the statement of affairs. (08)
- b) What is scheme of Compromise and arrangement? (08)

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

- a) Preferential Creditors
- b) What matters require Consideration in Capital Reduction?
- c) Objectives of consolidated Financial Statement
- d) Explain the importance of Financial Reporting

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