

**M. COM. SEM - I (CHOICE BASED CREDIT SYSTEM) (2012
COURSE) : WINTER - 2017**

SUBJECT : ELECTIVE – A GROUP: ADVANCED ACCOUNTING – I

Day : Saturday
Date : 28/10/2017

Time : 03.00 PM TO 06.00 PM
Max. Marks : 60

W-2017-0318

N.B.:

- 1) All questions are **COMPULSORY**.
- 2) Figures to the right indicate **FULL** marks.
- 3) Use of **CALCULATOR** is allowed.

Q.1 A Ltd. sells its business to B Ltd., as on 31st March, 2017 on which date its [16]
Balance Sheet stood as follows:

Balance Sheet of A Ltd., as on 31st March 2017

Liabilities	₹	Assets	₹
Share Capital:		Goodwill	50,000
2,000 shares of ₹ 100 each	2,00,000	Freehold Property	1,50,000
6% Debentures of ₹ 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
Total	4,00,000		4,00,000

B Ltd., agreed to take the assets (exclusive of Cash and Goodwill) at 10% less than the book values, to pay ₹ 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 ₹ 100 at a premium of ₹ 10 per share and balance in cash.

The cost of liquidation amounted to ₹ 3,000.

You are required to prepare:

- a) Realization Account, Cash Account, Shareholders Account, Purchasing Co. Account, Creditors Account in the books of A Ltd.
- b) Acquisition Journal Entries in the books of B Ltd.

OR

- a) What do you mean by Amalgamation and Absorption of the company? What [10]
are the different modes of payment of purchase consideration?
- b) Explain the role of accounting theory. [06]

Q.2 The balance sheet of A Ltd., and B Ltd., as on 31st March 2017 is as follows. [16]
A new company was formed called C Ltd., for purchasing the business of the
above two companies as on that date.

Balance Sheet as on 31st March, 2017

Liabilities	A Ltd. ₹	B Ltd. ₹	Assets	A Ltd. ₹	B Ltd. ₹
Share Capital:			Buildings	10,500	6,000
1,500 shares of ₹ 10 each	15,000		Machinery	2,500	1,500
800 shares of ₹ 10 each		8,000	Motor Vehicles	1,000	--
General reserve	8,000		Stock	6,000	7,800
Profit and Loss	2,000	2,000	Debtors	8,200	2,100
5% Debentures	--	6,000	Cash	4,300	1,800
Creditors	7,500	3,200			
Total	32,500	19,200		32,500	19,200

P.T.O.

The following are the terms of purchase of the business.

- a) Goodwill of A Ltd., and B Ltd., is to be valued at ₹ 8,000 and ₹ 3,000 respectively.
 - b) All the assets and liabilities of A Ltd., are to be taken over at their book values except Motor Vehicle which is valued at ₹ 3,000.
 - c) All the assets of B Ltd., are taken over at their book values except Debtors and Cash, but not the liabilities.
 - d) The Debentures of B Ltd., are to be discharged at a premium of 5% by issuing them 9% Debentures of C Ltd., as part payment of purchase consideration.
 - e) The balance of purchase price to B Ltd., and entire purchase price to A Ltd., is paid in ₹ 10 fully paid equity shares of C Ltd.
- Show:
- i) Calculation of Purchase consideration of both the companies.
 - ii) Close the books of accounts of A Ltd., and B Ltd.
 - iii) Balance Sheet of C Ltd.

OR

- a) Distinguish between fund flow statement and cash flow statement. [10]
- b) State the advantages of accounting standard. [06]

Q.3 From the following Balance Sheet of Bharat Ltd., prepare Cash Flow Statement. [16]

Balance Sheet

Liabilities	31/03/2016	31/03/2017	Assets	31/03/2016	31/03/2017
	₹	₹		₹	₹
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	38,000
Profit and Loss A/c	3,600	5,400	Trade Investments	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	34,000	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 Building ₹ 10,000 and on Plant ₹ 5,000 during the year.

OR

- a) What is 'Current Cost Accounting'? What are the different values considered in current cost accounting? [10]
- b) What do you mean by 'Cash Flow Statement'? [06]

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

- a) Purchase Consideration
- b) Revenue Recognition (AS-9)
- c) Distinguish between Absorption and External Reconstruction of the Company
- d) Inflation Accounting Method
- e) Dual Aspect Concept