



Shiksha Mandal, Wardha's
G. S. College of Commerce & Economics, Nagpur

An Autonomous Institution

(Affiliated to Rashtrasant Tukadoji Maharaj Nagpur University)

First Semester Master of Commerce Examination (CBCS)

ADVANCED FINANCIAL ACCOUNTING

(MCC 1.1)

Time: 3 Hours

Maximum Marks: 80

Note: All Questions are compulsory.

Q.1 A) The following are the Balance Sheets as on 31st Dec 2008 of X Co. Ltd. and Y Co. Ltd.

Liabilities	X Ltd. Amount	Y Ltd. Amount	Assets	X Ltd. Amount	Y Ltd. Amount
Equity share capital (Rs. 100 per share)	1,00,000	60,000	Land and Building	30,000	-
6% Debentures of Rs. 10 each	20,000	-	Plant and machinery	1,10,000	50,000
Reserve fund	34,000	-	Stock	16,000	8,000
Dividend equalization fund	4,000	-	Debtors	14,000	9,000
Employees P.F.	3,000	-	Cash	3,000	1,000
Trade creditors	10,000	8,000			
Profit & Loss A/c	2,000	-			
	<u>1,73,000</u>	<u>68,000</u>		<u>1,73,000</u>	<u>68,000</u>

The two companies agree to amalgamate and form a new company call 'Z' Ltd which takes over the assets and liabilities of both the companies. The authorized share capital of 'Z' Ltd is Rs. 10,00,000 consisting of 1,00,000 equity shares of Rs. 10 each.

The assets of 'X' Ltd are taken over at a reduced valuation of 10% with the exception of land & building, which are accepted at a book value.

Both companies are to receive 5% of the net valuation of their respective business as their goodwill. The entire purchase consideration is to paid by 'Z' Ltd in its fully paid shares. In return for debentures of the same amount and denomination are to be issued by 'Z' Ltd.

Give journal entries to close the books of 'X' Ltd.

OR

B) The business of Excellent Trader's Ltd is purchased by the Jeo Indo Trading Co. Ltd. The purchase consideration is to be discharged as follows:

- 1) A payment in cash at Rs. 20 for every share in the Excellent Trader's Ltd.
- 2) A further payment in cash Rs. 60 for every debenture in the Excellent Trader's Ltd in full discharge of the debentures.
- 3) An exchange of 3 shares in the Jeo Indo Trading Co. Ltd of Rs. 8 each (quoted in the market at Rs. 16) for every share in the Excellent Trader's Ltd.

Balance Sheet of Excellent Trader's Ltd.

Liabilities	Amount	Assets	Amount
Capital:		Land & building	15,000
800 equity shares of Rs. 50 each	40,000	Plant & Machinery	20,000
6% debentures of Rs. 50 each	6,000	Furniture and fittings	1,000
Capital redemption reserve	4,000	Stocks	10,000
Creditor's	4,200	Debtor's	10,000
Profit & Loss A/c	1,000	Less: provision	<u>1,000</u>
		Cash	200
	<u>55,200</u>		<u>55,200</u>

Give Journal Entries in the books of Jeo Indo Trading Co. Ltd and the important ledger's A/c in Excellent Trader's Ltd. Liquidation expense Rs. 400 are borne by Jeo Indo Trading Co. Ltd.

Q.2 A) The Balance Sheet of Unfortunate Limited as on 31st December 2007 was as under:

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Liabilities	Amount	Assets	Amount
<u>Share Capital:</u>		<u>Fixed Asset :</u>	
2500 Equity Share Capital of Rs.100 each fully paid	2,50,000	Land & Building	1,30,000
Sundry Creditors	1,25,000	Plant and Machinery	75,000
		<u>Current Assets</u>	
		Stock	50,000
		Debtors	57,000
		Cash	<u>1,000</u>
		Preliminary Exp	5,500
		Profit & Loss A/C	<u>56,500</u>
	<u>3,75,000</u>		<u>3,75,000</u>

The Share holders of the company resolved to take the company into voluntary liquidation and to form fortunate limited a new company with an authorized share capital of Rs. 10 lakhs to take over the business on the following terms:

1. Preferential Creditors of Rs. 15,000 are to be paid in Full.
2. Unsecured Creditors to receive 50 paise in a rupee in full settlement of their claims or par value in 7% debentures of fortunate limited.
3. 2500 equity shares of Rs. 100 each, Rs. 60 paid, to be distributed prorata to existing shareholder's.
4. Five shareholders holding 200 shares dissented and their interest was purchased at Rs. 50 per share by an assenting shareholder to whom the shares were transferred.

Half of the unsecured creditors opted to be paid in cash, and the fund for this purpose were found by calling up the balance of Rs. 40 per share. Cost of liquidation amounting to Rs. 3500 was discharged from the amount so called up.

Compute the purchase consideration and prepare the Balance Sheet of the New Company assuming that Plant & Machinery, Stock and Trade Debtor's were acquired at their book value.

OR

B) The Balance Sheet of Bharat Ltd. as on 31st March 2006 appears as below.

Particular	Amount	Amount
<u>Liabilities</u>		
Share Capital		
1,50,000 Equity Shares of Rs. 10/- each fully paid		15,00,000
5000 : 11% Preference Shares of Rs. 100/- each		5,00,000
<u>Secured Loans</u>		
11% Debentures	5,00,000	
Interest accrued and due on Deb.	<u>1,10,000</u>	6,10,000
Unsecured loans	5,00,000	
Interest accrued & due	<u>1,50,000</u>	6,50,000
Bank overdraft		6,30,000
Current liabilities		<u>5,00,000</u>
		<u>43,90,000</u>
<u>Assets :</u>		
Fixed Assets at cost	20,00,000	
Less : Depreciation Reserve	<u>15,00,000</u>	5,00,000
Stock & Reserves	-	6,00,000
Receivables	-	14,50,000
Other current assets	-	2,00,000
Miscellaneous Expenditure & Losses		
Profit & Loss A/c	-	<u>16,40,000</u>
		<u>43,90,000</u>

A Scheme of reconstruction has been agreed amongst the shareholders & the creditors with the following salient features:-

- Interest due on unsecured loan is waived.
- 50% of the interest due on the debentures is waived.
- The 11% preference share holder's rights are to be reduced to 50% and converted into 15% debentures of Rs. 100 each.
- Current liabilities would be reduced by Rs. 50,000 on account of provisions no longer required.
- The banks agree to the arrangement and to increase the cash credits/overdraft limits by Rs. 1,00,000, upon the share holder's agreeing to bring a like amount by way of new equity.
- Besides additional subscription as above, the equity shareholders agree to convert the existing equity shares into new 10 rupee share of total value of Rs. 5,00,000/-
- The debit balance in the P & L A/c is to be wiped out, Rs. 2,60,000 provided for doubtful debts and the value of fixed assets increased by Rs. 4,00,000/-

Prepare Reconstruction A/c and redraft the Balance Sheet of the company based on the above scheme of reconstruction.

- Q.3 A) Vishal Ltd. acquired 90% of the Equity shares in small Ltd. on June 30, 2010 at cost of Rs. 60,000. No Balance Sheet was prepared at the date of acquisition. The Balance Sheet of Small Ltd. as at 31.12.2009 and 31.12.2010, were as follows:

Balance Sheet of Small Ltd.					
Liabilities	2009	2010	Assets	2009	2010
<u>Issued Capital</u>			Net Assets	60,000	75,600
2000 Equity Share of Rs. 10/- each	20,000	20,000	Goodwill	10,000	10,000
Revenue Reserve	40,000	44,000			
Profit & Loss A/c	10,000	17,400			
Proposed Dividend	-	4,200			
	<u>70,000</u>	<u>85,600</u>		<u>70,000</u>	<u>85,600</u>

Vishal's Ltd's Balance Sheet 31.12.2010				
Liabilities	Amount	Assets	Amount	
<u>Issued Capital</u>		Net Assets	3,00,000	
2000 Equity Share of Rs. 10/- each	2,00,000	Subsidiary Co. Cost of 1800 shares of Rs. 10 each in Small Ltd.	60,000	
<u>Reserves :</u>				
Capital	20,000			
Revenue	<u>1,00,000</u>			
Profit & Loss A/c	40,000			
	<u>3,60,000</u>		<u>3,60,000</u>	

Vishal Ltd's has not passed entries for the dividend proposed by Small Ltd. Prepare a consolidated Balance Sheet of Vishal as on 31.12.2010.

OR

- B) Following are the Balance Sheets of H. Ltd. & S. Ltd. as on March 2006

Liabilities	H. Ltd Amt	S. Ltd. Amt	Assets	H.Ltd Amt	S. Ltd. Amt
<u>Share Capital</u>			Goodwill	40,000	30,000
Shares of Rs. 100 each	5,00,000	2,00,000	Fixed Assets	3,60,000	2,20,000
General Reserves as on 01.01.2005	1,00,000	60,000	Stock	1,00,000	90,000
Profit & Loss A/c	1,40,000	90,000	Debtors	20,000	75,000
Bills Payable	-	40,000	Investment in S. Ltd 1500 Shares at Cost	2,40,000	-
Creditor's	80,000	50,000	Cash at Bank	60,000	25,000
	<u>8,20,000</u>	<u>4,40,000</u>		<u>8,20,000</u>	<u>4,40,000</u>

- The Profit & Loss Account of S. Ltd. showed a balance of Rs. 50,000 on April 1, 2005.
- A dividend of 15% was paid in January 2006 for the year 2005. This dividend was credited by the H Ltd. to its Profit & Loss Account.
- H. Ltd. acquired the shares in S. Ltd on October 1, 2005.

- 4) The bills payable of S Ltd were issued in favour of H Ltd, which company got the bills discounted.
 - 5) Included in the stock of S. Ltd. are goods of the value of Rs. 8,000, which were supplied by H Ltd at a Profit of 25% on transfer price.
 - 6) Included in the creditors of 'S' Ltd. is Rs. 20,000 for goods supplied by 'H' Ltd.
- Prepare the consolidated Balance Sheet of 'H' Ltd. as on March 31, 2006.

Q4. A) Shashikant Ltd. purchased three Auto Rickshaws costing Rs. 50,000 each from Bajaj Auto Ltd. as on 1st Jan. 2008 on Hire-Purchase system. 10

The terms of agreement were:

Payment on delivery Rs. 12,500 for each Auto Rickshaw and Balance of principle amount in three equal installments plus interest @ 15% p.a. to be paid at the end of each year. Shashikant Ltd write off 25% depreciation each year on diminishing balance method.

Shashikant Ltd. paid the installment due on 31.12.2008 & 31.12.2009 but could not pay the final installment. Bajaj Auto Ltd. repossessed two Auto Rickshaws adjusting values against the amount due. The Repossession was done on the basis of 40% depreciation on the diminishing balance method.

Bajaj Ltd. spent Rs. 4,800 on getting the repossessed two auto rickshaws thoroughly over hauled and sold them for Rs. 30,400.

You are required to prepared ledger accounts in the books of both the parties.

OR

B) Ramu Ltd. sells on hire purchase terms making a Gross Profit of 25% on selling price from the following details. Prepare Ledger Accounts to indicate the trading results:

1997:

January 1,	Stock on hire at hire purchase price	16,000
	Stock in hand at shop at cost	2,500
	Installments due from hire purchase debtor's	4,000
December 31,	Stock out on hire at hire purchase prices	20,000
	Stock in hand at shop	3,600
	Installments due	6,000
	Cash received in the year in installments	24,000

Q.5 Answer the following questions in about 75-100 words: (Any Two) 08

- A) What is the need & importance of I.F.R.S.?
- B) Explain in details I.F.R.S. 4.
- C) Describe Amalgamation and Absorption with examples.

Q.6 Answer the following questions in about 75-100 words: (Any Two) 08

- A) Define Inflation Accounting.
- B) Differentiate between External and Internal Reconstruction.
- C) Define Social Accounting.

Q.7 Answer the following questions in about 75-100 words: (Any Two) 08

- A) What is the Role of Holding Company?
- B) Define Right issue of shares & Bonus issue of shares.
- C) Explain the term: 1. Minority Interest 2. Subsidiary Company

Q.8 Answer the following questions in about 75-100 words: (Any Two) 08

- A) What are the contents of Hire Purchase Agreement?
- B) What is Partial Repossession? Explain with example.
- C) What are the different methods of Hire Purchase System?

Q.9 Answer the following questions in 3-4 lines only. 08

- A) How Purchase Consideration is calculated? Explain.
- B) Explain Internal Reconstruction.
- C) Define Holding Company.
- D) Define Stock Debtors Method.



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हिन्दी माध्यम

सुचना : सभी प्रश्न हल करना अनिवार्य है

प्रश्न १,२,३ और ४ अंग्रेजी माध्यम के अनुसार

प्र. ५ निम्नलिखित प्रश्नों में से कोई दो प्रश्नों के उत्तर ७५-१०० शब्दों में लिखिए। 08

अ. I.F.R.S (आंतरराष्ट्रीय वित्तीय प्रतिवेदन मानक) के महत्व व उसकी जरूरत समझाईए।

ब. I.F.R.S-4 को विस्तार से समझाईए।

क. समिश्रण तथा विलिनिकरण उदाहरण देकर स्पष्ट करें।

प्र. ६ निम्नलिखित प्रश्नों में से कोई भी दो प्रश्नों के उत्तर ७५-१०० शब्दों में लिखिए। 08

अ. स्फिती लेखांकन स्पष्ट किजिए।

ब. बाह्य तथा आंतरिक पुनर्निर्माण में अंतर स्पष्ट किजिए।

क. सामाजिक लेखांकन स्पष्ट किजिए।

प्र. ७ निम्नलिखित प्रश्नों में से कोई भी दो प्रश्नों के उत्तर ७५-१०० शब्दों में लिखिए। 08

अ. सुत्रधारी कंपनी की भूमिका स्पष्ट किजिए।

ब. अधिकार अंश एंवम अधिलाभांश अंश स्पष्ट किजिए।

क. निम्नलिखित प्रश्नों की संकल्पना स्पष्ट किजिए:

१. अल्पसंख्यक हित

२. सहायक कंपनी

प्र.८ निम्नलिखित प्रश्नों में से कोई भी दो प्रश्नों के उत्तर ७५-१०० शब्दों में लिखिए। 08

अ. क्रयवक्रय करार के तथ्यों को स्पष्ट किजिए।

ब. उदाहरण के साथ आंशिक पुनःअधिकार को समझाईए।

क. क्रयवक्रय पद्धती के विभिन्न पद्धतिया बताईए।

प्र. ९ निम्नलिखित प्रश्नों में से कोई भी दो प्रश्नों के उत्तर ७५-१०० शब्दों में लिखिए। 08

अ. क्रय प्रतिफल की गणना कैसे की जाती है स्पष्ट किजिए।

ब. अंतर्गत पुनःनिर्माण को स्पष्ट किजिए।

क. सुत्रधारी कंपनी की व्याख्या स्पष्ट किजिए।

ड. स्कंद अधमर्ण पद्धती की व्याख्या स्पष्ट किजिए।
