

**Subject : Advanced Accounting - I**

Day : Thursday  
Date : 06/10/2016



Time : 3.00 P.M. TO 6.00 P.M.  
Max Marks : 80 Total Pages : 3

**N.B.:**

- 1) All questions are **COMPULSORY**.
- 2) Figures to the right indicate **FULL** marks.
- 3) Answer to both the sections should be written in the **SAME** answer book.

**SECTION – I****Q.1** The following is the Balance Sheet of X Ltd:**[16]****Balance Sheet as on 31.03.2016**

Liabilities	Rs.	Assets	Rs.
15,000 Equity Shares of Rs. 10 each fully paid	1,50,000	Goodwill	20,000
10,000 6% Preference Share of Rs. 10 each fully paid	1,00,000	Plant and Machinery	1,50,000
500 5% Debenture of Rs. 100 each	50,000	Stocks	80,000
Bank Overdraft	20,000	Sundry Debtors	1,20,000
Employees Profit Sharing Account	14,000	Cash at bank	8,900
Sundry Creditors	91,500	Profit and loss account	40,100
Interest accrued on Debentures	2,500	Preliminary Expenses	5,000
Contingent Liability: Arrear of Preference Dividend Rs. 12,000		Commission and Brokerage on share	4,000
<b>Total</b>	<b>4,28,000</b>	<b>Total</b>	<b>4,28,000</b>

With a view to avoid competition, X Ltd., was taken by Y Ltd., from 1<sup>st</sup> April 2016, on the following terms:

Y Ltd:

- a) Take over all tangible assets with the exception of cash.
  - b) Pay the debentureholders at a premium of 10% by issue of its 6% preference shares of the face value of Rs. 10 each.
  - c) Issue one Equity Share of Rs. 10 each and make a payment of Rs. 4 in cash in exchange of every two equity share in X Ltd.
  - d) Sundry creditors to receive 90% of the sums due to them in fully paid Equity Share of Rs. 10 each in Y Ltd., in full settlement of all their claims.
  - e) Preference shareholders to be issued 5% Debenture in Y Ltd. These shares are preferential as to capital and dividend in the event of winding up.
- Prepare ledger accounts to close the books of X Ltd., and also the opening entries in the books of Y Ltd.

**OR**

- a) What is External Reconstruction of the company? How the purchase consideration is determined? **[08]**
- b) What are the advantages of Amalgamation of the Companies? **[08]**

**P.T.O.**

- Q.2** X Ltd., furnish you the following Balance Sheets as on 31<sup>st</sup> March, 2015 and 31<sup>st</sup> March, 2016. You are required to prepare a cash flow statement for year ended 31<sup>st</sup> March, 2016 [16]

Liabilities	31.03.2015	31.03.2016	Assets	31.03.2015	31.03.2016
Equity Share Capital	1,00,000	1,00,000	Goodwill	12,000	12,000
General Reserve	14,000	18,000	Land	40,000	36,000
Profit and Loss A/c	16,000	13,000	Building	37,000	36,000
Sundry Creditors	8,000	5,400	Investment	10,000	11,000
Outstanding Expenses	1,200	800	Stock	30,000	23,400
Provision for Taxation	16,000	18,000	Debtors	20,000	22,200
Provision for bad debts	400	600	Bank Balance	6,600	15,200
<b>Total</b>	<b>1,55,600</b>	<b>1,55,800</b>	<b>Total</b>	<b>1,55,600</b>	<b>1,55,800</b>

Following additional information has also been supplied to you:

- A piece of land has been sold for Rs. 4,000/-.
- Depreciation amounting to Rs. 7,000 has been charged on Building.
- Provisions for Taxation has been made for Rs. 19,000 during the year.

**OR**

- What are the various Elements of Financial Statements? [08]
- State the advantages of Accounting Standard. [08]

**SECTION – II**

- Q.3** You are required to prepare from the following data, the consolidated balance sheet of a group of companies. [16]

**Balance Sheet as on 31.03.2016**

<b>Assets:</b>	<b>A Ltd.</b>	<b>B Ltd.</b>	<b>C Ltd.</b>
Fixed Assets	4,00,000	7,00,000	5,00,000
Investments (at cost) :			
Shares in B Ltd.	9,00,000	--	--
Shares in C Ltd.	2,20,000	5,50,000	--
Stock in Trade	1,50,000	--	--
B Ltd. Balance	1,00,000	--	--
Sundry Debtors	90,000	80,000	2,40,000
A Ltd. Balance	--	--	40,000
<b>Total</b>	<b>18,60,000</b>	<b>13,30,000</b>	<b>7,80,000</b>
<b>Liabilities :</b>	<b>A Ltd.</b>	<b>B Ltd.</b>	<b>C Ltd.</b>
Share Capital	12,50,000	10,00,000	6,00,000
Profit and Los Account	4,00,000	1,60,000	1,80,000
C Ltd. Balance	40,000	--	--
Sundry Creditors	1,70,000	80,000	--
A Ltd.	--	90,000	--
<b>Total</b>	<b>18,60,000</b>	<b>13,30,000</b>	<b>7,80,000</b>

Notes:

- The share capital of all companies is divided into shares of Rs. 100 each.
- A Ltd held 7500 shares of B Ltd., and 1000 shares of C Ltd.
- B Ltd., held 4000 shares of C Ltd.
- All investments were made on 30<sup>th</sup> sept, 2015.

- e) The following were balances of Profit and Loss as on 1<sup>st</sup> April, 2015
- |          |        |
|----------|--------|
| B Ltd.   | C Ltd. |
| 1,40,000 | 60,000 |
- f) B Ltd., sold goods costing Rs. 38,000 to A Ltd., at a price of Rs. 42,000. These goods were till unsold on 31<sup>st</sup> March, 2016.

**OR**

- a) Explain the concept of Capital Profit and Revenue Profit with reference to the accounts of Holding Company. [08]
- b) Distinguish between Internal Reconstruction and External Reconstruction. [08]

**Q.4** Given below is the Balance Sheet of A Ltd., as on 31<sup>st</sup> March 2016 [16]

Liabilities	Rs.	Assets	Rs.
Share capital:		Land and Building	80,000
2,000 preference Shares of Rs. 100 each	2,00,000	Machinery	1,20,000
3,000 Equity Shares of Rs. 100 each	3,00,000	Fixtures and Moulds	70,000
Workmen's Compensation Reserve	10,000	Investments (market price Rs. 65,000)	90,000
Loans	75,000	Stock	78,000
Creditors (including Rs. 12,000 fully secured against Machinery)	1,00,000	Debtors	58,000
		Cash at bank	1,000
		Profit and Loss Account	1,88,000
<b>Total</b>	<b>6,85,000</b>	<b>Total</b>	<b>6,85,000</b>

The scheme of reconstruction is prepared and approved as under:

- a) Land and Building should be brought up to the present market value of Rs. 1,50,000.
  - b) Equity shares to be reduced to Rs. 20 per share paid up, cancelling Rs. 80 share and preference shares to be reduced to Rs. 60 per share cancelling Rs. 40 per share. The face value of both these shares remains the same.
  - c) The equity shareholders to pay the call money of Rs. 40 per share and preference shareholders to pay the call money of Rs. 20 per share immediately
  - d) Unsecured Creditors are paid 10% of their holdings and they accept a reduction of 30% of their claims.
  - e) Loans are paid off completely.
  - f) Liability to the workmen's compensation materialized to Rs. 15,000.
  - g) Out of the funds available the following assets are written off:
    - i) Profit and loss account and Fixtures and Moulds totally.
    - ii) Machinery to the extent of Rs. 80,000.
    - iii) Investment is reduced to its market price.
    - iv) Stock is reduced to its cost price Rs. 50,000.
    - v) Creating a Reserve for doubtful debts at 10% of the Sundry Debtors.
- Pass the necessary journal entries in the books of A Ltd., and give its Balance Sheet after reconstruction.

**OR**

What do you mean by Liquidation or winding up of the company? What are the grounds for compulsory winding up?

- Q.5** Write short notes on **ANY TWO** of the following: [16]
- a) Consolidated Balance Sheet
  - b) Statement of affairs in liquidation of the company
  - c) Evaluation of mutual funds
  - d) Investment company

\* \* \* \*