

(i) Printed Pages: 8 Roll No. ....

(ii) Questions : 14 Sub. Code : 

0	8	2	4
---	---	---	---

Exam. Code : 

0	0	1	4
---	---	---	---

**Bachelor of Commerce 4<sup>th</sup> Semester**

**1059**

**ADVANCED ACCOUNTING**

**Paper : BCM-402**

**Time Allowed : Three Hours] [Maximum Marks : 80**

**Note :—** (1) Attempt any **four** questions from Section A. Each question carries **5** marks.

(2) Attempt **two** questions each from Section B and Section C. Each question carries **15** marks.

**SECTION—A (5×4=20)**

1. The net profits of a company for the past 5 years are :  
2011—Rs. 80,000; 2012—Rs. 90,000; 2013—Rs. 94,000;  
2014—Rs. 80,000 and 2015—Rs. 96,000. The capital employed in the business is Rs. 8,00,000 on which a reasonable return of 10% is expected. Calculate the goodwill of the company under the capitalisation of the average profits method. 5

2. On 31<sup>st</sup> March 2015, liabilities and assets of A Ltd. and B Ltd. stood as follows :

<b>Liabilities</b>	<b>A Ltd.</b>	<b>B Ltd.</b>
	<b>Rs.</b>	<b>Rs.</b>
Share Capital of Rs. 10 each		
fully paid up	12,50,000	5,00,000
Reserves and Surplus	2,50,000	1,10,000
Current Liabilities	2,00,000	1,50,000
	<u>17,00,000</u>	<u>7,60,000</u>
<b>Assets</b>	<b>A Ltd.</b>	<b>B Ltd.</b>
	<b>Rs.</b>	<b>Rs.</b>
Sundry Assets	12,94,000	7,60,000
60% Shares in 'B' Ltd. acquired		
on 1 <sup>st</sup> July, 2014 (Cost)	4,06,000	—
	<u>17,00,000</u>	<u>7,60,000</u>

**Additional Information :**

At the time of acquisition Surplus Account in the books of 'B' Ltd., showed a debit balance of Rs. 75,000.

Prepare a Consolidated Balance Sheet as at 31<sup>st</sup> March, 2015.

5

3. The paid-up capital of Toy Ltd. amounted to Rs. 2,50,000 consisting of 25,000 equity shares of Rs. 10 each.

Due to losses incurred by the company continuously, the directors of the company prepared a scheme for

reconstruction which was duly approved by the court. The terms of reconstruction were as follows :

(i) In lieu of their present holdings, the shareholders are to receive :

(a) Fully paid equity shares equal to  $\frac{2}{5}$ <sup>th</sup> of their holding.

(b) 5% preference shares fully paid-up to the extent of 20% of the above new equity shares.

(c) 3,000, 6% second debentures of Rs. 10 each.

(ii) An issue of 2,500 5% first debentures of Rs. 10 each was made and fully subscribed in cash.

(iii) The assets were reduced as follows :

(a) Goodwill from Rs. 1,50,000 to Rs. 75,000.

(b) Machinery from Rs. 50,000 to Rs. 37,500.

(c) Leasehold premises from Rs. 75,000 to Rs. 62,500.

Show the Journal Entries to give effect to the above scheme of reconstruction. 5

4. Calculate the amount of insurance claim to be lodged based on the following informations :

Value of stock destroyed by fire Rs. 90,000

Insurance policy amount (subject to average clause) Rs. 65,000

Value of stock salvaged from fire Rs. 40,000. 5

5. Define holding company. State the conditions under which a company can become the subsidiary of another company. 5

6. Distinguish between cum—Interest and ex-Interest. 5



## SECTION—B (15×2=30)

7. On 1<sup>st</sup> April, 2015, the godown of Hindustan Limited was destroyed by fire. From the books of account, the following particulars are gathered :

	Rs.		Rs.
Stock at cost on 1 <sup>st</sup> January, 2014	27,570	Sales during 2014	3,51,000
Stock as per Balance Sheet on 31 <sup>st</sup> December, 2014	51,120	Sales from 1 <sup>st</sup> January, 2015 to 31 <sup>st</sup> March, 2015	91,500
Purchases during 2014	2,71,350	Value of goods salvaged	6,300
Purchases from 1 <sup>st</sup> January, 2015 to 31 <sup>st</sup> March, 2015	75,000		

Goods of which original cost was Rs. 3,600 had been valued at Rs. 1,500 on 31<sup>st</sup> December, 2014. These were sold in March, 2015 for Rs. 2,700; Except this transaction, the rate of gross profit has remained constant.

On 31<sup>st</sup> March, 2015 goods worth Rs. 15,000 had been received by the godown-keeper, but had not been entered in the purchases account.

Calculate the value of goods destroyed by fire. 15

8. On 1<sup>st</sup> July, 2014, Sen Investment Ltd. held Rs. 1,00,000, 6 per cent Debentures of X Ltd., in the books at Rs. 95,600. Interest is payable on 31<sup>st</sup> July and 31<sup>st</sup> January. On 1<sup>st</sup> September, 2014, a further Rs. 50,000 of the debentures in X Ltd. were bought at Rs. 98 cum-interest and on 1<sup>st</sup> January, 2015 a further Rs. 40,000 debentures were bought at Rs. 97 ex-interest.

On 31<sup>st</sup> March, 2015, Rs. 80,000 Debentures were sold at Rs. 101 cum-interest and on 15<sup>th</sup> June Rs. 60,000 debentures were sold at Rs. 102 ex-interest.

Show the Investment Account for the period ending 30<sup>th</sup> June, 2015 valuing balance of Investment Account at the end of the year at average cost of the year. 15

9. Explain and illustrate various types of methods of valuation of goodwill and valuation of shares. 15

10. Distinguish between Hire purchase system and Instalment system of sales and credit sales. 15

### SECTION—C (15×2=30)

11. Following is the Balance Sheet of Beta Company Limited as at 31<sup>st</sup> March, 2015 :

(I) Equity and Liabilities :	Rs.
(1) Shareholders' Funds	
(a) Share Capital :	
24,000 Shares of Rs. 10 each	
fully paid	2,40,000
(b) Reserves and Surplus	Nil
(2) Non-Current Liabilities	
Bank Loan	52,000
(3) Current Liabilities	
Sundry Creditors	60,000
<b>Total Equity and Liabilities</b>	<b>3,52,000</b>

(II) Assets	Rs.
(1) Non-Current Assets	
Buildings	2,00,000
Plant and Machinery	80,000
(2) Current Assets	
Stock of Goods	30,000
Trade Receivables : Sundry Debtors	42,000
<b>Total Assets</b>	<b>3,52,000</b>

The company went into liquidation and the assets were sold to Alpha Company Ltd. for Rs. 2,94,000. The consideration was payable as follows :

Rs. 1,14,000 in cash (which sufficed to discharge the liabilities and to pay the costs of winding up Rs. 2,000) and the balance Rs. 1,80,000 by the allotment of 24,000 shares of Rs. 10 each, Rs. 7.50 per share paid up to the shareholders of Beta Company Ltd.

Give necessary Journal Entries for recording the transactions in the Books of Alpha and Beta Company Ltd.

15

12. Give the proforma of Statement of Affairs and Deficiency Account with suitable example of imaginary figures. 15
13. Write notes on :
  - (1) Distinguish between Internal and External Reconstruction.
  - (2) Explain Pre-Acquisition and Post-Acquisition Profits (Holding Company). 15

14. Following is the Balance Sheet of M/s Unfortunate Limited as on 31<sup>st</sup> December, 2014 :

(I) Equity and Liabilities :	Rs.
(1) Shareholders' Funds	
Share Capital :	
(i) 2,000 Equity Shares of	
Rs. 100 each,	
Rs. 75 per share paid up	1,50,000
(ii) 6,000 Equity Shares of	
Rs. 100 each,	
Rs. 60 per share paid up	3,60,000
(iii) 4,000 6% Pref. Shares of	
Rs. 100 each	4,00,000
(2) Non-Current Liabilities	
5% Debentures	
(having a floating charge on all assets)	2,00,000
(3) Current Liabilities	
(a) Creditors	2,90,000
(b) Interest Outstanding on Debentures	
(Secured by a floating charge	
on all assets)	10,000
Total	14,10,000



(II) Assets	Rs.
(1) Non-Current Assets	
Land and Buildings	2,00,000
Plant and Machinery	5,00,000
Patents	3,20,000
(2) Current Assets	
Stock at Cost	1,10,000
Sundry Debtors	2,20,000
Cash at Bank	60,000
Total	14,10,000

On that date, the company went into Liquidation. The dividends on preference shares were in arrears for two years. The arrears are payable on liquidation as per the Articles of the company. Creditors include a loan of Rs. 1,00,000 on Mortgage on Land and Building. The assets realised as under :

Land and Buildings Rs. 2,40,000; Plant Machinery Rs. 4,00,000; Patents Rs. 60,000; Stock Rs. 1,20,000; Sundry Debtors Rs. 1,60,000.

The expenses of liquidation amounted to Rs. 21,800. The liquidator is entitled to a commission of 3 per cent on all assets realised (except cash at bank) and a commission of 2 per cent on amount distributed among unsecured creditors. Preferential creditors amount to Rs. 30,000. All payments were made on 30<sup>th</sup> June, 2015.

Prepare Liquidator's Statement of Account. 15