

M.Com. First Year (NEP Pattern) Semester-I
NEP-223 - Advanced Financial Accounting

P. Pages : 6

Time : Three Hours



GUG/W/23/15037

Max. Marks : 80

- Notes : 1. All questions are compulsory.
2. All questions carry equal marks.

1. a) Explain the concept of lease and its various types. 16

OR

- b) The following is the Balance Sheet of ABC Co. Ltd. on 31st December, 2020. 16

Liabilities	Rs.	Assets	Rs.
Capital: 20,000 shares of Rs. 10 each	2,00,000	Land and Buildings	1,20,000
Debentures	1,00,000	Plant and Machinery	1,50,000
Sundry Creditors	30,000	Work-in-Progress	30,000
Reserve Fund	25,000	Stock	60,000
Workmen's Compensation Fund	10,000	Furniture and Fittings	2,500
Dividend Equalisation Fund	10,000	Sundry Debtors	25,000
P & L Appropriation A/c	5,100	Cash at Bank	12,500
Depreciation Provision: Land and Buildings	20,000	Cash in hand	100

The company is absorbed by XYZ Co. Ltd. on the above date. The consideration for the absorption is the discharge of the debentures at a premium of 5 percent, taking over the trade liability and a payment of Rs. 7 in cash and one share of Rs. 5 in XYZ Co. Ltd at the market value of Rs. 8 per share in for one share in ABC CO. Ltd. The cost of liquidation Rs. 500 is to be met by the company.

Pass journal entries in the books of both the companies. Show how the purchase price is arrived at.

2. a) The Balance Sheet (Summarised) of Telco ltd. as on 31.3.2021 was as follows: 16

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Equity shares of Rs. 10 each fully paid	50,00,000	Goodwill	5,00,000
General Reserve	10,00,000	Plant & Machinery	55,00,000
Dividend Equalisation Reserve	5,00,000	Investments	5,00,000
Securities Premium	3,00,000	Stocks	8,00,000
Profit and Loss A/c	2,00,000	Debtors	9,50,000
Sundry Creditors	15,00,000	Cash at Banks	2,50,000
	85,00,000		85,00,000

The company's Profit and Loss A/c for the year ended 31st March, 2021 showed a net profit of Rs. 25,00,000 (before tax). The profit includes interest of investments of Rs. 50,000.

Goodwill is being written-off Rs. 50,000 p.a. The applicable income-tax rate is 40% It is expected that the company will be able to maintain its present level of performance. Plant and Machinery is revalued at Rs. 70,00,000. Future depreciation charge is to go up by Rs. 10,00,000. Normal Return on capital employed may be taken at 10%

Compute the value of goodwill of the company based on 4 year's purchase of maintainable super-profit. The capital employed figure is to be calculated on the basis of the last year end position.

OR

- b) Fire broke in the premises of M/s Baljeet & Co. on 30th June, 2021 and all the stock and account books were destroyed. But the following could be collected from the various other records: **16**

- 1) Books are closed 31st March, every year
 - 2) Stock of goods on 31st March, 2021- Rs. 1,00,000.
 - 3) Debtors as on 31st March, 2021- Rs. 35,000
 - 4) Creditors as on 31st March, 2021 – Rs. 20,000
 - 5) Cash received from debtors between 1st April, 21 and 30th June, 21 – Rs. 2,10,000
 - 6) Cash paid to creditors between 1st April, 21 and 30th June, 21 – Rs. 1,25,000.
 - 7) Cash Sale between 1st April, 21 and 30th June, 21 – Rs. 80,000
 - 8) All purchases are on credit.
 - 9) Debtors and Creditors as on 30th June, 2021 were Rs. 25,000 and Rs. 25,000 respectively.
 - 10) Gross Profit rate during 2020-21 was 30%
 - 11) Stock was insured for Rs. 30,000
 - 12) Goods salvaged Rs. 2,000
- Ascertain the amount of claim for loss of stock.

3. a) The following is the Balance Sheet of Maxima Co. Ltd. as on 31st march, 2021: **16**

Liabilities	Rs.	Assets	Rs.
Authorised & Issued Capital 2,00,000 Equity shares of Rs. 10 each fully paid 10,000	20,00,000	Goodwill	2,00,000
6% Cumulative Preference Shares of Rs. 100 each fully paid	10,00,000	Patents & Trade Marks	1,00,000
Bank Overdraft	7,00,000	Land & Buildings	15,00,000
Sundry Creditors	5,00,000	Plant & machinery	10,00,000
		Stocks	4,00,000
		Sundry Debtors	3,00,000
		Preliminary Exp.	40,000
		Commission on Issue of Shares	20,000
		Profit & Loss A/c	6,40,000

(Note: The Cumulative Preference is in arrear for 3 years.)

A scheme for the reduction of capital was approved on the following terms:

- a) The Preference Shareholders agree that their shares be reduced to a fully paid value of Rs. 50 each and to accept Equity Shares of Rs. 5 each fully paid in lieu of the dividend in arrear.
- b) The equity shareholders agree that their shares be reduced to a fully paid value of Rs. 5 each.
- c) The authorized of the company is to remain at Rs. 30,00,000 divided into 4,00,000 Equity shares of Rs. 5 each and 20,000; 6% Preference Shares of Rs. 50 each.
- d) All the intangible assets are to be eliminated and bad debts of Rs. 50,000 and absolute Stocks of Rs. 80,000 are to be written off.

Give journal entries necessary to record the reduction of Capital and draw up a new Balance Sheet after the scheme has been implemented.

OR

- b) Rama Udyog Limited was incorporated on August 1, 2021. It had acquired a running business of Rama & Co. with effect from April 1, 2021. During the year 2021-22, the total sales were Rs. 36,00,000. The sales per month in the first half year were half of what they were in the later half year. The net profit of the company, Rs. 2,00,000 was worked out after charging the following expenses: **16**

- i) Depreciation Rs. 1,23,000
- ii) Directors fees Rs. 50,000,
- iii) Preliminary expenses Rs. 12,000
- iv) Office expenses Rs. 78,000
- v) Selling expenses Rs. 72,000 and
- vi) Interest to vendors upto August 31, 2021 Rs. 5,000.

Please ascertain pre-incorporation and post-incorporation profit for the year ended 31st March, 2022.

4. a) H Ltd. acquired 6,000 equity shares of Rs. 10 each in S Ltd. on Dec. 31, 2022. The summarized balance Sheets on H Ltd, and S Ltd, as on that date were: **16**

Balance Sheets
As at 31st December, 2022

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Capital A/c Authorised Issued and Paid-up:	4,00,000	1,20,000	Fixed Assets	2,53,000	1,28,000
			Investments in S Ltd at cost 6,000 shares of Rs. 10 each	60,000	-
			Stock in hand	25,000	5,000
60,000 shares of Rs. 5 each	3,00,000	-	Bills Receivable (including Rs. 1,000 from S Ltd.)	2,000	-
8,000 shares of Rs. 10 each	-	80,000	Debtors and balance at Bank	20,000	17,000
Capital Reserve	-	34,000			
General Reserve	20,000	10,000			
Profit and Loss A/c	50,000	10,000			
Bills Payable (including Rs. 1,000 H Ltd.)	-	3,500			
Creditors	30,000	12,500			

Note: (Re. Balance Sheet of H Ltd.) Contingent Liability for Bills discounted Rs. 1,200) On 1.1.2022 S Ltd. utilized part of its Capital Reserve to make a Bonus issue of one share for every four shares held.

You are required to prepare the Consolidated Balance Sheet as on 1.1.2023 and show, therein how your figures are made up.

OR

b) The Balance Sheets of H. Ltd. and S. Ltd as at 31st Dec., 2021 are:

16

Balance Sheets
As at 31st December, 2021

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Share Capital A/c (Rs. 10 each)	3,00,000	1,00,000	Fixed Assets	2,50,000	1,00,000
			Investments: 8,000 Shares of S Ltd.	1,00,000	-
General Reserve	1,00,000	40,000	Current assets	1,50,000	80,000
Profit and Loss A/c	50,000	30,000			
Creditors	50,000	10,000			
	5,00,000	1,80,000		5,00,000	1,80,000

S. Ltd. has a credit balance of Rs. 40,000 in the General Reserve when H. Ltd. acquired 8,000 shares in S. Ltd.

S. Ltd. Capitalized Rs. 20,000 out of profits earned after the acquisition of its shares by H. Ltd. by making a bonus issue of one share for every five shares held.

Prepare a consolidated Balance Sheet as at 31-12-2021.

5. Write short note:

- a) Social accounting. 4
- b) Explain the fire insurance. 4
- c) Explain the major types of company reconstruction. 4
- d) What are the advantages of setting up a holding company. 4

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सुचना :- 1. सर्व प्रश्न सोडविणे आवश्यक आहे.
2. सर्व प्रश्नांना समान गुण आहेत.

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|----|----|--|----|
| 1. | अ) | भाडेपट्टीची संकल्पना आणि त्याचे विविध प्रकार स्पष्ट करा. | 16 |
| | | किंवा | |
| | ब) | इंग्रजी माध्यमानुसार. | 16 |
| 2. | अ) | इंग्रजी माध्यमानुसार. | 16 |
| | | किंवा | |
| | ब) | इंग्रजी माध्यमानुसार. | 16 |
| 3. | अ) | इंग्रजी माध्यमानुसार. | 16 |
| | | किंवा | |
| | ब) | इंग्रजी माध्यमानुसार. | 16 |
| 4. | अ) | इंग्रजी माध्यमानुसार. | 16 |
| | | किंवा | |
| | ब) | इंग्रजी माध्यमानुसार. | 16 |
| 5. | | थोडक्यात उत्तरे लिहा. | |
| | अ) | सामाजिक लेखांकन. | 4 |
| | ब) | अग्निविमा स्पष्ट करा. | 4 |
| | क) | कंपनीच्या पुनर्रचनेचे प्रमुख प्रकार स्पष्ट करा. | 4 |
| | ड) | होल्टिंग कंपनी स्थापन करण्याचे फायदे काय आहेत? | 4 |

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- सूचना :- 1. सभी प्रश्न अनिवार्य हैं।
2. सभी प्रश्नों को समान अंक हैं।

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|----|----|---|----|
| 1. | अ) | पट्टे की अवधारणा और इसके विभिन्न प्रकारों को स्पष्ट करें। | 16 |
| | | अथवा | |
| | ब) | अंग्रेजी माध्यम के अनुसार। | 16 |
| 2. | अ) | अंग्रेजी माध्यम के अनुसार। | 16 |
| | | अथवा | |
| | ब) | अंग्रेजी माध्यम के अनुसार। | 16 |
| 3. | अ) | अंग्रेजी माध्यम के अनुसार। | 16 |
| | | अथवा | |
| | ब) | अंग्रेजी माध्यम के अनुसार। | 16 |
| 4. | अ) | अंग्रेजी माध्यम के अनुसार। | 16 |
| | | अथवा | |
| | ब) | अंग्रेजी माध्यम के अनुसार। | 16 |
| 5. | | संक्षिप्त में उत्तर लिखिए। | |
| | अ) | सामाजिक लेखांकन। | 4 |
| | ब) | अग्निविमा स्पष्ट करें। | 4 |
| | क) | कंपनी कि पुनर्चना के प्रमुख प्रकार स्पष्ट किजिए। | 4 |
| | ड) | होल्टिंग कंपनी स्थापित करने के क्या फायदे हैं? | 4 |
