

TY B.com

sem-V

Financial A/c.

APR 2016

ATKT

Q.P. Code : 17853

(2½ Hours)

[Total Marks : 75

1. (a) : (1) All questions are compulsory and carry 15 marks each.
 (2) Figures to the right indicate full marks.
 (3) Use of simple calculator is allowed.
 (4) Working notes should form part of your answers.

1. (a) Match the columns. (Any 8)

8

'A'		'B'	
1	Motor Vehicles	a.	Fixed income bearing security
2	Copyrights	b.	Credited to Capital Reduction Account
3	Discount on issue of shares not written off	c.	Variable income bearing security
4	Equity shares	d.	Contingent Liability
5	Government Bonds	e.	Finance Cost
6	Increase in the value of stock	f.	Debited to Capital Reduction account
7	Decrease in the value of Debtors	g.	Tangible Fixed asset
8	On Amalgamation, Reserves appearing in the Balance sheet of the Vendor company is	h.	Ignored while calculating Purchase consideration by Net payment method
9.	On Amalgamation, Liquidation expenses of Vendor company agreed to be paid by Purchasing company is	i.	Considered while calculating Purchase consideration by Net payment method
10.	Interest on Debentures	j.	Intangible Fixed asset
		k.	Fictitious assets
		l.	Credited to Equity shareholders' account.
		m.	Debited to Realisation account

1. (b) State whether the following statements are True or False (Any 7)

7

- (i) Reduction in liability is debited to Capital Reduction account.
- (ii) Surrendered shares cannot be re-issued.
- (iii) IFRS stands for International Financial Restructuring Standards.
- (iv) Investment Accounting is governed by AS 14.
- (v) Amalgamation of Companies is governed by AS 11.
- (vi) Brands are shown under the head Tangible Fixed Assets in the Balance sheet of Limited company.
- (vii) Interest on Debentures is calculated on the cost of debentures.
- (viii) No new company is formed at the time of Internal Reconstruction.
- (ix) Bills under discount, maturing after the Balance sheet date is a contingent liability.
- (x) Bonus shares are shares which are issued free of cost to the existing equity shareholders.

FO-Con. 587-16.

[TURN OVER

K-A

Q.P. Code : 17853

2

2. Roopa Ltd. took over the business of Sonali Ltd. as on 1st April, 2015 at book value. 15
Following is the summarised Balance Sheet of Sonali Ltd. as on 31/3/2015

Liabilities	Rs.	Assets	Rs.
80,000 Equity Shares of Rs. 10/- each	8,00,000	Plant & Machinery	5,00,000
General Reserve	4,00,000	Furniture & Fixtures	4,50,000
Profit & Loss account	2,00,000	Motor Vehicles	1,00,000
Creditors	2,00,000	Investments	1,00,000
		Stock	1,00,000
		Debtors	2,00,000
		Cash & Bank Balance	50,000
		Preliminary Expenses	1,00,000
	16,00,000		16,00,000

Roopa Ltd. issued one equity share of Rs.10/- each at a premium of Rs.2 per share for every share in Sonali ltd.
Calculate Purchase Consideration & also prepare Balance sheet of Roopa Ltd after acquisition.
Acquisition is in the nature of Purchase.

OR

2. MADHU Limited took over RAKHI Limited on 31st March, 2015, on which day, the 15
summarised Balance Sheet of RAKHI Ltd. was as follows:

Summarised Balance Sheet as on 31st March 2015

Liabilities	Rs.	Assets	Rs.
Equity Shares of Rs. 10/- each	10,00,000	Goodwill	60,000
5% Preference shares Rs. 100/- each	4,00,000	Cash & Bank balance	80,000
Creditors	1,00,000	Inventory	3,10,000
Bills Payable	60,000	Plant & Machinery	4,10,000
		Debtors	1,10,000
		Land and Building	5,00,000
		Preliminary Expenses	35,000
		Profit & Loss A/c (Dr. Balance)	55,000
	15,60,000		15,60,000

The business was taken over by Madhu limited on the following terms and conditions :-

1. For every 10 equity shares of Rakhi Limited, Madhu Ltd. issued 11 fully paid equity shares of Rs. 10 each and paid Rs. 15 in cash.

[TURN OVER

2. Preference shareholders of Rakhi Limited were paid, equal number of 6% preference shares of Rs. 100/- each by Madhu Limited at a premium of 8%.
3. All assets and liabilities were taken over at Book value except Cash & Bank Balance to the extent of Rs. 14000 which was left for meeting realisation expenses.

You are required to :

- (a) Calculate Purchase Consideration &
 (b) Prepare necessary ledger accounts to close the Books of Rakhi Ltd., assuming acquisition is in nature of purchase.

3. On 1st April 2014, Mr. Ramdas held 1000, 6% Central Government Bonds of Rs. 100 each at cost of Rs. 96,000. Interest is payable on 30th June and 31st December every year. He entered into the following transactions in respect of 6% Central Government Bonds during the year ending on 31st March, 2015.:- 15

Purchases :

- a. On 1st May, 2014, Face Value of Rs. 20,000 at Rs. 102 each, Cum- Interest.
 b. On 1st September 2014, Face value of Rs. 60,000 at Rs. 105 each, Ex- Interest.

Sales :

- a. On 1st August, 2014, Face Value of Rs. 30,000 at Rs. 104 each, Cum- Interest.
 b. On 1st February 2015, Face value of Rs. 30,000 at Rs. 102 each, Ex- Interest.

Show 6% Central Government Bonds Account in the books of Mr. Ramdas for the year ended 31st March 2015. Market value of his entire Investments was Rs. 1,00,000 on 31/3/2015.

OR

3. Following is the Trial Balance of Gopal Ltd. as on 31st March, 2015 15

Particulars	Debit (Rs)	Particulars	Credit (Rs)
Stock (at cost)	10,00,000	Share Capital:-	
Fixed Assets (Net Block)	24,70,000	(Equity Shares of Rs.100 each)	40,00,000
Sundry Debtors (Unsecured and Good)	8,00,000	General Reserve	1,40,000
Staff Advance (short term)	1,70,800	Loan from IDBI (long term)	6,00,000
Cash on Hand	1,20,000	Provision for Taxation	22,000
Bank Balance	9,88,000	Net Profit for the Year	5,40,000
Preliminary Expenses (Amortisable within 12 months)	53,200	Profit & Loss A/c (Opening Balance)	2,00,000
Advance Tax	24,000	Unsecured loans (long term)	1,00,000
Bills Receivable (Trade)	1,16,000	Sundry Creditors	2,80,000
Investments (at cost) (long term)	1,50,000	Unclaimed Dividend	10,000
	58,92,000		58,92,000

Q.P. Code : 17853

4

Additional Information :

1. Transfer to General Reserve Rs. 1,00,000
 2. Directors recommended 6% dividend.
 3. Out of debtors, debts due for more than six months were Rs. 1,04,000
 4. Sundry Creditors included, Creditors for goods Rs. 2,10,000, while the remaining are for expenses.
 5. Loan from IDBI is secured against stock.
 6. Market value of investments is Rs. 1,56,000 while its face value is Rs. 1,20,000
 7. Ignore previous year's figures and corporate dividend tax.
- Prepare Balance Sheet of Gopal Ltd as on 31st March 2015 as per the provisions of the Companies Act.

4. Following is the summarised Balance Sheet of Pranay Ltd. as on 31st March, 2015 15

Liabilities	Rs.	Assets	Rs.
12,000- 8% Preference Shares of Rs. 100 each	12,00,000	Goodwill	2,00,000
1,00,000 Equity Shares of Rs.10 each	10,00,000	Building	6,00,000
Capital Reserve	1,00,000	Plant & Machinery	6,00,000
6% Debentures of Rs. 100 each	6,00,000	Furniture	2,00,000
Interest due on Debentures	1,00,000	Stock	3,00,000
Sundry Creditors	3,60,000	Sundry Debtors	1,50,000
		Bank & Cash Balance	2,50,000
		Discount on Debentures	60,000
		Profit & Loss A/c (Dr.) Balance	10,00,000
	33,60,000		33,60,000

Note: Preference dividend is in arrears for three years.

The following scheme of reconstruction was prepared and duly approved by the court :-

1. The preference shares shall be converted into equal number of 9% preference shares of Rs. 50 each.
2. The equity shares shall be reduced to Rs. 3 each. However, the face value will remain the same.
3. 6% debentures shall be converted into equal number of 7% debentures of Rs. 75 each. The debenture holders also agreed to waive 50% of the interest due.
4. Arrears of preference dividend is to be reduced to one year's dividend which is paid in cash.
5. The Sundry creditors agreed to waive 30% of their claims and to accept equity shares for Rs. 60,000 in part settlement of their renewed claims.

[TURN OVER

FO-Con. 587-16.

Q.P. Code : 17853

5

6. The assets are to be revalued as under :
Building Rs. 7,00,000, Plant & Machinery Rs. 5,00,000, Furniture Rs.1,60,000,
Stock Rs. 2,00,000 & Sundry Debtors Rs. 1,40,000
7. Write off Profit & Loss A/c (Dr.) Balance, Intangible & fictitious assets.
8. Reconstruction expenses were Rs. 2000.
- Pass Journal Entries in the Books of Pranay Ltd. to record the above transactions.

OR

4. Following is the extract of the Trial Balance of Mittal Ltd. as on 31st March 2015.

15

Particulars	Rs.	Rs.
Sales		2,40,00,000
Opening Stock of Raw Material		20,00,000
Opening Stock of finished goods		10,00,000
Purchase of Raw Material		54,00,000
Purchase Returns		4,00,000
Sales Returns		40,00,000
Dividend received		10,00,000
Sundry Income		8,00,000
Freight on Raw Material		60,000
Salaries and wages		8,00,000
Bonus to employees		1,60,000
Directors Remuneration		16,00,000
Depreciation on :		
Plant & Machinery	10,00,000	
Furniture & Fixture	6,00,000	
Motor Vehicle	2,00,000	18,00,000
Interest on Loan from Bank of India		14,00,000
Repairs & maintenance expenses		1,60,000
Insurance Premium of office premises		60,000
Electricity charges		80,000
Rent, Rates and Taxes		40,000
Audit Fees		1,00,000
Advertisement Expenses		2,40,000
Sundry Expenses		20,000

Additional Information:

- a) Closing Stock of Raw Material & Finished goods was Rs. 10,00,000 & Rs. 12,00,000 respectively.
- b) Outstanding Salaries and Wages were Rs. 1,00,000
- c) Sundry income receivable was Rs. 50,000.

FO-Con. 587-16.

[TURN OVER

Q.P. Code : 17853

6

- d) Rs. 50,000 to be provided for Bad & Doubtful Debts.
e) Prepaid Advertisement expenses were Rs. 40,000.
f) Make a provision for Income Tax of Rs. 4,00,000.
Prepare statement of Profit & loss for the year ended 31st March 2015 as per the provisions of the Companies Act.
- 5 (a) What is Purchase Consideration? Explain the different methods of calculating Purchase Consideration. 8
(b) Explain the difference between Ex- Interest & Cum- Interest transactions in Investment Accounting, giving suitable examples. 7
- OR
5. Write Short Notes on any three of the following. 15
(a) IFRS.
(b) Amalgamation of Companies.
(c) Capital Reduction account.
(d) Bonus Shares & Right Shares.
(e) Intangible Assets & Fictitious Assets.

[TURN OVER

FO-Con. 587-16.

[TURN OVER