

1. Answer any two questions of the following: 10 X 1

a) J Ltd. purchased the control of N Ltd. on 01.07.17 the Balance Sheets of two companies are as follows as on 31.12.17

Sources	J Ltd (Rs)	N Ltd (Rs)	Application	J Ltd (Rs)	N Ltd (Rs)
Share capital	360000	180000	Goodwill	6000	24000
General reserve	36000	30000	Building	60000	60000
P/L A/c	60000	60000	Machinery	120000	108000
Creditors	60000	48000	Stock	70500	60000
			Debtor	30000	54000
			Investment (13500 of N Ltd shares)	202500	-
			Bank	27000	12000
Total	516000	318000	Total	516000	318000

N Ltd had on 01.01.17 Rs. 30000/- in its General Reserve and Rs. 36000/- in P/L Account (Cr). 10% dividend was received by J Ltd in July from N Ltd for 2016 and this amount was credited to P/L account of holding company. Machinery standing in the books of N Ltd at Rs. 120000 on the date of holding was revalued at Rs. 144000/-. Stock of N Ltd include Rs. 9600/- on which J Ltd made a profit of 20% on cost.

Calculate – Capital Profit, Revenue Profit & Goodwill or Cost of Control.

b) On 19.05.18 a fire took place in the factory of PST Ltd. and following information were discovered –

Stock at cost as on 01.01.17 and 31.12.17 are Rs. 36750/- & Rs. 39800/-. Purchase of the year 2017 Rs. 199000/-. Sales of the year 2017 Rs. 243500/-. Purchase during 01.01.18 to 19.05.18 Rs. 81000/-. Sales during 01.01.18 to 19.05.18 Rs. 115600/-.

In valuing the stock as on 31.12.17, Rs. 1150/- had been written off for poor selling price having the cost Rs. 3450/-, of these goods of Rs. 1725/- were sold at a loss of Rs. 125/-. The balance goods are to be valued at original cost. Stock salvaged Rs. 2900/-. The GP rate was remain constant as previous year. Policy value Rs. 20000/-.

Calculate the amount of insurance claim.

(Internal Assessment :10 marks)

2018

M. Com.

3RD Semester Examination

ADVANCED FINANCIAL ACCOUNTING

PAPER – COM – 305

Full Marks : 50

Time : 2 Hours

The figures in the right-hand margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

UNIT – I

2. Answer any two questions of the following: 5 X 2

- Write the reasons of compulsory liquidation of a joint stock company. Distinguish between compulsory and voluntary liquidation. 3+2
- Write the needs of Environmental Accounting and give its limitations. 3+2
- Discuss the advantages of a value added statement.
- From the following particulars calculate the value of human resources of an employee group with an average age of 58 years –

Annual average earning till the retirement Rs. 20000/-. Age of retirement 60 years. Cost of capital 10%. Number of employee in the group 10.

3. Answer any one questions of the following: 10 X 1

- i) What is economic value added?

(Turn over)

ii) From the following balances of account statement of Money Limited, calculate the value added statement of the company for the year both under subtractive and additive method-

Particulars	Rs. in '000'	Particulars	Rs. in '000'
Turnover	2300	Machinery	1080
Loss on sell of machine	75	Depreciation of machinery	200
Dividend to share holders	146	Debtors	195
Creditors	127	Opening Stock	160
Closing Stock	200	Material purchase	625
Cash at bank	98	Printing stationary	22
Auditors remuneration	28	Opening retained profit	994
Retained profit for the year	288	Rent rates	165
Other expenses	85	Ordinary share capital	1500
Interest on loan	40	Income Tax for the year	276
Wages and salary	327	ESI	35
PF contribution	28		

2+8

b) Prepare a liquidation statement of GB Ltd. from the following Balance Sheet as on 31.03.17:

Liabilities	Rs. '000'	Assets	Rs. '000'
2000 equity share @ 100	200	Machinery	190
2000 equity share @ 100, Rs. 75 paid	150	Furniture	10
6% preference share @ 100	100	Stock	120
Secured loan on stock	100	Debtors	240
Creditors	350	Bank	50
Income Tax	10	Profit and loss A/c	300

The company went into liquidation on 1st April 2017 the assets were realized as follows –

Machinery – Rs. 166000/-, Furniture – Rs. 8000/-, Stock – Rs. 110000/-, Debtor – Rs. 230000/-, Liquidation expenses – Rs. 4000/-.

The Liquidators are entitled to a commission at 2% on amount paid to unsecured creditors excluding preferential creditor. Calls on partly paid up share where made but the amount due on 200 shares were found to be irrecoverable.

Continued.

UNIT – II

4. Answer any two questions of the following: 5 X 2

- (a) Write the accounting treatment of the following in consolidated financial statement of a holding company –
- Dividend received by the holding company out of pre-acquisition profit of subsidiary company and wrongly entered credit side of P/L account of holding company.
 - Expenditure incurred by holding company on behalf of subsidiary company, wrongly debited to P/L account of holding company.
 - Proposed dividend declared by subsidiary company and shown in the Balance Sheet. 2+2+1
- (b) A power station had to be replaced by a new one. The new station cost Rs. 1000000/- where as old one had cost of only Rs. 250000/-. Materials forming 3/7th of the total expenditure and labour accounting for the rest. Prices of materials have doubled and wages rates have gone up by 250%. Since the old station was build material worth Rs. 47500/- were used in new station and the sell proceeds of the old materials were Rs. 13750/-. These materials were obtained by pulling down the old station. Pass journal entries to record the above transactions.
- (c) The following bills have been discounted by bank during the 2017 @ 5% p.a.

Date of bill	Amount (Rs.)	Period in Month
28.12.17	50000	1
27.07.17	100000	4
27.10.17	400000	6
20.12.17	30000	2

Find out the amount of unexpired discount and make necessary entry for the year ended 31.12.17.

- (d) What is loss of Stock Insurance? Explain the significance of Average Clause in Fire Insurance Policy.

(Turn over)