



(Pages : 5)

8220

Reg. No. :

Name :

Third Semester B.Com. Degree Examination, December 2015
Career Related First Degree Programme under CBCSS
Core Course IV : CX 1342/HM 1342/TT 1342
ADVANCED FINANCIAL ACCOUNTING
(Common for Commerce and Tax Procedure and Practice/Commerce
and Hotel Management and Catering/Commerce and Tourism and
Travel Management)
(2014 Adm.)

Time : 3 Hours

Max. Marks : 80

SECTION - A

Answer **all** questions. **Each** question carries **1** mark. **One** word to maximum **two** sentences.

1. What is a profit and loss appropriation account ?
 2. What are reserves ?
 3. What is interim dividend ?
 4. Define amalgamation.
 5. What is contingent liabilities ?
 6. What is re-organisation of capital ?
 7. What do you mean by bonus shares ?
 8. What is divisible profit ?
 9. What is reduction of capital ?
 10. What do you mean by purchase consideration ?
- (10×1=10 Marks)**

P.T.O.

**SECTION – B**

Answer **eight** questions in **not exceeds one paragraph each**. Each question carries **2 marks**.

11. Distinguish between P/L adjustment account and P/L appropriation account.
12. Mention two differences between reserves and provisions.
13. Distinguish between proposed dividend and final divided.
14. What do you mean by intrinsic value of shares ?
15. What are the merits of amalgamation ?
16. Explain the decision in Garner Vs Murray.
17. What is Capital Reduction A/c ?
18. Give the contingency in which dissolution of firm take place.
19. Explain forfeiture of shares.
20. What are the various sources from which bonus shares can be issued ?
21. What do you understand by issue of shares at a premium and at a discount ?
22. What do you mean by preliminary expenses ? Give examples. **(8×2=16 Marks)**

SECTION – C

Answer **six** questions in **not exceeding 120 words each**. Each question carries **4 marks**.

23. X Ltd. carried forward balance of Rs. 4,000 from the P/L account for the year ended 31st March 2014. During 2014-15 of made further profit of Rs. 3,19,000 before providing taxation. It was decided that :
 - a) Create a provision for taxation of Rs. 1,50,000.
 - b) Transfer Rs. 25,000 to divided equilisation fund.
 - c) Declare a dividend of 8% to preference shares of Rs. 2,00,000.
 - d) Declare a dividend of 15% to on 30,000 equity shares of Rs. 10 each fully period.
 - e) Transfer Rs. 35,000 to General reserve and Rs. 35,000 to Development rebate reserve.

Prepare a profit and loss appropriation a/c for the above.



24. Distinguish between internal and external reconstruction of companies.
25. What are the different methods of capital reduction ?
26. What are the essential features of a partnership ?
27. What are the different ways in which a firm may be dissolved ?
28. P, Q and R were partners sharing P/L equally: Their B/S after the preparation of Realisation A/c on dissolution of the firm was as follows :

Liabilities		Assets	
Capital : P	12,000.00	Cash	8,000.00
Q	8,000.00	R's Capital	6,000.00
		Realisation	6,000.00
	20,000.00		20,000.00

R is insolvent and his PVT estate pays only Rs. 5,000 of the amount due to the firm. Close Capital A/c of partners if partnership deed states that the losses due to insolvency should be shared in the profit sharing ratio.

29. Balance sheet of 'A' Ltd. is given below :

Liabilities		Assets	
Share capital (6,000 equity shares of Rs. 10 each)	60,000.00	Goodwill	28,000.00
5% Debentures	10,000.00	Land and Building	16,000.00
Sundry Creditors	6,000.00	Plant and Machinery	28,000.00
General Reserve	4,000.00	Stock	16,000.00
P/L A/c	20,000.00	Debtors	8,000.00
		Cash	2,000.00
		Preliminary exp.	2,000.00
	1,00,000.00		1,00,000.00

Company B takes over the business of company A. The value agreed for various assets is Goodwill Rs. 22,000, Land and Building Rs. 25,000, Plant and Machinery Rs. 24,000. Stock Rs. 13,000 and Debtors Rs. 8,000. B company does not takeover cash, but agrees to assume the liability of sundry creditors at Rs. 5,000. Calculate the Purchase Consideration.

30. What is goodwill ? What are the factors which affect the value of goodwill ?



31. Give journal entries for the following transaction in connection with internal reconstruction.
- 10,000 equity shares of Rs. 10 each fully paid, reduced to shares to Rs. 5 each.
 - 100, 8% debentures of Rs. 1,000 each converted into 500, 6% debentures of Rs. 100 cash.
 - The debit balance of P/L A/c Rs. 50,000 and the preliminary expenses of Rs. 10,000 were written off.
 - The value of plant and machinery and stock are written down by Rs. 20,000 and Rs. 10,000 respectively. (6x4=24 Marks)

SECTION – D

Answer two questions not exceeding four pages each. Each question carries 15 marks.

32. The balance sheet of Rohan Ltd. as on 31-03-2014 is as follows :

Liabilities		Assets	
Share capital :		Fixed assets	20,00,000.00
20,000 Equity shares of		Current assets	6,50,000.00
Rs. 100 each	20,00,000.00	P/L A/c	9,70,000.00
1,000, 6% Debentures of			
Rs. 1000 each	10,00,000.00		
Interest due on debentures	1,20,000.00		
Trade creditors	5,00,000.00		
	36,20,000.00		36,20,000.00

- Shares are sub-divided into shares of Rs. 5 each and 90% of the shares are surrendered.
- The total claims of debenture holders are reduced to Rs. 4,90,000 and on consideration of this cancellation, they are also allotted shares (out of surrendered shares) amounting to Rs. 2,50,000.
- The creditors agreed to reduce their claims by Rs. 3,00,000, 1/3 of which was to be satisfied by the issue of equity shares out of those surrendered.
- The shares surrendered but not reissued are cancelled. Write journal entries and give the B/S of the company after reconstruction.



33. The following is the B/S of X Co. Ltd. as on 31-03-2014.

Liabilities		Assets	
12000 shares of Rs. 10 each fully paid	1,20,000.00	Land and Building	90,000.00
Sundry creditors	30,000.00	Stock	17,000.00
Bank O/D	28,000.00	Machinery	50,000.00
		Sundry Debtors	20,000.00
		P/L A/c	1,000.00
	1,78,000.00		1,78,000.00

The company went into voluntary liquidation and the assets were sold to Y Co. Ltd., for Rs. 1,50,000 payable as to Rs. 60,000 in cash (to discharge creditors and bank O/D and to pay winding up expenses of Rs. 20,000) and as to Rs. 90,000 by the allotment of Rs. 12,000 shares of Rs. 10 each of Y Co. Ltd., Rs. 7.50 per share paid up, to the share holders of X Co. Ltd.

Pass the Journal Entries and the necessary Ledger A/cs to close the books of X CO. Ltd.

34. A, B and C were partners sharing P/L in the ratio of 3 : 2 : 1 respectively on 31, March 2014 their Balance Sheet was as follows :

Liabilities		Assets	
Sundry creditors	46,200.00	Cash at bank	10,500.00
Bills payable	40,800.00	Stock	59,400.00
A's loan A/c	30,000.00	Debtors	45,000.00
General reserve	36,000.00	Less : Prov.	3,000.00
Capital account :			42,000.00
A	60,000.00	Joint life policy	12,000.00
B	48,000.00	Furniture	30,000.00
C	24,000.00	Machinery	1,31,100.00
	1,32,000.00		
	2,85,000.00		2,85,000.00

The firm was dissolved on 1-4-2014. Joint life policy was taken over by A at Rs. 15,000. Stock realised Rs. 54,000. Debtors realised Rs. 43,500. Furniture fetched Rs. 18,900 while machinery was sold for Rs. 1,38,000. Liabilities were paid in full. In addition, one bill for Rs. 15,000 under discount was dishonoured and had to be taken up by the firm. Expenses of realisation totaled Rs. 6,000. Give necessary Ledger A/c to close the books of the firm.

35. Explain, with suitable examples, different methods of ascertaining purchase consideration. (2×15=30 Marks)