

AFA/BCAF-02

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(2nd Semester)

COMMERCE

(Honours)

Paper : BCAF-02

(Advance Financial Accounting)

Full Marks : 70
Pass Marks : 45%

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. (a) What are the advantages and disadvantages of consolidation of final statement of accounts of a holding company and its subsidiary companies?
7+7=14

Or

- (b) From the Balance Sheet as on 31st March, 2022, given next page,

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(2)

prepare a Consolidated Balance Sheet of
A Ltd. and its subsidiary company
B Ltd. : 14

Particulars	A Ltd. ₹	B Ltd. ₹
I. Equity and Liabilities :		
1. Shareholders' Funds :		
(a) Share Capital :		
Equity Shares of ₹ 10 each	25,00,000	6,00,000
(b) Reserves and Surplus :		
General Reserves	3,60,000	1,20,000
Surplus A/c	2,40,000	1,80,000
2. Current Liabilities :		
Trade Creditors	3,50,000	1,00,000
	<u>34,50,000</u>	<u>10,00,000</u>
II. Assets :		
1. Fixed Assets :		
Land and Building	6,40,000	2,00,000
Machinery	12,60,000	3,40,000
Furniture	1,40,000	60,000
2. Investments :		
40000 shares in B Ltd.	5,00,000	—
3. Current Assets :		
Stock in Hand	4,10,000	2,50,000
Debtors	3,80,000	1,00,000
Bank Balance	1,20,000	50,000
	<u>34,50,000</u>	<u>10,00,000</u>

(Continued)

(3)

At the date of acquisition of A Ltd. of its holding of 40000 shares in B Ltd., the latter company had undistributed profits and reserves amounting to ₹ 1,00,000, none of which has been distributed since then.

2. (a) What do you mean by Purchase Consideration? Explain the different ways for the calculation of purchase consideration. 4+10=14

Or

- (b) TV Ltd. absorbed the business of Radio Ltd. as a going concern on 31st March, 2021, the Balance Sheet of the two companies, on that date, being as under :

Particulars	TV Ltd. ₹	Radio Ltd. ₹
I. Equity and Liabilities :		
1. Shareholders' Funds :		
(a) Share Capital :		
Shares of ₹ 10 each fully paid	10,00,000	6,00,000
(b) Reserves and Surplus :		
Reserves	1,20,000	—
Surplus A/c (Dr.)	—	(-) 2,40,000

(Turn Over)

(4)

Particulars	TV Ltd. ₹	Radio Ltd. ₹
2. Current Liabilities :		
Creditors	20,000	1,00,000
Bank Overdraft	—	1,00,000
	<u>11,40,000</u>	<u>5,60,000</u>
II. Assets :		
1. Fixed Assets :		
Building	5,00,000	—
Goodwill	—	1,00,000
2. Investments	1,20,000	—
3. Current Assets :		
Stock	1,40,000	2,60,000
Debtors	2,80,000	2,00,000
Balance of Bank	1,00,000	—
	<u>11,40,000</u>	<u>5,60,000</u>

The purchase consideration was agreed upon at ₹ 4,00,000 payable as to ₹ 2,00,000 in cash and the balance by issue of 16000 equity shares of ₹ 10 each fully paid in TV Ltd. at an agreed value of ₹ 12.50 per share. The sale was completed and Radio Ltd., then went into liquidation.

Pass Journal Entries in the books of TV Ltd. and prepare the Balance Sheet of TV Ltd. after the purchase. 7+7=14

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(Continued)

(5)

3. (a) Critically examine the various tools available for financial analysis. What are the limitations of such tools? 7+7=14

Or

- (b) Balance Sheet of M/s Z Ltd. for the year ended 31st March, 2021 is as follows :

Particulars		₹
I. Equity and Liabilities :		
1. Shareholders' Funds :		
(a) Share Capital :		
2000 Equity Shares of ₹ 100 each	2,00,000	
(b) Reserves and Surplus :		
Reserves	90,000	
Surplus A/c	60,000	
2. Current Liabilities :		
Bills Payables	40,000	
Other Current Liabilities	90,000	
	<u>4,80,000</u>	
II. Assets :		
1. Fixed Assets :		
Land & Buildings	1,50,000	
Plant & Machinery	80,000	
2. Current Assets :		
Stock-in-Trade	1,49,000	
Sundry Debtors	41,000	

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(6)

Particulars	₹
Bills Receivables	30,000
Cash and Bank Balance	<u>30,000</u>
	<u>4,80,000</u>

Calculate the—

- (i) sales to capital employed;
- (ii) sales to fixed assets;
- (iii) sales to working capital;
- (iv) sales to total assets;
- (v) stock turnover ratio;
- (vi) receivable turnover ratio;
- (vii) creditors turnover ratio with reference to the following information :

	2×7=14
	₹
Sales (credit)	8,50,000
Cost of goods sold	5,10,000
Average inventory	1,24,250
Average account receivables	85,000
Average account payables	80,000
Credit purchases	5,45,250

4. (a) What do you mean by Cash Flow Statement? Discuss the significance of projected cash flow statement in decision making.

6+8=14

(Continued)

(7)

Or

(b) Balance Sheet of Luffy Ltd. as on
1st January, 2021 and 31st December,
2021 were as follows :

Particulars	01.01.2021 ₹	31.12.2021 ₹
I. Equity and Liabilities :		
1. Shareholders' Funds :		
(a) Share Capital :		
Shares of ₹ 100 each	1,25,000	1,53,000
(b) Reserves and Surplus :		
Reserves	25,000	—
2. Current Liabilities :		
Creditors	40,000	44,000
Bills Payable	40,000	50,000
	<u>2,30,000</u>	<u>2,47,000</u>
II. Assets :		
1. Fixed Assets :		
Land	40,000	50,000
Building	35,000	60,000
Machinery	80,000	55,000
2. Current Assets :		
Cash	10,000	7,000
Debtors	30,000	50,000
Stock	35,000	25,000
	<u>2,30,000</u>	<u>2,47,000</u>

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(8)

During the year a machine costing ₹ 10,000 (Accumulated depreciation ₹ 3,000) was sold for ₹ 5,000. The provision for depreciation against machinery as on 1st January, 2021 was ₹ 25,000 and on 31st December, 2021 ₹ 40,000. Net profit for the year 2021 amounted to ₹ 45,000.

You are required to prepare Fund Flow Statement. 14

5. (a) What do you mean by Inflation Accounting? Give its advantages and disadvantages. 4+5+5=14

Or

- (b) Following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare the Liquidation Final A/c allowing for his remuneration @ 3% on the amount realized and 2% on the amount paid to the unsecured creditors : 14

Share Capital Issued :

1000 Preference Shares of ₹ 100 each
(fully paid)

20000 Equity Shares of ₹ 10 each (fully paid)

4000 Equity Shares of ₹ 10 each (₹ 8 paid)

(Continued)

(9)

Assets realized ₹ 3,08,000 excluding
amount realized by Sole of Securities
held by secured creditors.

	₹
Secured creditors (Security realized ₹ 54,000)	46,000
Unsecured creditors	2,83,698
Preferential creditors	8,000
Debentures having a floating charge on the assets	1,00,000
Expenses of liquidation	3,000

A call of ₹ 2 per share on the partly paid
equity shares was duly paid except in
case of one shareholder owning
400 shares.

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