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(2nd Semester)

COMMERCE

(Honours)

Paper : BCAF-02

(**Advanced 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 do you understand by Consolidated Balance Sheet? Explain in brief the principles of consolidation of Balance Sheet. 4+10=14
- (b) From the two Balance Sheets of H. Ltd. and S. Ltd., prepare a Consolidated Balance Sheet : 14

Balance Sheets of H. Ltd. and S. Ltd.

Particulars	Note No.	H. Ltd. ₹	S. Ltd. ₹
I. Equity and Liabilities :			
1. Shareholders' Funds :			
(a) Share Capital—Equity Shares of ₹ 10 each		1,20,000	30,000
(b) Reserve and Surplus :			
General Reserve		25,000	6,000
Profit and Loss A/c		12,000	9,000
2. Current Liabilities :			
Trade Payable—Creditors		15,000	5,000
Total		<u>1,72,000</u>	<u>50,000</u>

12-21/240

(Turn Over)

Particulars	Note No.	H. Ltd. ₹	S. Ltd. ₹
II. Assets :			
1. Non-Current Assets :			
(a) Fixed Assets :			
Tangible Assets :			
Building at Cost		72,000	25,000
Plant and Machinery (Net)		30,000	10,000
(b) Non-Current Investment :			
2000 Equity Shares of S. Ltd. of ₹ 10 each		20,000	—
2. Current Assets :			
(a) Inventories—Stock		18,000	3,000
(b) Trade Receivable—Debtors		22,000	7,000
(c) Cash and Cash Equivalents—Bank		10,000	5,000
Total		<u>1,72,000</u>	<u>50,000</u>

When H. Ltd. acquired 2000 shares in S. Ltd., the latter company had reserves amounting to ₹ 5,000 none of which has been distributed since then.

2. (a) Define the term 'purchase consideration'. Discuss the different methods for the calculation of purchase consideration. 2+12=14

Or

- (b) The Balance Sheet of Moon Ltd. as on 31st March, 2018 was as follows :

Balance Sheet of Moon Ltd. as at 31st March, 2018

Particulars	Note No.	Amounts ₹
I. Equity and Liabilities :		
1. Shareholders' Funds :		
(a) Share Capital 5000 Equity Shares of ₹ 100 each		5,00,000

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(Continued)

(3)

Particulars	Note No.	Amounts ₹
(b) Reserve and Surplus :		
Reserve		10,000
Profit and Loss A/c		(1,65,000)
2. Non-Current Liabilities :		
Long-term Borrowings—9% Debenture		1,00,000
3. Current Liabilities :		
Trade Payable—Creditors		90,000
	Total	<u>5,35,000</u>
II. Assets :		
1. Non-Current Assets :		
Fixed Assets :		
Tangible Assets :		
Building		2,00,000
Plant		1,60,000
2. Current Assets :		
(a) Inventories		30,000
(b) Trade Receivables—Debtors		1,20,000
(c) Cash and Cash		
Equivalents—Bank Balance		25,000
	Total	<u>5,35,000</u>

On 1st April, 2018 Sun Ltd. was formed to take over the business Moon Ltd. on the following terms :

- (i) Debentures will be discharged by the issue of sufficient number of 12% Debenture of Sun Ltd. as would bring the same amount of interest
- (ii) Shareholders will be issued 2400 Equity Shares of ₹ 100 each of Sun Ltd.

(4)

(iii) Liquidation expenses of ₹ 2,000 will be paid by Sun Ltd.

Pass the necessary Journal entries in the books of Sun Ltd. and prepare the Balance Sheet of Sun Ltd. 5+9=14

3. (a) With the help of the information given below, prepare a Trading Account, Profit and Loss Account and Balance Sheet of X : 14

(i) Gross Profit Ratio—25%

(ii) Net Profit/Sales—20%

(iii) Sales/Inventory Ratio—10

(iv) Fixed Assets/Total Current Assets—5/7

(v) Current Ratio—1

(vi) Fixed Assets/Capital—5/4

(vii) Fixed Assets—₹ 10,00,000

(viii) Closing Stock—₹ 1,00,000

Or

(b) How does the ratio analysis technique help in Financial Statement Analysis? State the major user groups of Financial Statement Analysis. 8+6=14

(5)

4. (a) Distinguish between Fund Flow Statement and Cash Flow Statement. "Cash Flow Statement is very useful to the management for short-term planning." Discuss. $7+7=14$

Or

- (b) Explain the operating, investing and financing activities of Cash Flow Statement. Draw a proforma of Cash Flow Statement with imaginary figure as per AS-3 (Revised). $(3 \times 3) + 5 = 14$

5. (a) What is Inflation Accounting? Explain with reference to CCA method. $4+10=14$

Or

- (b) Explain different modes of liquidation of companies. 14
