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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>

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( 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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<i>Particulars</i>	<i>Note No.</i>	<i>Amounts ₹</i>
(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.

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(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

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( Continued )

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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

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