

(i) Printed Pages: 7

Roll No.

(ii) Questions : 14 Sub. Code :

1	7	8	2	4
---	---	---	---	---

Exam. Code :

0	0	1	4
---	---	---	---

Bachelor of Commerce 4th Semester

(2055)

ADVANCED ACCOUNTING

Paper : BCM-402

Time Allowed : Three Hours] [Maximum Marks : 80

Note :—Attempt any **FOUR** questions from Section—A. Each question in this section carries **5** marks. Attempt any **TWO** questions each from Sections B and C respectively. Each question in these sections carries **15** marks.

SECTION—A

1. What is Minority Interest ? How is it calculated ?
2. Discuss the nature and purpose of Investment Account.
3. Calculate the value of goodwill at 2 years' purchase of super profit from the following information :

Average Capital employed Rs. 12,00,000. Company declared dividend 15% on share of Rs. 20 paid up but quoted in the market at Rs. 25. Trading profits for three years Rs. 2,15,200; Rs. 1,81,400; Rs. 2,25,000.

4. On 1st January, 2018 GNN & Co. took delivery from GPC Co. Ltd., of a machine on hire-purchase system, Rs. 1,500 being paid on delivery and the balance in five instalments of Rs. 3,000 each, payable annually on 31st December. The cash price of the machine was Rs. 15,000. Calculate the amount of interest for each year.
5. A Ltd. agrees to take over the business of B Ltd. on the following terms :
- (i) The Shareholders of B Ltd., are to be paid Rs. 25 in cash and the offer of four shares of Rs. 10 each in A Ltd. for every share of B Ltd. B Ltd. has 50,000 equity shares outstanding.
 - (ii) The Debenture-holders holding 5,000 debentures of Rs. 100 each are to be redeemed at a premium of 10%.
 - (iii) Costs of liquidation amounting to Rs. 25,000 are to be borne by A Ltd.

You are required to compute the amount of purchase consideration.

6. Pass Journal entries in the books of a company whose scheme of reconstruction was approved by the court :
- (i) The recorded value of creditors is Rs. 10,000. 75% of their claim is settled by cash payment of 20% and sacrifice of 80%.
 - (ii) 1,000, 15% Debentures of Rs. 100 each are settled at 90% by issue at par of Equity Shares of Rs. 1,20,000 and the balance is settled in cash.

- (iii) 8% Rs. 1,00,000 Preference Shares of Rs. 100 each are converted into Rs. 80,000 Preference Shares of Rs. 80 each on the condition that the amount of dividend remains same. Find out new rate of dividend also.

SECTION—B

7. (a) From the following particulars, calculate the value of an Equity Share :

2,000, 9% Preference Shares of

Rs. 100 each.

Rs. 2,00,000

50,000 Equity Shares of Rs. 10 each,

Rs. 8 paid up

Rs. 4,00,000

Expected Profit per year before tax

Rs. 2,18,000

Rate of Tax

40%

Transfer to General Reserve

every year

20%

Normal Rate of earning

15%

- (b) The Capital of Passi Ltd. consists of 1,000, 6% Preference Shares (Participating) of Rs. 100 each and 40,000 Equity Shares of Rs. 10 each, all fully paid. The Preference Shares are entitled to participate in the surplus profit upto 4% after payment of equity dividend of 10%. The profit after taxation is Rs. 70,000. The normal return expected on Equity Shares at 10% and on Preference Shares is 8%. Compute the value of Preference Share and Equity Share of the company.

8. What do you mean by Hire Purchase System ? Give the journal entries to be passed in the books of Hire Purchaser and Hire Vendor.
9. What are the factors which affect the value of goodwill ? Explain and illustrate any three methods of calculating goodwill.
10. From the following details, calculate consequential loss claim :

Date of Fire : 1st September;

Indemnity period : 6 months;

Period of disruption : 1st September to 1st February;

Sum insured : Rs. 1,08,900;

Sales were Rs. 6,00,000 for preceding financial year ended on 31st March;

Net Profit for preceding financial year Rs. 36,000 plus insured standing charges Rs. 72,000;

Rate of Gross Profit 18%;

Uninsured standing charges Rs. 6,000;

Turnover during the disruption period Rs. 67,500;

Annual Turnover for 12 months immediately preceding date of fire Rs. 6,60,000;

Standard Turnover i.e. for corresponding months (1st September to 1st February) in the year preceding the date of fire Rs. 2,25,000;

Increase in the cost of Working Capital Rs. 12,000 with a saving of insured standing charges Rs. 4,500 during the disruption period;

Reduced Turnover avoided through increase in Working Capital Rs. 30,000;

Special clause stipulated :

(a) Increase in rate of G.P. 2%

(b) Increase in Turnover (Standard and Annual) 10%.

SECTION—C

11. What do you mean by Internal Reconstruction ? Explain in detail its accounting treatment.
12. Differentiate between amalgamation in the nature of merger and amalgamation in the nature of purchase.
13. Liabilities and Assets of H Ltd. and its subsidiary S Ltd. as on 31st March, 2022 were as under :

Liabilities	H Ltd. (Rs.)	S Ltd. (Rs.)
Shares of Rs. 1 each	10,00,000	6,00,000
General Reserve	4,00,000	—
Surplus A/c	4,00,000	1,80,000
Creditors	2,00,000	2,20,000
	20,00,000	10,00,000

Assets	H Ltd. (Rs.)	S Ltd. (Rs.)
Sundry Assets	16,00,000	10,00,000
Investment in S Ltd. (4,00,000 shares)	4,00,000	—
	20,00,000	10,00,000

The Shares were purchased by H Ltd. in S Ltd. on 30th September, 2021.

On 1st April, 2021, Surplus Account of S Ltd. showed a loss of Rs. 3,00,000 which was written off out of the profits carried during the year. Profits were earned uniformly for the year 2021-22.

Prepare a Consolidated Balance Sheet of H Ltd. and S Ltd. as on 31st March, 2022 giving all workings.

14. The following was the position of Pruthi Ltd. as on 31-12-2023 :

Assets realized Rs. 15,00,000; Expenses of Liquidation Rs. 27,000; Unsecured Creditors (excluding Preferential Rs. 45,000) Rs. 1,59,000; 6% Preference Share Capital Rs. 4,50,000 (Dividend paid upto 31-12-2022); General Reserve Rs. 3,60,000; Profit and Loss Account Rs. 60,000; 30,000 Equity Share of Rs. 10 each, Rs. 9 paid up Rs. 2,70,000.

Liquidator is entitled to remuneration @ 3% on assets realised and 2% on amount distributed to Shareholders. Preference Shares are participating and under the articles have the right to receive one-third of the surplus remaining after paying the Equity Shareholders.

Prepare Liquidator's final statement of account from the above information.