

SEAT No. _____

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Eng

S.Y.B.Com (External) Examination

Saturday, Date: 5th September 2020

Session: Evening. Time: 03:00PM to 05:00PM

Subject code: UBE2DCOM01, Paper No: III

Subject/Course Title: Advanced Accounting -III

Total Weight/ Marks: 70

Note: Figures to the right indicate full marks of the question.

Que-1 The Sahil Company Limited was incorporated on 1-4-2018 to purchase the (17)
business of M/s. Solanki Brothers. The authorized capital of the company is
10,000 equity shares of Rs. 10 each. The balance sheet of the firm as on 31-3-2018
was as under:

Liabilities	Rs.	Assets	Rs.
Capital:		Land and building	48,000
Rahi – 60,000		Plant and machinery	20,000
shasi – 40,000	1,00,000	Stock	24,000
Reserves	4,000	Debtors	23,200
Bank Loan	3,000	Investments	4,800
Creditors	22,000	Bills receivable	6,400
Bills Payable	7,000	Bank Balance	9,600
	1,36,000		1,36,000

The business was purchased on following terms:

- (1) Land and building at Rs. 50,000, stock at Rs. 24,800 and other assets except investments were taken over at book value.
- (2) Goodwill of the firm is to be valued at Rs.10,000.
- (3) All the liabilities except bank loan are to be accepted by the company. The firm's dissolution expenses Rs. 1,000 which was borne by the company.
- (4) Purchase consideration is to be paid in 5,000 fully paid up equity shares at 20% premium, 6% Rs. 50,000 debenture and the rest of the amount in cash.

The remaining shares were issued to the public at 20% premium, which were all taken up and paid for.

Draft Journal entries in the books of Sahil Co. Ltd. and draw the Balance sheet of the company.

(1)

[P.T.O.]

OR

Que.1 Kesha Ltd. was incorporated on 1-4-2019 to acquire a running business of Raja (17)

Traders from 1-1-2019. Following information is shown in profit and loss account for the year ended on 31-12-2019.

Particulars	Rs.	Particulars	Rs.
Administrative Expenses	44,000	Interest on purchase price	900
Sales Expenses	7,000	Bad debts(Rs. 400 is for Period prior to 31-3-2019)	700
Carriage outward	2,800	Preliminary expenses	1,575
Rent & Taxes	7,200	Directors fees	1,300
Interest on debentures	1,950		
Salary of Manager	14,000		

Additional Information:

- 1) The rate of gross profit is maintain throughout the year which is 25% on sales. The cost price of goods sold is Rs. 2,52,000.
- 2) The average monthly sale for the first six months was 75% of the average monthly sales of the latter six months.
- 3) The purchase price was paid on 1-5-2019.
- 4) The manager whose salary was Rs. 12,000 per year was being paid Rs.1,250 per month from 1-5-2019.
- 5) RajaTraders leased the premises to the company from the date of incorporation at a rental of Rs. 8,400 per year.

Prepare a statement appointing the profit between the period prior & post incorporation.

Que.2 (A). On 31st December 2019 the balance sheet of Arti ltd is as under: (14)

Liabilities	Rs.	Assets	Rs.
Issued and paid up capital:		Goodwill	70,000
8% cum. Preference shares of Rs. 100 each	2,00,000	Freehold property	2,80,000
Equity shares of Rs. 10 each	5,00,000	Plant	75,000
8% debentures	1,50,000	Patent	35,000
Accrued and due payment interest	6,000	Investments	55,000
Bank overdraft	84,000	Stock	1,65,000
Director's loan	40,000	Debtors	2,00,000
Creditors	2,00,000	Preliminary expenses	35,000
		Profit & Loss account	2,65,000
	11,80,000		11,80,000

The following scheme of capital reduction is approved and implemented:

1. Preference shares are to be written down to Rs. 60 each.
2. Equity shares are to be written down to Rs. 3 each.
3. From 1.1.16 dividend on preference shares are not declared and paid.,of the preference dividend in arrears 3/4th are to be waived and the remaining 1/4th equity shares are to be allotted.
4. The debenture holders agreed to have their accrued and due interest paid in cash and to take over freehold property (Book value Rs.50,000) at a valuation of Rs. 75,000 in part payment of amount due to them.
5. Remaining freehold property is valued at Rs. 3,00,000.
6. Investments are sold for 91,000.
7. The directors accept settlement of their loan as to 80% thereof by allotment of equity Shares, as to 10% in cash and the balance being waived.
8. Goodwill, patents, preliminary expenses and debit balance of profit and loss account are to written off.
9. The remaining amount is to be utilized in writing down plant and stock in the proportion of their values.

Pass necessary journal entries to record the above transactions in the book the company and also prepare Balance sheet after reduction.

Que.2 (B). Circumstances Voluntary winding up. ! Discuss , (04)

OR

Que.2.(A) Following is the Balance Sheet of Vihan Ltd as on 31-3-2019. (13)

Liabilities	AmtRs.	Assets	AmtRs.
'A' Equity Shares(each of Rs.10, fully paid)	8,00,000	Land and Building	4,00,000
'B' Equity Shares(each of Rs.10, Rs.5 paid up)	2,40,000	Machinery	4,80,000
10% Cumulative Preference shares (Rs.10, fully paid)	4,00,000	Stock	3,20,000
12% Debentures	4,00,000	Debtors	4,00,000
Loan (Mortagaged on Land and Building)	3,20,000	Cash and Bank	1,60,000
Creditors	6,40,000	Profit and Loss A/c	10,40,000
	28,00,000		28,00,000

Company went into voluntary liquidation on the above date. Prepare liquidator's final receipt and payment statement from the following information:

1. Assets realized as under;
Land & Building – Rs.11,20,000 , Machinery- Rs.3,60,000, Stock-Rs.2,40,000,
Debtors-Rs.3,60,000.
2. Liquidator was entitled to get remuneration of 2% on realized value of assets.
3. Creditors include Preferential Creditors of Rs.30,000.
4. Liquidation expenses amounted to Rs.34,400.
5. Debentures Holders were paid on 30-9-2019.

Que.2.(B). Explain: Methods of reducing share capital. (05)

Que-3. Riya Construction Company undertook a contract at Rs.20,00,000 to construct a building in Anand and Commenced it work from 1-4-19 and paid following expenses at the year ending 31-12-19. **(17)**

Material Rs. 4,00,000

Machine Issued (1-4-19) Rs. 2,00,000

Wages paid Rs. 5,05,000

Direct expenses Rs. 87,500

Indirect Expenses Rs. 54,600

Sub contract cost Rs. 36,000

Administrative expenses 12,000

You have been provided following additional informations:

- (1) On 31-12-19 , Outstanding wages Rs. 15,000 and Outstanding direct expenses Rs. 10,000.
- (2) Material Costing Rs. 16,000 were destroyed by an accident, scope of the material has realised Rs. 7,000.
- (3) Out of machines, a machine costing Rs. 45,000 has been sold at Rs. 36,000 on 30-6-19, while a Machine Costing Rs. 30,000 was burnt by fire on 1-10-19 and Insurance Company accepted a claim of Rs. 22,500 against it.
- (4) Included in the above summary of entries are wages of Rs. 14,400 and other expenses of Rs. 12,600 since certification. The value of Materials used since certification is Rs. 20,000.
- (5) During the year Cash received Rs. 10,08,000 being 90% of the work certified.
- (6) Provide 10% depreciation on Machines.

(7) Materials on hand on 31-12-19 Rs. 30,000.

(8) Transfer 2/3 of profit to profit and loss account as per cash basis.

Prepare Contract Account.

OR

Que-3. (A) Explain: Certified work and uncertified work. (05)

Que-3. (B) Rajkamal Travels Co. operates 3 Luxury buses between two cities at a distance of 80 kilometres. Each bus completes 3 round trips in a day and travels 30 days in a month. Seating capacity of each bus is for 60 passengers. In uptrip (going trip) 100% capacity is utilized while in down trip (returning trip) 80% capacity is utilized. (12)

Following details for expenses during April, 2019 are available.

Driver's monthly salary of each bus	Rs. 5,000
Conductor's monthly salary of each bus	Rs. 4,500
Cleaner's monthly salary of each bus	Rs. 3,880
Salary of office staff Monthly	Rs. 12,000
Repair and Maintenance expenses, Monthly, for three buses	Rs. 12,000
Taxes for three buses, Yearly	Rs. 36,000
Insurance premium, annually 2%.	
Cost of each bus	Rs. 15,00,000
Scrap value of each bus after 10 years useful life	Rs. 1,50,000
Price of diesel per litre	Rs. 50
Average per litre	20 kilometers.
Driver and Conductor on duty are paid breakfast allowances at Rs. 10 per trip.	

(5)

From the details given above, prepare operating cost sheet and find out cost per passenger kilometer. Also calculate the bus fare between two cities, if travel company desires to earn 40% profit on cost.

Que-4. Amar colour company produces a colour which passes through three process A, B and C. The company has given the following particulars for the year 2019. (18)

Particulars	Process A	Process B	Process C
Materials consumed (Units)	6,000	940	2280
Rate per unit (Rs.)	20	20	15
Direct Wages (Rs.)	1,52,000	44,000	1,30,000
Direct Expenses	1,600	2,040	3,060
Overhead expenses(% of Direct Wages)	150%	100%	120%
Production transferred to next process	60%	80%	-
Production transferred to Godown	40%	20%	100%
Loss in the process	2.5%	5%	3%
Wastage in process	12.5%	10%	7%
Selling price of wastage per unit	16	12	20

From the above information prepare process accounts and find out cost per unit per process. Show the necessary calculations.

OR

Que.4 (A). What is Marginal Costing? Explain scope of Marginal Costing. (09)

Que.4.(B). What is uniform Costing? Explain its disadvantages. (09)

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