

M.Com. (HPP) (AAA) Sem.-4 (Rep) Examination

CC-16 - Financial Accounting and Auditing-II

Time : 2-30 Hours]

October-2025

[Max. Marks : 70

Q.1 The following are the Balance Sheets of Radha Ltd. and Mira Ltd. as on 31-3-2024:

Equities and Liabilities	Radha Ltd. (₹)	Mira Ltd. (₹)	Assets	Radha Ltd. (₹)	Mira Ltd. (₹)
Equity shares of ₹ 100 each fully paid up	80,00,000	40,00,000	Fixed Assets	1,00,00,000	44,00,000
12% Preference Shares of ₹ 100 each fully paid up	12,00,000	8,00,000	Inventories	24,00,000	16,00,000
General Reserve	40,00,000	16,00,000	Trade Receivables	20,00,000	16,00,000
Investment Allowance Reserve	4,00,000	2,00,000	Cash and cash equivalents	16,00,000	2,00,000
Profit & Loss A/c	12,00,000	6,00,000			
10% Debentures	-	2,40,000			
Trade Payables	12,00,000	3,60,000			
	1,60,00,000	78,00,000		1,60,00,000	78,00,000

Radha Ltd. decided to take over Mira Ltd. on 1st April, 2024 on the following terms:

- (1) Radha Ltd. will issue 44,000 equity shares of ₹ 100 each fully paid to shareholders of Mira Ltd.
- (2) Radha Ltd. will issue 8,400 12% preference shares of ₹ 100 each fully paid to Preference shareholders of Mira Ltd.
- (3) Debentures of Mira Ltd. will be exchanged for 12% new debentures so that they will

get the same income of interest.

- (4) Investment Allowance Reserve is to be maintained for more 2 years.

Pass the necessary journal entries in the books of Radha Ltd. after amalgamation on the assumption that the amalgamation is in the nature of merger (Pooling of Interest method) and prepare Radha Ltd.'s balance sheet as on 1st April, 2024.

14

OR

Q.1 The Balance Sheets of Ram Ltd. and Shyam Ltd. as on 31-3-2024 are as under:

Equities and Liabilities	Ram Ltd (₹)	Shyam Ltd (₹)	Assets	Ram Ltd (₹)	Shyam Ltd (₹)
Equity Share Capital of ₹ 10 each fully paid up	3,20,000	1,20,000	Fixed Assets	4,40,000	1,89,200
12% Preference Share of ₹ 10 each	-	40,000	Stock	1,00,000	38,800
General Reserve	1,84,400	39,200	Trade Receivables	50,000	24,000
Investment Rebate Reserve	15,600	5,000	Cash and Cash Equivalents	10,000	16,000
Profit and Loss A/c	22,520	14,200			
12% Debentures	-	10,000			
Trade Payables	40,000	28,000			
Bills payable	17,480	11,600			
	6,00,000	2,68,000		6,00,000	2,68,000

Ram Ltd. decided to absorb the business of Shyam Ltd. on 1-4-2024 with the following conditions:

- (1) The equity shareholders of Shyam Ltd. will be given fully paid up 7,000 equity shares of ₹ 10 each of Ram Ltd.
- (2) The Preference shareholders of Shyam Ltd. will be given 12% 220 Preference shares of ₹ 100 each of Ram Ltd.
- (3) Debenture holders of Shyam Ltd. will be given 15% new debentures of Ram Ltd. so that they will get the same interest.

E-922-3

(4) Investment Rebate Reserve is to be kept for another two years.

Pass the necessary journal entries in the books of Ram Ltd. after absorption and prepare Ram Ltd.'s balance sheet as on 1-4-2024.

Q.2. The following are the Balance sheets of Big Ltd. and small ltd. as on 31/12/2023

(14 Marks)

Liabilities	B Ltd. ₹	S Ltd. ₹	Assets	B Ltd. ₹	S Ltd. ₹
Share capital			Land – Building	140000	50000
Shares of Rs.10 each	240000	60000	Plant – Machinery	64000	20000
General Reserve (1/1/2013)	50000	12000	Investment (Including 5000 shares of S Ltd.)	60000	5000
Profit and loss a/c	24000	18000	Stock	36000	6000
Creditors	40000	15000	Debtors	44000	14000
			Bank Balance	10000	10000
	<u>354000</u>	<u>105000</u>		<u>354000</u>	<u>105000</u>

B Ltd. had acquired 5000 shares of S Ltd. at Rs.50000 on 30-6-2023. The Profit and Loss A/c of S Ltd. stood at Rs.3000 (credit) on 1/1/2023.

From the above information. Prepare a consolidated Balance sheet as on 31/12/2023.

OR

Q.2. Explain statement pursuant to Section 212 of the Companies Act, 1956. (14 Marks)

Q.3. What is EDP ? Explain Features of EDP. (14 Marks)

OR

Q.3. Discuss structure of accounts and flow of funds in Government Audit. (14 Marks)

Q.4. What is cost Audit? Explain Objective of Cost Audit. (14 Marks)

OR

Q.4. Define Management Audit. Explain technique of Management Audit. (14 Marks)

Q.5.MCQ (Any Seven)

(14 Marks)

1. Interim dividend is -
 - A Shown on liabilities side in consolidated balance sheet
 - B Not shown in consolidated balance sheet
 - C Shown on assets side in consolidated balance sheet
 - D None of these
2. How many sections are in Government Accounting?
 - A 3
 - B 4
 - C 5
 - D 6
3. When central Government asks the company to carry cost Audit then cost Audit is _____ for them.
 - A Voluntary
 - B Optional
 - C Mandatory
 - D None of the above
4. To which company performance audit is more applicable?
 - A Public Ltd. Company
 - B Private Ltd. Company
 - C Government Company
 - D Foreign Company
5. Which of the following is included in General IT Control
 - A Administrative Control
 - B System Development Control
 - C Policy Oriented Control
 - D (A)And (B)
6. Memory storage unit is a part of -
 - A Input unit
 - B Output unit
 - C CPU
 - D None of the above
7. Cost audit was first time introduced in India in-
 - A 1956
 - B 1960
 - C 1965
 - D 2008
8. Net Assets – Capital Reserve
 - A Net liabilities
 - B Purchase consideration
 - C Amalgamation
 - D Goodwill
9. Holding company means-

E-922-5

- A A company controls board of directors of other company
 - B A company acquires more than 50% equity shares of other company
 - C Both (A) and (B)
 - D None of the above
10. What is SAI?
- A Supreme audit institute of india
 - B Supreme auditor of India
 - C Both (A) and (B)
 - D None of the above
11. What will be the change in the holding company's interest in the subsidiary company, when subsidiary company issue bonus share?
- A Increase in holding company's interest
 - B Decrease in holding company's interest
 - C Both of the above
 - D None of the above
12. What can be the time gap for the closing date of the financial year of subsidiary company and holding company?
- A 3 months
 - B 6 months
 - C 12 months
 - D None of the above

~~X~~