

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

CC 16

Financial Acc. & Audit-II

April 2022

Time : 2-00 Hours]

[Max. Marks : 50

Instructions: All Questions in **Section I** carry equal marks.
Attempt any **TWO** questions in **Section I**.
Section II is compulsory.

SECTION – I

Q. 1 (A) X Ltd. and Y Ltd. were amalgamated on 1-4-2020. A new company Z Ltd. was formed to take over the business of both companies. [10]

Balance Sheet

Particulars	X Ltd (₹)	Y Ltd. (₹)
I. Equity & Liability:		
(1) <u>Shareholder's Fund</u>		
(a) Share capital		
Equity share capital of ₹ 100 each	10,20,000	8,70,000
(b) <u>Reserves & Surplus</u>		
General Reserve	2,88,000	1,92,000
Profit & Loss Account	90,000	62,400
Revaluation Reserve	1,50,000	
Investment Allowance Reserve	60,000	96,000
(2) <u>Non-current Liabilities:</u>		
(a) <u>Long term borrowings</u>		
13 % Debentures of ₹ 100 each	60,000	36,000
Public Deposit	30,000	33,600
(3) <u>Current Liabilities:</u>		
Creditors	4,58,000	1,85,000
Bills Payable	<u>1,24,000</u>	<u>1,15,000</u>
Total:	<u>22,80,000</u>	<u>15,90,000</u>
II. Assets		
(1) <u>Non-current Assets:</u>		
(a) <u>Fixed Assets:</u>		
Land & Building	5,52,000	3,30,000
Plant & Machinery	3,90,000	2,52,000
(b) Non-current Investments	90,000	60,000
(2) <u>Current Assets</u>		
Stock	3,90,000	3,22,800
Debtors	3,66,000	3,14,000
Bills Receivable	30,000	10,000
Cash & Bank	<u>4,62,000</u>	<u>3,01,200</u>
Total:	<u>22,80,000</u>	<u>15,90,000</u>

P. T. O.

Additional Information:

- (1) Z Ltd. will issue 4 equity shares for each equity share of X Ltd and 3 equity shares for each equity shares of Y Ltd. The shares are to be issued at ₹ 35 each having face value ₹ 10 each.
- (2) 13% Debentures X Ltd & Y Ltd are discharged by Z Ltd issuing such number of its 15% Debentures of ₹ 100 each so as to maintain same amount of interest.
- (3) Investment allowance reserve is to be maintained for 3 more years.

Prepare Balance Sheet of Z Ltd. as per Accounting Standard-14 (AS-14) assuming that amalgamation is in the nature of purchase.

(B) Explain the difference between Pooling of interest Method & Purchase Method of Amalgamation. [10]

Q.2 (A) The following are the Summarized Balance Sheets of Rose Ltd. and Lotus Ltd. as on 31-3-2020: [10]

Particulars	Rose Ltd (₹)	Lotus Ltd. (₹)
<u>I. Equity & Liability:</u>		
(1) <u>Shareholder's Fund</u>		
(a) Share capital		
Equity share capital of ₹ 100 each	15,00,000	6,00,000
(b) <u>Reserves & Surplus</u>		
General Reserve	3,00,000	2,40,000
Profit & Loss Account	1,80,000	1,20,000
Capital Reserve	60,000	
(3) <u>Current Liabilities:</u>		
Creditors	1,80,000	1,80,000
Total:	22,20,000	11,40,000
<u>II. Assets</u>		
(1) <u>Non-current Assets:</u>		
(a) <u>Fixed Assets :</u>		
Goodwill	4,50,000	1,50,000
(b) <u>Non-current Investments:</u>		
Investment in Lotus Ltd.	7,20,000	
(2) <u>Current Assets:</u>		
Stock	4,80,000	5,40,000
Debtors	4,05,000	4,47,000
Cash & Bank	1,65,000	3,000
Total:	22,20,000	11,40,000

On 1st April, 2019 Rose Ltd. acquired equity shares of Lotus Ltd. at ₹ 150 per share. On that date the position of balances of some of the accounts in the books of Lotus Ltd. was as follows: General Reserve ₹ 90,000, Profit & Loss Account (Credit Balance) ₹ 30,000.

Find Capital Profit, Revenue profit, Goodwill / Capital Reserve & Minority Interest.

(B) Explain profit dealt with & profit not dealt with as per section 212 of companies Act. [10]

- Q.3 (A) Explain EDP audit [10]
 (B) Write a Short note on Central Processing Unit. [10]
- Q.4 (A) Write a short note on Management Audit. [10]
 (B) Explain the advantages of Cost Audit. [10]

SECTION – II

- Q.5 Choose the correct answer: (Any 5) [10]
- 1) Net assets Less Purchase Consideration = _____.
 (a) Capital Reserve (b) Purchase Consideration (c) Goodwill (d) Amalgamation Expense
 - 2) A company has 50000 equity shares of 10 each. The new company will give 2 shares for every 5 shares of 10 each at 12. Calculate purchase consideration.
 (a) ₹ 6,00,000 (b) ₹ 9,37,500 (c) ₹ 2,40,000 (d) None of these
 - 3) In A Ltd. Balance sheet on asset side following item appear, Fixed assets Rs 3,600, Investments Rs 500 and Current Assets Rs 2,500. On Liability side of the balance sheet following items appear, 12% Debenture Rs 350 and Current Liabilities Rs 500. Find Net Assets.
 a. 5,750 b. 5,550 c. 5,950 d. 5,350
 - 4) What can be the time gap for the closing date of financial year of subsidiary company & holding company?
 (a) 3 months (b) 6 months (c) 12 months (d) None of these
 - 5) When one of the existing company takes over the running business of another company then it is known as _____.
 a. Amalgamation b. Absorption c. Reconstruction d. None of the above
 - 6) Equity share capital of the subsidiary company is ₹ 2,50,000 consisting of 25,000 equity shares of ₹ 10 each. Holding company acquired equity shares of subsidiary company at a cost of ₹ 3,75,000. Cost of acquiring one share was ₹ 20. What is the interest of holding company in subsidiary company?
 (a) 60% (b) 66.67% (c) 80% (d) 75%
 - 7) Which of the following is included in structure of government account?
 (a) Consolidated funds of India (b) Contingency funds of India
 (c) Public Accounts (d) All of the above.
 - 8) As per section 233 B of the companies Act, the cost auditor has to submit his audit report to the Central Government in prescribed form within ____ days from the closing of the financial year of the company.
 (a) 30 (b) 60 (c) 120 (d) 180
 9. Give full form of EDP.
 a) Electronic Data Processing b. Election Data Program c. Electric Development Program
 b) Electronic development Project
 10. Which of the following is not component of Management Audit?
 (a) Internal Audit (b) Efficiency Audit (c) Propriety Audit (d) Operational audit