

Mid Semester Test: August-2017

Advanced Accounting

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

Course: **Advanced Accounting**
Semester-III (Batch: 2016-21)

Mid Semester Test: August-2017

Date: 24th August, 2017

Duration: 2 hours

Max. Marks: 30

Instructions:

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write any thing on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.

Answer all questions

Marks

- Q.1 From the following information provided, prepare Receipts & Payments A/c. and Income & Expenditure Account for the year ending on March 31, 2014 and Balance sheet as on the date of Vidyanagar Yuvak Mandal. (10)

Balances as on April 1,2013: Capital Fund Rs. 55,000; Building Rs. 20,000; Investments Rs. 7,500; Cash Balance Rs. 2,000; Books Rs. 10,000; Unpaid salary Rs. 500; Outstanding subscription Rs. 1,000; Furniture Rs. 15,000.

Cash Transaction of the year 2013-14 :

	Rs.		Rs.
Investments	7,500	Salary	7,500
Purchase of Furniture (1-7-2013)	5,000	Purchase of Books (1-10-2013)	10,000
Donation	5,000	Entrance Fees	2,500
Building Repairs	3,000	Govt. Aid	5,000
Income of Entertainment Program	6,000	Contributions received for President's Felicitation Fund	11,000
Subscriptions Received	16,500	Sale of old Newspapers	250
Interest on Investments	1,250	Snacks expenses	500
Annual Function Expenses	2,500	Subscriptions of Periodicals	1,500
Stationery Printing	1,500	Expenses of Musical Night	3,500
		Expenses of President's Felicitation	6,000

Additional Information: (i) 50 % of the entrance fees is to be capitalised (ii) Current Year's subscriptions of Rs. 750 is yet to be received. (iii) Outstanding salary Rs. 1,500 (iv) subscriptions includes Rs. 500 for the year 2014-15 (v) Provide 10% depreciation on Buildings, books and furniture.

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Q.2 The balance sheet of Axis Limited and Nexis Limited as on 31st March 2011 were as follows: (10)

(Rs. '000)

Liabilities	Axis Limited	Nexis Limited	Assets	Axis Limited	
Share Capital: 20,00,000 equity shares of Rs. 10 each	20,000	-	Patents	2,000	-
4,00,000 equity shares of Rs. 10 each	-	4,000	Land & Building	6,000	-
General Reserve	8,000	-	Plant & Machinery	15,500	-
P&L Account	900	320	Motor Vehicles		600
Creditors	500	210	Furniture		350
			Investments	1,150	
	29,400	4,530	Stock	3,500	2,790
			Debtors	800	620
			Cash at bank	450	170
	29,400	4,530		29,400	4,530

A new company Centrum Limited was formed to acquire the assets and liabilities of the above companies on the following terms :

- i. centrum limited to have an authorized capital of Rs. 4,50,00,000 divided in to 50,000, 13% preference shares of Rs. 100 each and 40,00,000 equity shares of Rs. 10 each.
- ii. Business of Axis Limited was valued at Rs. 3,00,00,000; settlement being made by issue of fully paid equity shares of Rs. 12
- iii. Business of Nexis Limited was valued at Rs. 48,00,000; to be satisfied by issue of fully paid equity shares of Rs. 12

- iii. Business of Nexis Limited was valued at Rs. 48,00,000; to be satisfied by issue of fully paid equity shares of Rs. 12
- iv. Centrum limited made a public issue of 30,000 preference share at par and 3, 00,000 equity shares at Rs. 12. The issue was fully subscribed.
- v. 'D' who mooted the scheme, was allotted 40,000 equity shares at Rs. 12 in consideration of his services.

You are required to:

Close the books of transferor companies by passing necessary entries and preparing accounts and also to prepare balance sheet of Centrum Limited.

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- Q.3 Super Express Limited and Fast Express Limited were in competing business. They decided to form a new company named Superfast Limited. The balance sheet of both the companies were as under: (10)

Super Express Limited
Balance Sheet as at 31st December 2014

Liabilities	Amt. Rs	Assets	Amt. Rs.
20,000 Equity Shares of Rs. 100 each	20,00,000	Buildings	10,00,000
Provident Fund	1,00,000	Machinery	4,00,000
Sundry creditors	60,000	Stock	3,00,000
Insurance Reserve	1,00,000	Sundry Debtors	2,40,000
		Cash at Bank	2,20,000
		Cash in Hand	1,00,000
	22,60,000		22,60,000

Fast Express Limited
Balance Sheet as at 31st December 2014

Liabilities	Amt. Rs	Assets	Amt. Rs.
10,000 Equity Shares of Rs. 100 each	10,00,000	Goodwill	1,00,000
Employees profit Sharing Account	60,000	Buildings	6,00,000
Sundry creditors	40,000	Machinery	5,00,000
Reserve	1,00,000	Stock	40,000
Surplus	1,00,000	Sundry Debtors	40,000
		Cash at Bank	10,000
		Cash in Hand	10,000
	13,00,000		13,00,000

The following terms were agreed upon by the amalgamating companies:

13,00,000

13,00,000

The following terms were agreed upon by the amalgamating companies:

The assets and liabilities of both the companies were taken over by the new company at their book values. The companies were allotted equity shares of Rs. 100 each in lieu of purchase consideration.

You are required to prepare the necessary journal in the books of transferee company and prepare opening balance sheet of Superfast Express Limited under purchase method.

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