

GVM'S GGPR College of Commerce & Economics, Ponda – Goa

M.Com Semester II End Examination, June 2022

COC220 – Advanced Corporate Accounting

Duration: 3 Hours

Maximum Marks: 60

- Instructions:
1. This paper consists of **9 questions** carrying equal marks.
 2. Question no. 1 **compulsory**.
 3. Answer **any 5 questions** from question Nos. 2 to 9.
 4. Each question carries 10 marks. Figures to the **right indicates marks**.
 5. All **working** should form part of your **answer**.

Q.1. Following is the extract of Trial Balance of Goa Carbon ltd. as on 31 March, 2022. **(10)**

Particulars	₹
Sales	1,20,00,000
Opening Stock of Raw Material	10,00,000
Opening Stock of Finished goods	5,00,000
Purchase of Raw Material	27,00,000
Purchase Returns	2,00,000
Sales Returns	20,00,000
Interest received on Fixed Deposits	5,00,000
Miscellaneous Income	4,00,000
Freight on Raw Material	30,000
Salaries & Wages	4,00,000
Bonus to employees	80,000
Directors remuneration	8,00,000
Depreciation on:	
Land & Building	5,00,000
Plant & Machinery	3,00,000
Furniture	<u>1,00,000</u> 9,00,000
Interest paid on Debentures	5,00,000
interest on Loan from Bank of Baroda	2,00,000
Repairs & maintenance expenses	80,000
Insurance Premium of office premises	30,000
Electricity charges	40,000
Rent, Rates and Taxes	20,000
Audit Fees	50,000
Advertisement Expenses	1,20,000
Sundry Expenses	10,000

Additional Information:

- a) Closing Stock of Raw Material & Finished goods was ₹ 5,00,000 & ₹ 6,00,000 respectively.
- b) Outstanding Electricity charges and Rent, Rates & taxes were ₹ 10,000 & ₹ 30,000 respectively.
- c) Miscellaneous income receivable was ₹ 10,000
- d) ₹ 50,000 to be provided for Bad & Doubtful Debts
- e) Prepaid Advertisement expenses were ₹ 20,000.
- f) Make a provision for Income Tax of ₹ 2,00,000.

Prepare statement of Profit & Loss for the year ended 31" March, 2022 as per the provisions of the Companies Act. .

Q.2. From the following trial balance and the additional information, prepare a balance sheet of Axis Bank Ltd. as on 31st March, 2022 giving the relevant schedules: (10)

Debit balances	₹ in lakhs	Credit balances	₹ in lakhs
Cash credits	1,218.15	Share capital: 29,70,000 Equity shares of 10 each, fully paid-up	297.00
Cash in hand	240.23	Statutory reserves	346.50
Cash with Reserve Bank of India	67.82	Net profit for the year (before appropriations)	225.00
Cash with other banks	132.81	Profit and loss account (opening balance)	618.00
Money at call and short notice	315.18	Fixed deposit accounts	775.50
Gold	82.84	Saving deposit accounts	675.00
Government securities	365.25	Current accounts	780.18
Current accounts	42.00	Bills payable	0.15
Premises	133.55	Borrowings from other banks	165.00
Furniture	95.18		
Term loans	1,189.32		
	<u>3,882.33</u>		<u>3,882.33</u>

Additional information:

- i. Bills for collection ₹ 18,10,000.
- ii. Acceptance and endorsements ₹ 14,12,000.
- iii. Claims against the bank not acknowledged as debts ₹ 55,000.
- iv. Depreciation charged on premises ₹ 1,10,000 and on furniture ₹ 78,000.

Q.3. On 31st March, 2022, the balance sheet of Big Bazaar Ltd. was as follows: **(10)**

Particulars	Note No.	Amount in ₹
I. Equity and Liabilities		
1. Shareholders' funds		
a) Share capital	1	26,00,000
b) Reserves and surplus	2	(2,80,000)
2. Non-current liabilities		
a) Long-term borrowing	3	4,00,000
3. Current liabilities		
a) Trade payables		<u>3,00,000</u>
Total		<u>30,20,000</u>
II. Assets		
1. Non-current assets		
a) Fixed assets		
i) Tangible assets	4	15,00,000
ii) Intangible assets	5	5,50,000
b) Non-current investments		
2. Current assets		
a) Inventories		5,60,000
b) Trade receivables		2,90,000
c) Cash and cash equivalents	6	<u>1,20,000</u>
Total		<u>30,20,000</u>

Notes: **(in lakhs)**

1. Share Capital

Authorised	-
Issued, Subscribed and Paid-up:	
50,000 12% Cumulative Preference Shares of 10 each, fully paid up	6,00,000
2,00,000 Equity Shares of ₹ 10 each, fully paid	<u>20,00,000</u>
	<u>26,00,000</u>

2. Reserves and Surplus

Preliminary Expenses	12,000
Discount on Issue of Debentures	10,000
Debit balance of Statement of Profit and Loss	<u>2,58,000</u>
	<u>2,80,000</u>

3. Long-term Borrowings

10% Debentures 4,00,000

4. Tangible Assets

Plant and Machinery 12,00,000

Furniture 3,00,000

15,00,000

5. Intangible Assets

Goodwill 4,00,000

Patents 1,50,000

5,50,000

6. Cash and Cash Equivalents

Balance with Bank 1,20,000

The following scheme of external reconstruction was agreed upon:

- i. A new company to be formed called JioMart Ltd. with an authorised capital of ₹ 31,00,000 in equity shares of 10 each.
- ii. One equity share ₹ 5 paid up, in the new company to be allotted for each equity share in the old company.
- iii. Two equity shares, ₹ 5 paid-up. in the new company to be allotted for each preference share in the old company.
- iv. Arrears of preference dividends to be cancelled.
- v. Debenture holders to receive 40,000 equity shares in the new company credited as fully paid.
- vi. Trade payables to be taken over by the new company.
- vii. The remaining unissued shares to be taken up and paid for in full by the directors.
- viii. The new company to take over the old company's assets except patents, subject to writing down plant and machinery by ₹ 3,20,000 and inventories by ₹ 80,000.
- ix. Patents were realised by Big Bazaar Ltd. for ₹ 20,000.

Show important ledger accounts in the books of Big Bazaar Ltd. and open the books of JioMart Ltd. by means of journal entries. Expenses of Big Bazaar Ltd. came of ₹ 20,000.

Q.4. The Following are the balance sheets of Ambuja Cement Eastern Ltd. and Ambuja Cement Rajasthan Ltd. as at 31st March, 2022. **(10)**

Particulars	Note No.	Amount in ₹	
		Ambuja Cement Eastern Ltd.	Ambuja Cement Rajasthan Ltd.
I. Equity and Liabilities			
1. Shareholders' funds			
a) Share capital	1	15,00,000	6,00,000
b) Reserves and surplus	2	7,99,360	(81,530)
2. Non-current liabilities			
a) Long-term borrowing	3		2,00,000
3. Current liabilities			
a) Trade payables		<u>2,33,070</u>	<u>1,01,630</u>
Total		<u>25,32,430</u>	<u>8,20,100</u>
II. Assets			
1. Non-current assets			
a) Fixed assets			
i) Tangible assets	4	16,03,500	4,49,500
2. Current assets			
a) Inventories		5,37,340	2,52,410
b) Trade receivables	5	2,80,630	97,850
c) Cash and cash equivalents	6	<u>1,10,960</u>	<u>20,340</u>
Total		<u>25,32,430</u>	<u>25,32,430</u>

Notes:

	Ambuja Cement Eastern Ltd. (₹)	Ambuja Cement Rajasthan Ltd. (₹)
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1. Share Capital

Authorised -

Issued, Subscribed and Paid-up:

Fully Paid Equity Shares of 10 each	<u>15,00,000</u>	<u>6,00,000</u>
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2. Reserves and Surplus

Capital Reserve		1,50,000
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Securities Premium		1,50,000	
General Reserve	4,70,000		
Cost of Issue of Shares Account	<u>(10,000)</u>	4,60,000	
Balance in Statement of Profit and Loss		<u>1,89,360</u>	<u>(96,530)</u>
		<u>7,99,360</u>	<u>(81,530)</u>
3. Long-term Borrowings			
10% Debentures			<u>2,00,000</u>
4. Tangible Assets			
Land and Buildings		5,60,000	
Plant and Machinery		9,42,000	3,60,000
Furniture and Fittings		<u>1,01,500</u>	<u>89,500</u>
		<u>16,03,500</u>	<u>4,49,500</u>
5. Trade Receivables			
Sundry Debtors		2,80,630	1,03,000
Provision for Bad Debts			<u>(5,150)</u>
			<u>97,850</u>
6. Cash and Cash Equivalents			
Balance with Bank		<u>1,10,960</u>	<u>20,340</u>

The two companies agree to form a business combination. For the purpose a new company called Gujarat Ambuja Cement Ltd. is formed which takes over all the assets and liabilities of both the companies on 1st April, 2022. The consideration is bargained at ₹ 19,50,000 and ₹ 4,80,000 for Ambuja Cement Eastern Ltd. and Ambuja Cement Rajasthan Ltd. respectively; and entire amount being payable by Gujarat Ambuja Cement Ltd. in the form of its fully paid equity shares of ₹ 10 each. Ambuja Cement Rajasthan Ltd.'s 10% debentures are converted into identical number of Gujarat Ambuja Cement Ltd.'s 11% debentures for ₹ 2,00,000. Expenses of forming the business combination amounting to ₹ 15,000 are borne by Gujarat Ambuja Cement Ltd.

Pass journal entries in the books of Gujarat Ambuja Cement Ltd. and prepare its balance sheet immediately after the formation of the business combination.

Q.5. The following is the Balance Sheet of Skillsoft Limited as at 31st March, 2022. **(10)**

Particulars	Note No	Amount (₹)
I. Equity and Liabilities		
Shareholders' funds		
Share capital	1	52,00,000
Reserve and surplus	2	(9,00,000)
Non-current liabilities		
Long-term borrowings	3	15,00,000
Current liabilities		
Trade payables	4	16,20,000
Other current liabilities	5	<u>1,50,000</u>
Total		<u>75,70,000</u>
II. Assets		
Non-current assets		
Fixed assets		
Tangible assets	6	42,60,000
Current assets		
Inventories		9,45,000
Trade receivables	7	18,00,000
Cash and cash equivalents	8	<u>5,65,000</u>
Total		<u>75,70,000</u>

Notes:

₹

1. Share Capital

Issued Subscribed and Paid up:

4,00,000 equity shares of ₹ 10 each fully paid	40,00,000
1,20,000 preference shares of ₹ 10 each fully paid	<u>12,00,000</u>
	<u>52,00,000</u>

2. Reserves and Surplus

Debit balance of Profit and Loss Account	<u>(9,00,000)</u>
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3. Long-term Borrowings

10% Debentures, having a floating charge on all the assets	<u>15,00,000</u>
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4. Trade Payables

Sundry Creditors	<u>16,20,000</u>
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6. Other Current Liabilities

Interest Accrued on Debentures 1,50,000

7. Tangible Assets

Land and Buildings 25,60,000

Plant and Machinery 15,00,000

Furniture 2,00,000

42,60,000

8. Trade Receivables

Sundry Debtors 18,00,000

9. Cash and Cash Equivalents

Balance with Bank 5,65,000

On that date, the company went into Voluntary Liquidation. The dividends on preference shares were in arrears for the last two years. The arrears are payable automatically on liquidation. Creditors include a loan for ₹ 6,00,000 on the mortgage of Land and Buildings. The assets realized were as under:

Land and Buildings ₹ 29,00,000

Plant and Machinery ₹ 12,00,000

Furniture ₹ 1,00,000

Inventories ₹ 9,50,000

Trade Receivables ₹ 15,00,000

The expenses of liquidation amounted to ₹ 1,20,000. The liquidator is entitled to a commission of 3 per cent on all assets realised except cash and a commission of 2 per cent on amounts distributed among creditors. Preferential creditors amount to ₹ 2,50,000. Assume the payment was made on 30th September 2022. Prepare the liquidators' final statement of account.

Q.6. From the balance sheets given below, prepare a consolidated balance sheet of X Ltd. and its subsidiary Y Ltd. (10)

Balance Sheet of X Ltd. and Y Ltd.

as at 31st March, 2022

Particulars	Note No	X Ltd. (₹)	Y Ltd. (₹)
I. Equity and Liabilities			
Shareholders' funds			

Share capital	1	1,20,00,000	30,00,000
Reserve and surplus	2	37,00,000	15,00,000
Current liabilities			
Trade payables		15,00,000	5,00,000
Total		<u>1,72,00,000</u>	<u>50,00,000</u>
II. Assets			
Non-current assets			
Fixed assets			
Tangible assets	3	1,20,00,000	40,00,000
Non-current investments	4	25,00,000	
Current assets			
Inventories		14,00,000	6,50,000
Trade receivables		9,00,000	2,00,000
Cash and cash equivalents	5	<u>4,00,000</u>	<u>1,50,000</u>
Total		<u>1,72,00,000</u>	<u>50,00,000</u>

Notes:	X Ltd. (₹)		Y Ltd. (₹)
1. Share Capital			
Authorised	1,20,00,000		30,00,000
Issued, Subscribed and Paid-up:			
Fully Paid Equity Shares of 10 each	<u>1,20,00,000</u>		<u>30,00,000</u>
2. Reserves and Surplus			
General Reserve	25,00,000		
General Reserve, as on 1st April, 2021			6,00,000
Surplus i.e. credit balance of Profit and Loss Account	<u>12,00,000</u>		<u>9,00,000</u>
	<u>37,00,000</u>		<u>15,00,000</u>
3. Tangible Assets			
Freehold Buildings, at cost	80,00,000		
Leasehold Property	-	30,00,000	
Less: Depreciation		<u>5,00,000</u>	25,00,000
Plant and Machinery	40,00,000	15,00,000	

Less: Depreciation	<u>10,00,000</u>	30,00,000	<u>5,00,000</u>	10,00,000
Furniture	12,00,000		6,50,000	
Less: Depreciation	<u>2,00,000</u>	<u>10,00,000</u>	<u>1,50,000</u>	<u>5,00,000</u>
		<u>1,20,00,000</u>		<u>40,00,000</u>
4. Non-current Investments				
2,00,000 Fully paid Equity Shares in S Ltd., at cost		<u>25,00,000</u>		
5. Cash and Cash Equivalents				
Balance with Bank		<u>4,00,000</u>		<u>150,000</u>

On the 1st April, 2021, the date of acquisition by X Ltd. of its holding of 2,00,000 shares in Y Ltd., the latter company had a credit balance of ₹ 6,00,000 in its profit and loss account.

Q.7. The undermentioned balances form part of the Trial Balance of the Max Life Insurance Co. Ltd., as on 31st March, 2022: (10)

Amount of Life Assurance Fund at the beginning of the year, ₹ 14,70,562 thousand; claims by death ₹ 76,980 thousand; claims by maturity, ₹ 56,420 thousand; premiums, ₹ 2,10,572 thousand; expenses of management, ₹ 19,890 thousand; commission, ₹ 26,541 thousand; consideration for annuities granted ₹ 10,712 thousand; interests, dividends and rents, ₹ 52,461 thousand; income tax paid on profits ₹ 3,060 thousand; surrenders, ₹ 21,860 thousand; annuities, ₹ 29,420 thousand; bonus paid in cash, ₹ 9,450 thousand; bonus paid in reduction of premiums, ₹ 2,500 thousand.

Prepare Revenue Account after taking into account the following:

- i. Claims covered under reinsurance, ₹ 10,000 thousand
- ii. Further claims intimated, ₹ 8,000 thousand
- iii. Further bonus utilised in reduction of premium, ₹ 1,500 thousand
- iv. Interest Accrued, ₹ 15,400 thousand
- v. Premiums Outstanding, ₹ 7,400 thousand.

Q.8. Answer the following questions: (2x5=10)

- a) What is Purchase Consideration? State and explain the methods of purchase consideration.
- b) Express the grounds for compulsory winding-up of a company.

Q.9. Answer the following questions:

(2x5=10)

- a) Elaborate on advantages and disadvantages of holding companies.
- b) Discuss the Duties of a Liquidator.

-----*Best of Luck*-----