



M.Com. (Semester – II) Examination, April 2018
COC201 : CORPORATE ACCOUNTING (OA – 18)



Duration : 3 Hours

Max. Marks : 60

Instructions : i) This paper consists **nine** questions carrying **equal** marks.

ii) Question No. 1 consists of **5 compulsory** questions of **2 marks each**.

iii) Answer **any 5** questions from question **2, 3, 4, 5, 6, 7, 8 and 9**.

iv) **Each** question carries **10** marks. Figures to the **right** indicate marks.

v) The paper has to be answered as per Company's Act 2013.

1. Answer the following questions in brief : (5×2=10)

- a) What is Corporate Dividend Tax ?
- b) Distinguish between 'Interim Dividend' and 'Final Dividend'.
- c) Explain alteration of Share Capital.
- d) Define Deferred Tax Assets and Deferred Tax Liabilities.
- e) What is Forensic Accounting ?

2. The following is the Trial Balance of Sony Ltd. as at 31st March 2012. 10

Particulars	Dr.	Particulars	Cr.
Inventories 1-4-2011	75,000	Purchase Returns	10,000
Purchase	2,45,000	Sales	3,40,000
Wages	30,000	Discount Received	3,000
Carriage	950	Profit and Loss Balance	15,000
Furniture	17,000	Share Capital (Rs. 10 each)	1,00,000
Salaries	7,500	Creditors	17,500

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SRN - 01

-2-

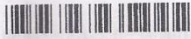


Rent	4,000	General Reserve	15,500
Trade expenses	16,950	Bills payable	7,000
Debtor	27,500		
Plant and Machinery	29,000		
Cash at Bank	45,300		
Patents	4,800		
Bill Receivable	5,000		
	5,08,000		5,08,000

Prepare the Profit and Loss Statement and P and L Appropriation for the year ending 31st March 2012 and Balance Sheet on that date after considering the following adjustments :

- Inventories on 31-03-2012 was Rs. 88,000.
 - Provide for Income Tax @ 35% and Corporate Dividend Tax @ 15% + 5% Surcharge + 3% Education Cess.
 - Depreciate Plant and Machinery at 15%, Furniture 10% and Patents at 5%.
 - Outstanding rent amount to Rs. 800 and outstanding salaries Rs. 900.
 - Provide Rs. 510 for Doubtful debts.
 - The Board recommends payment of dividend @ 15% per annum.
 - Transfer 5% of net profit to General Reserve.
3. The following is the Balance Sheet of Varun Ltd. as at 31st March 2012 : 10

Particulars	Note no.	Amount
I Equity and Liabilities		
Shareholder's funds :		
20,000 Equity Shares of Rs. 10 each fully paid up		2,00,000
10% Preference shares of Rs. 100 each Fully Paid up		50,000
Profit and Loss		(1,85,000)



SRN – 01

Non Current Liabilities :	
9% Debentures	1,00,000
Current Liabilities :	
Trade payable	3,30,000
Creditors for expenses	20,000
	5,15,000

II Assets

Non-current Assets :	
Land and Building	2,00,000
Machinery	1,30,000
Patents	40,000
Current Assets :	
Inventories	80,000
Trade Receivable	55,000
Share Issue expenses	10,000
	5,15,000

With a view to reconstruct the company it is proposed :

- 1) To reduce each Equity shares by Rs. 9 each
- 2) Preference shares by Rs. 40 each
- 3) Machinery to Rs. 80,000
- 4) Inventories by Rs. 10,000
- 5) To provide Rs. 15,000 for bad debts
- 6) To write off all the intangible Assets.

To raise the rate of Preference dividend to 12% and Debenture interest to 10%.

Assuming that the aforesaid proposal are duly approved and sanctioned. Pass Journal entries and show the Reconstructed Balance Sheet.

4. The following are Assets and liabilities of Minku Ltd. Babu Ltd. as on 31st March 2013. 10

Equity and Liabilities	Minku Ltd.	Babu Ltd.
Equity share capital @ 10 each	16,00,000	5,00,000
9% Preference share Capital	—	2,00,000

SRN – 01

-4-



General Reserve	9,00,000	1,80,000
Statutory Reserve	1,50,000	90,000
Surplus	2,80,000	70,000
10% Debentures	—	2,00,000
Creditors	2,00,000	1,00,000
	31,30,000	13,40,000
Assets		
Building	9,30,000	4,50,000
Machinery	5,60,000	3,10,000
Furniture	2,80,000	1,15,000
Stock	7,20,000	2,25,000
Debtors	4,50,000	1,60,000
Cash at Bank	1,90,000	80,000
	31,30,000	13,40,000

On 1st April 2013, Minku Ltd. takeover Babu Ltd. on the following terms :

- Building and machinery are valued at Rs. 6,00,000 and Rs. 3,00,000.
- Minku Ltd. will issue 50,000 equity shares of Rs. 10 each at Rs. 12 to the equity shareholder of Babu Ltd.
- Minku Ltd. will issue 2000, 12% Debentures of Rs. 100 each at par to the debenture holders of Babu Ltd.
- Minku Ltd. will issue 2000, 10% Preference share of Rs. 100 each at par to the preference shareholders of Babu Ltd.
- Minku Ltd. will bear liquidation expenses of Babu Ltd.
- Statutory reserves are to be maintained for two more years.

You are required to pass journal entries in the books of Minku Ltd. assuming that amalgamation is in the

- nature of Merger and
- in the nature of Purchase.



5. From the following figures taken from the books of Yes Bank Ltd. you are required to draft a Balance Sheet and Profit and Loss Account as at 31st March 2018. **10**

10,000 shares of Rs. 100 each, Rs. 50 paid	5,00,000
Reserve Fund	3,50,000
Fixed Deposit Account	9,50,000
Saving Bank Account	30,00,000
Current Account	80,00,000
Money at Call and Short Notice	3,00,000
Investment at Cost	30,00,000
Salaries (including salary to GM Rs. 24,000 and Director fees Rs. 5,000)	80,000
Rent	20,000
Profit and Loss Account (Cr.) 1-04-2017	2,10,000
General expenses (Including stationery Rs. 5,000 and Audit fees Rs. 2,000)	10,000
Dividend for 2016–17	50,000
Premises (after Depreciation upto 31-03-16 Rs. 1,00,000)	12,00,000
Cash in hand	60,000
Cash with RBI	15,00,000
Cash with other banks	13,00,000
Borrowed from banks	7,00,000
Interest and discount	7,50,000
Bills discounted and purchased	6,00,000
Bills payable	8,00,000
Loans, overdraft and cash credit	70,00,000
Unclaimed dividend	30,000
Bills for collection	1,40,000



- Sundry creditors 30,000
- Acceptances and endorsements on behalf of customers 2,00,000
- a) Rebate on bills discounted and purchased for unexpired term amounted to Rs. 5,000
- b) Allow 5% depreciation on premises on original cost.
- c) A provision for doubtful debts amounting to Rs. 30,000 is required.
- d) Create a provision of Rs. 1,00,000 for taxation.
6. Following Liabilities and Assets are presented to you on 31st March 2017. 10

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
Shares of Rs. 100 each	5,00,000	2,00,000	Fixed Assets	3,03,000	2,00,000
General Reserve	1,00,000	–	Stocks	90,000	40,000
Surplus A/c	80,000	–	Debtors	60,000	30,000
6% Debentures	–	1,00,000	6% debentures in S Ltd. at par	60,000	–
Trade Creditors	75,000	45,000	Shares in S Ltd. 1500 @ Rs. 80	1,20,000	–
Loan from H Ltd.	–	50,000	Bank	75,000	25,000
			Surplus A/c (Neg. Bal.)	–	1,00,000
			Loan to S Ltd.	47,000	–
	7,55,000	3,95,000		7,55,000	3,95,000

H Ltd. acquired the shares on August 1, 2016. Surplus Account of S Ltd. Showed a debit balance of Rs. 1,50,000 on April 1, 2016. During June 2013 goods costing Rs. 6,000 were destroyed by fire and insurer paid only Rs. 2,000. Trade creditors of S Ltd. include Rs. 20,000 for goods supplied by H Ltd. on which the later company made a profit of Rs. 2,000. Half of the goods were still in stock. The difference in amounts in loan accounts of H Ltd. and S Ltd. is due to interest not yet recorded in the books of H Ltd. Prepare the consolidated Balance Sheet.



7. a) Amir Khan Limited went into voluntary liquidation. The detail regarding liquidation are as follows :

6

Share Capital :

- 1) 2000 8% preference shares of Rs. 100 each (fully paid-up)
- 2) Class A-2000 equity shares of Rs. 100 each (75 paid -up)
- 3) Class B - 1600 equity shares of Rs. 100 each (60 paid-up)
- 4) Class C-1400 equity shares of Rs. 100 each (50 paid-up)

Assets including machinery realized Rs. 4,20,000. Liquidation expenses amount to Rs. 15,000.

Amir Khan Limited has borrowed a loan of Rs. 50,000 from Patel Brothers against the mortgage of machinery (which realized Rs. 80,500). In the books of the company salaries of four clerks for four months at a rate of Rs. 250 per month and salaries of four peons for three months at a rate of Rs. 150 per month, are outstanding.

In addition to this, the company's books show the creditors worth Rs. 88,200. Prepare liquidator's Final Statement Account.

b) What is meant by reinsurance ? How is it helpful to insurance companies. 4

8. Explain the significance of Environmental Accounting and Human Resource Accounting in the present era. 10

9. a) How you will deal the following items in final account of the company : 5

- a) Preliminary Expenses
- b) Forfeited Share Account.

b) What do you mean by liquidation of a company ? Describe in detail the different modes of winding - up. 5