



RPN – 03

M.Com. (Semester – II) Examination, November 2017
COC201 : CORPORATE ACCOUNTING (Old)
(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.

1. Answer the following questions in brief : (5×2=10)
- a) What do you mean by Holding Companies ?
 - b) State the main limitation of Financial Statement.
 - c) Distinguish between Compulsory Winding up and Voluntary Winding up.
 - d) Distinguish between Internal reconstruction and External reconstruction.
 - e) What is Alteration of Share Capital ?

2. From the Trial Balance of Star Ltd. as on 31st March 2013. 10

| Debit | Amount | Credit | Amount |
|----------------------------------|------------------|--------------------------------|------------------|
| Stock (1-4-2012) | 3,00,000 | Sales | 13,60,000 |
| Purchases | 9,80,000 | Purchase return | 40,000 |
| Wages | 1,20,000 | Discount | 12,000 |
| Debtors | 1,50,000 | Creditors | 70,000 |
| Carriage Inward | 4,000 | Profit and loss A/c (1-4-2012) | 60,000 |
| Furniture | 68,000 | Share capital | 4,00,000 |
| Salaries | 30,000 | General Reserve | 62,000 |
| Rent | 16,000 | Bills payable | 28,000 |
| General Expenses | 28,000 | | |
| Dividend paid (2011 – 12) | | | |
| including corporate dividend tax | 36,000 | | |
| Computers | 1,16,000 | | |
| Cash and Bank Balance | 1,44,800 | | |
| Patents | 19,200 | | |
| Bills Receivable | 20,000 | | |
| | 20,32,000 | | 20,32,000 |

P.T.O.

**Additional Information :**

- i) Stock as on 31st March, 2013 was valued at Rs. 3,52,000.
- ii) Depreciate Computers @ 15 %, Furniture @ 10 % and Patents @ 5 %.
- iii) Make provision for doubtful debts of Rs. 840.
- iv) On 31st March, 2013 salaries and Rent were outstanding to the extent of Rs. 4,000 each.
- v) Make provision for tax @ 40 %.
- vi) The directors proposed a dividend @ 15 % for the year ending 31st March, 2013 after 5 % transfer of profit to general reserve.
- vii) Provide for Manager's commission at 10 % of net profit before tax and manager's commission.
- viii) Provide for corporate dividend tax @ 16.995 %.

Prepare Profit and Loss statement for the year ended 31st March, 2013 and a Balance Sheet as on that date after taking into account the above adjustment.

3. Following is the Balance Sheet of Prem Ltd. as at 31st March, 2016. **10**

| Equity and Liabilities | Amount | Assets | Amount |
|--|-----------------|-------------------------|-----------------|
| 20000 Equity Shares of Rs. 10 each | 2,00,000 | Buildings | 2,00,000 |
| 10 % Non-cumulative Preference shares of Rs. 100 each | 50,000 | Machinery | 1,30,000 |
| 10 % Debentures | 1,00,000 | Patents | 40,000 |
| Sundry creditors | 3,30,000 | Inventories | 80,000 |
| Creditors for Expenses | 20,000 | Debtors | 55,000 |
| | | Preliminary Expenses | 10,000 |
| | | Profit and Loss Account | 1,85,000 |
| | 7,00,000 | | 7,00,000 |

With a view to reconstruct the company, it is proposed :

- a) To reduce :
 - i) Equity share by Rs. 9 each
 - ii) 10 % preference shares by Rs. 40 each
 - iii) 8 % Debentures by 10 %,
 - iv) Trade creditor's claims by one third machinery to Rs. 70,000
 - v) Inventories by Rs. 10,000.
- b) To provide Rs. 15,000 for bad debts.



- c) To write off all the intangible assets.
- d) To raise the rate of preference dividend to 13 % and the rate of debenture interest to 13.5 %.

Assuming that the aforesaid proposals are duly approved and sanctioned, pass the Journal entries to give effect to above and show the company's post-reconstruction Balance Sheet as per schedule III of Companies Act, 2013.

4. Mallaya Ltd. agreed to acquire the business of Ankur Ltd. The balance Sheet of Ankur Ltd. is under : 10

| Equity and Liabilities | Amount | Assets | Amount |
|---|------------------|---------------------------------|------------------|
| 75,000, 15 % Preference Shares of Rs. 10 each | 7,50,000 | Land | 15,00,000 |
| 1,50,000 Equity Shares of Rs. 10 each | 15,00,000 | Plant | 7,50,000 |
| Reserves | 3,75,000 | Stock | 15,00,000 |
| 10 % Debentures | 7,50,000 | Cash at Bank | 3,75,000 |
| Creditors | 11,25,000 | Debtors | 2,62,500 |
| | | Preliminary Expenses | 85,000 |
| | | Discount on issue of Debentures | 27,500 |
| | 45,00,000 | | 45,00,000 |

The consideration payable was agreed as under :

- i) The Preference Shareholders of Ankur Ltd. are to be discharged at premium of 10 % by issue of 15 % preference shares in Mallaya Ltd.
- ii) Equity Shareholders are to be allotted 6 equity shares of Rs. 10 each at a premium of 10 % and are to be paid Rs. 3 in cash against every five shares held.
- iii) Debenture holders of Ankur Ltd. are discharged by Mallaya Ltd. at 8 % premium by issue of 10 % Debentures at 10 % discount.

While arriving at agreed consideration, the directors of Mallaya Ltd. valued Land at Rs. 18,75,000, stock at Rs. 16,50,000, debtors at book value subject to an allowance of 5 % for doubtful debts. Debtors of Ankur Ltd. include Rs. 10,000 due from Mallaya Ltd. it was agreed that before acquisition, Ankur Ltd. will pay dividend at 20 % on equity shares. The preference dividends had already been paid before acquisition. Prepare necessary Ledger Accounts in the books of Ankur Ltd. and draft Journal entries in the books of Mallaya Ltd.



5. H Ltd. acquired 16,000 Equity Shares of S Ltd. on 31st March 2012. The following are the Balance Sheets of the two companies as at 31st March 2013. 10

| Equity and Liabilities | H Ltd. | S Ltd. | Assets | H Ltd. | S Ltd. |
|------------------------|------------------|------------------|----------------------|------------------|------------------|
| Equity Shares of | | | Land | 10,00,000 | 6,00,000 |
| Rs. 100 each | 40,00,000 | 20,00,000 | Plant | 10,00,000 | 12,00,000 |
| General Reserve | 8,00,000 | 4,00,000 | Stock | 3,00,000 | 2,00,000 |
| (31-3-2012) | | | Debtors | 2,00,000 | 2,40,000 |
| Profit and Loss A/c | 2,00,000 | 1,20,000 | Investment in shares | | |
| (31-3-2012) | | | of S Ltd. at cost | 20,00,000 | |
| Profit and Loss A/c | 4,00,000 | 1,60,000 | Bills Receivables | 1,60,000 | 20,000 |
| (2012 – 13) | | | Cash and Bank | | |
| Creditors | 2,00,000 | 2,00,000 | Balance | 10,00,000 | 6,40,000 |
| Bills payable | 60,000 | 20,000 | | | |
| | 56,60,000 | 29,00,000 | | 56,60,000 | 29,00,000 |

- i) Bills receivable of H Ltd. includes Rs. 20,000 accepted by S Ltd.
 ii) Sundry Debtors of H Ltd. includes Rs. 1,00,000 due from S Ltd.

Prepare a Consolidated Balance Sheet of H Ltd. and its Subsidiary S Ltd.

6. What do you mean by Amalgamation ? Distinguish between amalgamation in nature of merger and in the nature of purchase as per AS-14. 10
7. a) Explain the various advantages Tally over Manual Accounting. 5
 b) Explain the various methods of Purchase Consideration. 5
8. Enumerate in detail the various lists of statement of affairs and order of payment at the time of liquidation. 10
9. Explain the role of Accounting Standards in harmonising the uniform Accounting practices. Explain in detail any four Accounting Standards. 10