



SRN – 35

M.Com. (Semester – II) Examination ~~April~~ May 2018
COC 201 : 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.

1. Answer the following questions in brief. (5×2=10)
- a) Distinguish between Interim Dividend and Final Dividend.
 - b) Distinguish between Internal Reconstruction and External Reconstruction.
 - c) What is meant by liquidation of a joint stock company ?
 - d) Write a short note :
 - i) Minority Interest
 - ii) Preferential creditors
 - e) Mention any four advantage of Tally ERP.

2. From the following Balances of Aman Ltd. for the year ended 31st March 2014. Prepare final accounts of the company taking into account the additional information. 10

Particulars	Amount	Particulars	Amount
Building (Cost Rs. 40,000)	30,000	Furniture (Cost Rs. 1,000)	500
Investment in 500 Preference Share of Rs. 10 each	Rs. 6	Investment in Equity Share (Market Value	
paid up	3,000	Rs. 22,000)	20,000
Motor Vehicles (Cost Rs. 3,500)	3,000	Stock in Trade at Cost	20,000
Bills Receivables	5,000	Sundry debtors	14,000
Cash at Bank	8,750	Share capital 5000 Equity Shares of Rs. 10 each	50,000
6% Mortgage Debentures	10,000		

P.T.O.



Sundry Creditors	5,500	Provision for Tax	10,000
Surplus (Profit and Loss A/c)	1,000	Discount on issues of debentures	400
Dividend Received	700	Gross Profit	50,000
Director's fees	400	Salaries	10,000
Auditor's fees	650	Interest paid on Debentures	500
		Trade Expenses	11,000

Additional Information :

- i) Provide 10% depreciation on original cost of all assets.
 - ii) Provide Rs. 10,000 in respect of tax for the current year.
 - iii) Write back Rs. 200 liability included in sundry creditors.
 - iv) Market value of stock is Rs. 18,000.
 - v) Dividend is proposed @ 20% for 2013-14.
 - vi) Write off discount on issue of debentures.
3. Following a period of different trading conditions, the directors of reform Co. Ltd. decided to recommend certain steps to put, the company's financial structure on a more realistic basis, on 31st March 2009, the company's Balance Sheet showed the following position. 10

Equity and Liabilities	Amount	Assets	Amount
Authorized capital		Fixed Assets	
5000 Equity Shares of Rs. 100 each	5,00,000	Land and Building	80,000
Issued and subscribed		Plant and Machinery	1,50,000
2000 Equity shares of Rs. 100 each		Stock	50,000
fully paid	2,00,000	Sundry Debtor	43,000
2000, 5% Debentures of		Cash and Bank	2,500
Rs. 100 each	2,00,000	Preliminary Expenses	4,500
Sundry Creditors	45,000	Goodwill	90,000
Bills Payable	10,000	P & L A/c	80,000
Bank Overdraft	45,000		
	5,00,000		5,00,000



The following scheme of reconstruction was prepared and duly adopted :

- 1) Without altering the number of shares in authorized capital or issued and subscribed capital, the face value and paid-up value of each share to be reduced of Rs. 50.
- 2) The existing debentures to be converted into 1000, 11% debentures of Rs. 100 each fully paid.
- 3) Assets to be revalued as under : Land and Building Rs. 72,000, Plant and Machinery Rs. 1,40,000, Stock Rs. 45,000, Sundry Debtors subject to bad debts provision of Rs. 2,500.
- 4) Goodwill, Preliminary Expenses and Debit balance of P and L A/c to be written off completely.

Pass necessary journal entries in the books of company and also prepare the reconstruction A/c and revised Balance Sheet as per Schedule III of Companies Act 2013.

4. The following are the Balance of X Ltd. and Y Ltd. as on 31st March 2012. 10

Credit Balances	X Ltd.	Y Ltd.	Debit Balances	X Ltd.	Y Ltd.
	Rs.	Rs.		Rs.	Rs.
10% preference share of Rs. 100 each	22,500	-	Goodwill	-	750
Equity share of Rs. 10 each	90,000	15,000	Freehold Premises	36,000	-
Capital Reserve	28,800	-	Machinery	1,03,530	-
General Reserve	37,200	4,350	Furniture	3,360	2,250
Surplus	3,450	660	Trade Mark	300	-
10% Debentures	15,000	-	Stock	38,400	15,030
Creditors	4,350	2,490	Debtors	10,020	3,510
			Bills receivable	-	300
			Bank	6,690	660
			Preliminary Expenses	3,000	-
	2,01,300	22,500		2,01,300	22,500

On the above mentioned date X Ltd. merged with Y Ltd. The merger took place with the following agreement :

- i) Y Ltd. allotted 2500 equity shares to preference shareholders of X Ltd.
- ii) 10000 equity shares are allotted to equity shareholders of X Ltd.

- iii) Y Ltd. also agreed to convert 10% debentures of X Ltd. into equal number of 12% debentures.
- iv) Expenses of liquidation of Rs. 4,500 were borne by Y Ltd.

You are required to :

- a) Calculate the purchase consideration.
- b) Prepare realization account and equity shareholder account in the books of X Ltd.
- c) Pass Journal Entries in the books of transferee Co.
- d) Prepare the Balance Sheet of Y Ltd. after merger.
5. H Ltd. acquired 8000 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 Rs. 100 each	20,00,000	10,00,000	Land	5,00,000	3,00,000
General reserve (31-3-2012)	4,00,000	2,00,000	Plant	5,00,000	6,00,000
Profit and Loss A/c (31-3-2012)	1,00,000	60,000	Stock	1,50,000	1,00,000
Profit and Loss A/c (2012-13)	2,00,000	80,000	Debtors	1,00,000	1,20,000
Creditors	1,00,000	1,00,000	Investment in shares of S. Ltd at cost	10,00,000	
Bills Payable	30,000	10,000	Bills receivable	80,000	10,000
			Cash and Bank		
			Balance	5,00,000	3,20,000
	28,30,000	14,50,000		28,30,000	14,50,000

- i) Bills receivable of H Ltd. include Rs. 10,000 accepted by S. Ltd.
- ii) Sundry Debtors of H Ltd. include Rs. 50,000 due from S Ltd.
- Prepare a consolidated Balance Sheet of H Ltd. and its Subsidiary S Ltd.
6. Explain the importance of Financial Statement. Enumerate the guideline prescribed in Schedule III of Companies Act 2013 for preparation and presentation of Financial statement. 10
7. Explain in detail need and significance of IFRS. Also explain the adaptability and limitations of IFRS in India. 10
8. What is meant by mutual owings between the holding company and the subsidiary company ? How are they treated while preparing a consolidated Balance Sheet ? 10
9. ERP package is gaining popularity in big organization. Explain the various features of ERP Tally and also explain how company is created in Tally. 10