

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

M.Com Semester I End Examination, January 2023

COTS-405– Advanced Corporate Accounting

Duration: 2 Hours

Maximum Marks: 40

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- Instructions:
1. This paper consists of **6 questions** carrying equal marks.
 2. Question no. 1 **compulsory**.
 3. Answer **any 3 questions** from question Nos. 2 to 6.
 4. Each question carries 10 marks. Figures to the **right indicates marks**.
 5. All **working** should form part of your **answer**.
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Q.1. Answer the following: **(5*2 = 10)**

- a) What is the Maximum limit of Managerial Remuneration payable by a Public Company (Section 197(1))?
- b) Write a short note on Banking Company.
- c) Explain Amalgamation.
- d) Explain Purchase Consideration.
- e) Elucidate Holding Company and Subsidiary Company.

Q.2. Answer the following: **(2*5 = 10)**

- a) Enumerate Rule 3 of Chapter VIII, The Companies (Declaration and Payment of Dividend) Rules 2014 which is Declaration of Dividend Out of Reserves.
- b) Express any six grounds for compulsory winding-up of a company by the Tribunal.

Q.3. The following is the Trial Balance of Rainbow Ltd. as on 31 March, 2022. **(10)**

Particulars	₹ (Dr.)	₹ (Cr.)
Stock (1-4-2021)	1,20,000	
Purchases	41,00,000	
Sales		58,40,000
Returns	24,000	30,000
Manufacturing expenses	2,30,000	
12% Bank loan		2,00,000
Office salaries and expenses	4,49,000	
Directors' remuneration	3,50,000	
Building (cost)	5,00,000	
Plant and Machinery (cost)	15,00,000	
Sundry debtors	5,00,000	
Sundry creditors		1,60,000

Auditor's fees	60,000	
Preliminary expenses	12,000	
Cash at bank	49,000	
Bad debts	21,000	
Share capital		10,00,000

Additional Information:

- i. Stock on 31-3-2022 was ₹ 2,00,000.
- ii. Depreciate building 5% on cost and plant and machinery 10% on cost.
- iii. Make provision for tax at 40%.
- iv. Provision for bad debts is to be created at 5% on debtors.
- v. A machine purchased for ₹ 50,000 was wrongly debited to purchases amount.
- vi. Bank loan was raised on 1st October, 2021.
- vii. Write off preliminary expenses by one-third.
- viii. The Board of Directors recommended a dividend @ 15% on paid up capital.

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

Q.4. On 31st March, 2022, On this date, Rider Ltd. took over the business of Yalgaar Ltd. at a bargain price of 6,60,000 payable in the form of its fully paid equity shares of ₹ 10 each at par, shareholders of Yalgaar Ltd. getting 11 shares of Rider Ltd. for every 10 shares held in Yalgaar Ltd. It was agreed that the book values of assets and liabilities appearing in the books of Yalgaar Ltd. Where there fair values on the date of acquisition of the business. The scheme of formation of the business combination also provided that 3,000 11% Debentures of Yalgaar Ltd. would be converted into equal number of 12% Debentures of Rider Ltd., of 100 each. The balance sheet of Yalgaar Ltd. on the date of the acquisition was as follows: (10)

Particulars	Note No.	Amount in ₹
I. Equity and Liabilities		
1. Shareholders' funds		
a) Share capital	1	6,00,000
b) Reserves and surplus	2	1,16,080
2. Non-current liabilities		
a) Long-term borrowing	3	3,00,000
3. Current liabilities		
a) Trade payables		<u>1,82,480</u>
Total		<u>11,98,560</u>

II. Assets		
1. Non-current assets		
a) Fixed assets		
i) Tangible assets	4	6,85,200
2. Current assets		
a) Inventories		3,15,800
b) Trade receivables		1,29,300
c) Cash and cash equivalents	5	<u>68,260</u>
	Total	<u>11,98,560</u>

Notes: **(in lakhs)**

1. Share Capital

Authorised	-
Issued, Subscribed and Paid-up:	
60,000 Equity Shares of ₹ 10 each, fully paid	<u>6,00,000</u>
	<u>6,00,000</u>

2. Reserves and Surplus

Capital Reserve	13,000
General Reserve	78,950
Surplus i.e. credit balance account of Profit and Loss	<u>24,130</u>
	<u>1,16,080</u>

3. Long-term Borrowings

3,000 11% Debentures of 100 each, fully paid	<u>3,00,000</u>
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4. Tangible Assets

Plant and Machinery	5,50,000
Furniture	<u>1,35,200</u>
	<u>6,85,200</u>

5. Cash and Cash Equivalents

Balance with Bank	<u>68,260</u>
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Show important ledger accounts and pass the journal entries in the books of Yalgaar Ltd.

Q.5. The following was the Balance Sheet of Savior Ltd. as on 31.3.2022:

(10)

Liabilities	₹	Assets	₹
Share Capital:		Fixed Assets:	
12%, 2,000 preference shares of ₹ 100 each fully paid up	2,00,000	Land	1,20,000
		Buildings	1,90,000
1,00,000 equity shares of 10 each, 7.5 per share paid up	7,50,000	Plant and machinery	6,40,000
		Patents	40,000
Secured Loans:		Investments	NIL
11% debentures (Having a floating charge on all assets)	2,50,000	Current assets	
		Stock	1,20,000
Interest accrued on above debentures (Also having a floating charge as above)	32,200	Sundry Debtors	2,50,000
		Cash at Bank	80,000
Loan on mortgage of land and building	1,80,000	Loans and advances	NIL
Current liabilities	NIL	Profit and Loss A/c	86,200
Sundry creditors	1,14,000		
	<u>15,26,200</u>		<u>15,26,200</u>

On 31.3.2022 the company went into voluntary liquidation. The assets realized the following sums:

Land ₹ 1,50,000; Buildings ₹ 2,50,000; Plant and machinery ₹ 4,50,000; Patent ₹ 70,000 Stock ₹ 90,000; Sundry debtors ₹ 2,00,000.

The expenses of liquidation amounted to ₹ 30,200. The liquidator is entitled to a commission of 2% on all assets realized (except cash at bank) and 2% on amounts distributed among unsecured creditors other than preferential creditors. Sundry creditors include preferential creditors amounting to ₹ 40,000.

Prepare liquidator's final statement of account. Liquidator realised all assets on 1.4.2022 and discharged his obligation on the same date. Dividend on preference shares were in arrears for two years.

Q.6. From the following balance sheets of Hness Ltd. and its subsidiary Prince Ltd. as at 31st March, 2022 and the additional information provided thereafter, prepare a Consolidated Balance Sheet of the two companies as at that date. (10)

Balance Sheet of X Ltd. and Y Ltd.

as at 31st March, 2022

Particulars	Note No	Hness Ltd. (₹)	Prince Ltd. (₹)
I. Equity and Liabilities			
Shareholders' funds			
Share capital	1	60,00,000	20,00,000
Reserve and surplus	2	22,00,000	11,40,000
Current liabilities			
Trade payables		9,00,000	6,00,000
Total		<u>91,00,000</u>	<u>37,40,000</u>
II. Assets			
Non-current assets			
Fixed assets			
Tangible assets	3	37,00,000	14,50,000
Non-current investments	4	26,00,000	
Current assets			
Inventories		17,50,000	18,90,000
Trade receivables		5,50,000	3,00,000
Cash and cash equivalents		5,00,000	1,00,000
Total		<u>91,00,000</u>	<u>37,40,000</u>

Notes:	Hness Ltd. (₹)	Prince Ltd. (₹)
1. Share Capital		
Authorised	1,00,00,000	30,00,000
Issued, Subscribed and Paid-up:		
Fully Paid Equity Shares of 10 each	60,00,000	20,00,000
2. Reserves and Surplus		
General Reserve	15,00,000	6,40,000
Surplus i.e. credit balance of Profit and Loss Account	<u>7,00,000</u>	<u>5,00,000</u>
	<u>22,00,000</u>	<u>11,40,000</u>

3. Tangible Assets		
Plant and Machinery	30,00,000	10,00,000
Furniture	<u>7,00,000</u>	<u>4,50,000</u>
	<u>37,00,000</u>	<u>14,50,000</u>
4. Non-current Investments		
70% Equity Shares in S Ltd; at Cost	<u>26,00,000</u>	
5. Cash and Cash Equivalents		
Balance with Bank	<u>5,00,000</u>	<u>1,00,000</u>

Hness Ltd. acquired the shares of Prince Ltd. on 30th June, 2014. On 1st April, 2014 Prince Ltd.'s General Reserve and Profit and Loss Account stood at 6,00,000 and 2,00,000 respectively.

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