

G.V.M.'s Gopal Govind Poy Raiturcar College of
Commerce and Economics, Ponda Goa
M.Com. Semester -I End Examination, November 2023
COM-521 Advanced Corporate Accounting

Duration: 2 Hours

Total Marks: 40

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- Instructions: 1) This paper consists of six questions carrying equal marks.
2) Question No. 1 consists of 5 compulsory questions of 2 marks each.
3) Answer any three questions from Q. No. 2,3,4,5 and 6. 4) Each question carries 10 marks.
4) Figures to the right indicate marks.*
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Q.1. Answer the following: **(5*2 = 10)**

- a) What is the Maximum percentage of net profit payable as Managerial Remuneration by a Public Company as per Sec 198(1)?
- b) Write a note on different types of Insurance.
- c) Explain different modes of winding up.
- d) Explain any 2 methods of calculating Purchase Consideration.
- e) Elucidate advantages of Amalgamation of Companies.

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

- a) Write a note on calculation of Managerial remuneration in case of adequate profit and also in case of Inadequate profit or losses.
- b) Explain the Role of Liquidator and their duties?

Q.3. You are required to prepare Balance sheet and statement of Profit and Loss from the following trial balance of Haria Chemicals Ltd. for the year ended 31st March, 2023. **(10 marks)**

Haria Chemicals Ltd.

Trial Balance as at 31st March, 2023

Particulars	₹	Particulars	₹
Inventory	6,80,000	Equity Shares	25,00,000
Furniture	2,00,000	Capital (Shares of 10 each)	

Discount	40,000	11% Debentures	5,00,000
Loan to Directors	80,000	Bank loans	6,45,000
Advertisement	20,000	Trade payables	2,81,000
Bad debts	35,000	Sales	42,68,000
Commission	1,20,000	Rent received	46,000
Materials consumed	23,19,000	Transfer fees	10,000
Plant and Machinery	8,60,000	Profit & Loss account	1,39,000
Rentals	25,000	Depreciation provision: Machinery	1,46,000
Current account	45,000		
Cash	8,000		
Interest on bank loans	1,16,000		
Preliminary expenses	10,000		
Fixtures	3,00,000		
Wages	9,00,000		
Consumables	84,000		
Freehold land	15,46,000		
Tools & Equipment	2,45,000		
Goodwill	2,65,000		
Trade receivables	4,40,000		
Dealer aids	21,000		
Transit insurance	30,000		
Trade expenses	37,000		
Distribution freight	54,000		
Debenture interest	55,000		
	85,35,000		85,35,000

Additional information: Closing Inventory on 31-3-2023: 8,23,000.

Q.4. Following is the Balance Sheet of A Ltd as follows:

(10 marks)

Liabilities	₹	Assets	₹
1,000 Equity shares of Rs.20 each	2,00,000	Building	75,000
1,000 debentures of Rs. 100 each	1,00,000	Machinery	1,50,000
Creditors	30,000	Stock	90,000
Reserves	65,000	Debtors	80,000
Workmen's Saving bank A/c	10,000	Bank	35,000
Profit and loss A/c	25,000		
	4,30,000		4,30,000

The business of A Ltd. Was purchased by B Ltd.

The purchase consideration was as follows:

- i) A payment in cash at Rs. 40 for every share in A Ltd.
- ii) An exchange of 4 shares in the B Ltd. of Rs. 50 each at the market value of Rs. 80 for every share in the A Ltd.
- iii) A further payment in cash of Rs. 110 for every debenture in the A Ltd.

Prepare necessary ledger accounts in the books of A Ltd. And pass journal entries in the books of B Ltd. Under purchase method.

Q.5. The following was the Balance Sheet of X Ltd. as on 31.3.2023:

(10 marks)

Liabilities	₹	Assets	₹
Share Capital:		Fixed Assets:	
14%, 4,000 preference shares	4,00,000	Land	40,000
of ₹ 100 each fully paid up		Buildings	1,60,000
8,000 equity shares of 100 each, 60 per share paid up	4,80,000	Plant and machinery	5,40,000

Reserves and Surplus	Nil		
Secured Loans:		Patents	40,000
1.14% debentures (Having a floating charge on all assets)	2,30,000	Investments	Nil
Interest accrued on above debentures (Also having a floating charge as above)	32200	Current assets, Loans and advances	
2.Loan on mortgage of land and building	1,50,000	A. Current assets	
		Stock	1,00,000
Current liabilities and Provisions:		Sundry Debtors	2,30,000
A. Current liabilities		Cash at Bank	60,000
Sundry creditors	1,17,800	B. Loans and advances	Nil
		Miscellaneous expenses	
		Profit and Loss A/c	2,40,000
Total	14,10,000	Total	14,10,000

On 31.3.2023 the company went into voluntary liquidation. The dividend on 14% preference shares were in arrears for one year. Sundry creditors include preferential creditors amounting to ₹ 30,000.

The assets realized the following sums:

Land ₹ 80,000; Buildings ₹ 2,00,000; Plant and machinery ₹ 5,00,000; Patent ₹ 50,000 Stock ₹ 1,60,000; Sundry debtors ₹ 2,00,000.

The expenses of liquidation amounted to ₹ 29,434. 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. All payments were made on 30th June, 2023

Prepare liquidator's final statement of account.

Q.6. From the following balance sheets of H Ltd. And its subsidiary S Ltd. drawn up at 31st March, 2023, prepare a consolidated balance sheet as at that date, having regard to the following:

(i) Reserves and Profit and Loss Account of S Ltd. stood at 25,000 and 15,000 respectively on the date of acquisition of its 80% shares by H Ltd. on 1st April, 2022.

(ii) Machinery (Book-value 1,00,000) and Furniture (Book value 20,000) of S Ltd. were revalued at 1,50,000 and 15,000 respectively on 1st April, 2022 for the purpose of fixing the price of its shares. [Rates of depreciation computed on the basis of useful lives: Machinery 10%, Furniture 15%.]

Balance Sheet of H Ltd. and S Ltd. as at 31st March, 2023.

(10 marks)

Particulars	Note no.	H Ltd.	SLtd.
I. Equity and Liabilities			
(1) Shareholder's Funds			
(a) Share Capital	1	6,00,000	1,00,000
(b) Reserves and Surplus	2	3,00,000	1,00,000
(2) Current Liabilities			
(a) Trade Payables		1,50,000	57,000
Total		10,50,000	2,57,000
II. Assets			
(1) Non-current assets			
(a) Property, Plant and Equipment	3	4,50,000	1,07,000
(b) Other non- current investments	4	6,00,000	1,50,000
Total		10,50,000	2,57,000

Notes to Accounts

Particulars	Note no.	H Ltd.	SLtd.
1.Share Capital			
6,000 equity shares of ` 100 each, fully paid up		6,00,000	—
1,000 equity shares of ` 100 each, fully paid up		—	1,00,000
		_____	_____

Total		<u>6,00,000</u>	<u>1,00,000</u>
2. Reserves and Surplus			
General reserves		2,00,000	75,000
Profit and loss account		1,00,000	25,000
Total		<u>3,00,000</u>	<u>1,00,000</u>
3. Property, Plant and Equipment			
Machinery		3,00,000	90,000
Furniture		<u>1,50,000</u>	<u>17,000</u>
Total		<u>4,50,000</u>	<u>1,07,000</u>
4. Other non- current investments			
Non- current Investments		4,40,000	<u>1,50,000</u>
Shares in S Ltd. (800 shares at Rs.200 each)		1,60,000	=
		<u>6,00,000</u>	<u>1,50,000</u>

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

