

Goa Vidyaprasarak Mandal's
Gopal Govind Poy Raiturcar College of
Commerce and Economics, Ponda Goa.

M.Com. Semester -I End Examination, October-November 2024
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.
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(Marks) (CO) (BL)

Q.1. Answer the following.

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|--|-------------|
| a) Distinguish between the Absorption and Reconstruction of companies. | (2) (3) (1) |
| b) State any four reasons for winding up of companies. | (2) (2) (1) |
| c) Briefly explain the Statement of Cash Flow. | (2) (3) (2) |
| d) What is Minority Interest? | (2) (3) (1) |
| e) What is Market Capitalization and how is it calculated? | (2) (3) (2) |

Q.2. Fine Products Ltd, was registered with nominal capital of ₹ 5,00,000 divided into shares of 100 each. The following Trial Balance is extracted from the books on 31st March,

Particulars	Amount	Particulars	Amount
Buildings	₹ 2,90,000	Sales	₹ 5,20,000
Machinery	₹ 1,00,000	Salaries Outstanding	₹ 2,000
Closing Stock	₹ 90,000	Provision for Bad Debts (1-4-2011)	₹ 3,000
Purchases (adjusted)	₹ 2,10,000	Share Capital	₹ 2,00,000
Salaries	₹ 60,000	General Reserve	₹ 40,000
Directors Fees	₹ 10,000	Profit and Loss	₹ 25,000
Rent	₹ 26,000	Creditors	₹ 92,000

Depreciation	₹ 20,000	Provision for Depreciation: on Building- 50000 on Machinery-55000	₹ 1,05,000
Bad Debts	₹ 6,000	14% Debentures	₹ 2,00,000
Interest accrued on Investment	₹ 2,000	Interest on Debenture accrued but not due	₹ 14,000
Investment- 12,000 Shares of A Ltd. Of 10 each	₹ 1,20,000	Interest on investment	₹ 12,000
Debenture Interest	₹ 28,000	Unclaimed Dividends	₹ 5,000
Loose Tools	₹ 23,000		
Advanced Tax	₹ 60,000		
Sundry Expenses	₹ 18,000		
Debtors	₹ 1,25,000		
Bank	₹ 30,000		
	₹ 12,18,000.00		₹ 12,18,000.00

You are required to prepare Profit and Loss Account for the year ending 31st March, 2012 after taking into consideration the following information:

- Closing stock is more than opening stock by 30,000.
- Provide for bad and doubtful debts @ 4% on Debtors.
- Make a provision for income tax @ 50%.
- Depreciation expenses include depreciation of 8,000 on Buildings and that of ₹12,000 on Machinery.
- The directors recommend a dividend @ 25%.

(10) (1) (4)

Q.3. The following are the balance sheets of H Ltd. and S Ltd. as on 31.03.2018

Liabilities	H Ltd. ₹	S Ltd. ₹	Assets	H Ltd. ₹	S Ltd. ₹
Share Capital (100/- each)	50,00,000	10,00,000	Building	30,00,000	6,00,000
Reserve and Surplus	2,00,000	1,00,000	Machinery	14,00,000	4,50,000
12% Debentures	10,00,000	4,00,000	Investments	12,00,000	
Creditors	5,00,000	3,00,000	Stock	4,00,000	3,00,000
Bills Payable	3,00,000	2,00,000	Debtors	4,50,000	2,50,000
			Bills Receivables	3,50,000	1,50,000
			Cash and Bank	2,00,000	2,50,000
Total	70,00,000	20,00,000	Total	70,00,000	20,00,000

On the above-mentioned date, H Ltd. acquired 8,000 shares of S Ltd. for consideration of Rs. 9,50,000. Other information is given below:

- S Ltd. had accepted bills of Rs. 50,000 in favour of H Ltd., from which bills of Rs. 20,000 had been discounted by the latter company from the bank.
- Debtors of H Ltd. include Rs. 1,00,000 due on S Ltd. but Creditors of S Ltd. include only Rs. 90,000 due to H Ltd.
- Investments of H Ltd. include purchase Rs. 1,00,000; 12% Debentures of S Ltd. at par.
- H Ltd had sold costing Rs. 2,00,000 at Rs. 2,50,000 to S Ltd. during the year ended 31.03.2018, 1/5th of which is still in the stock of S Ltd as remains unsold.

(10) (3) (4)

Q.4. Seema Enterprises Ltd. Decided to for voluntary liquidation on 31st March 2019, balance sheet of Seema Enterprises Ltd. is as under:

Liabilities	Amount	Assets	Amount
<u>Issued Capital</u>			
19500 Equity Shares of 10 Each fully paid	₹ 1,95,000	Goodwill	₹ 50,000
<u>Sundry Creditors</u>		Buildings	₹ 48,000
Preferential	₹ 24,200	Plant	₹ 66,000
Partly Secured on building	₹ 55,310	Stock	₹ 58,800
Unsecured	₹ 99,790	Sundry Creditors	₹ 64,820
Bank O/D	₹ 12,000	Profit and loss	₹ 98,680
Total	₹ 3,86,300	Total	₹ 3,86,300

The Liquidator Realized the assets as under:

Buildings	30,000
Plant	51,000
Stock	41,000
Sundry debtors	59,000

The expenses of liquidation amounted to ₹ 1000 and liquidator's remuneration was agreed to at 2.5% on the amount realized and 2% on the amount paid to unsecured creditors including preferential creditors.

(10) (4) (3)

Q.5. X Limited and Y Limited agreed amalgamate by transferring their undertakings to a new company Z Company Limited formed for that purpose. on the date of amalgamation balance sheet of the company were as under:

Liabilities	X Co. ₹	Y Co. ₹	Assets	X Co. ₹	Y Co. ₹
Equity share capital	₹ 5,00,000	₹ 3,00,000	Sundry assets	₹ 4,80,000	₹ 3,22,000
Shares of ₹10 each			Freehold property	₹ 2,00,000	₹ 1,00,000
5% debentures	₹ 2,00,000	₹ 1,00,000	Investments	₹ 50,000	₹ 20,000
Reserve fund	-	₹ 50,000	Debtors	₹ 2,50,000	₹ 1,50,000
Profit and loss account	₹ 30,000	₹ 20,000	Preliminary expenses	₹ 20,000	₹ 8,000
Mortgage Loan	₹ 50,000	-			
Sundry creditors	₹ 2,20,000	₹ 1,30,000			
Total Liabilities	₹ 10,00,000	₹ 6,00,000	Total Assets	₹ 10,00,000	₹ 6,00,000

The **Purchase consideration** consisted of:

1. Discharge of debentures in X Company Limited and Y Company Limited by the issue of an equivalent amount of 6% in Z Limited.
2. The assumption of liabilities of the companies.
3. Issue of shares at a premium of ₹2 per share of equity shares of ₹10 each in Z Limited.

For amalgamation, the assets are to be revalued as under:

Particulars	X Co. ₹	Y Co. ₹
Goodwill	1,00,000	75,000
Sundry assets	4,10,000	2,80,000
Freehold property	2,60,000	1,40,000
Investments	51,000	20,000
Debtors	2,25,000	1,35,000

Show journal entries in a new company's books and the balance sheet.

(10) (4) (3)

Q.6. Discuss Purchase Consideration and its methods.

(10) (3) (1)