

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao
M.Com Part-I, Semester-II, Semester End Examination, (Repeat), November 2022
Sub: COC220 Advanced Corporate Accounting

Duration: 3 hours**Total marks: 60**

- Instructions:**
- 1) This paper consists of 9 questions carrying equal marks.
 - 2) Question number 1 consists of 5 compulsory questions of 2 marks each.
 - 3) Answer any 5 questions out of Question No. 2, 3, 4, 5, 6, 7, 8 and 9
 - 4) Each question carries 10 marks. Figures to the right indicate marks.

Q1. Answer the following:**(2*5=10 Marks)**

A) In which sequence the following payments will be made while preparing the liquidator's statement of account?

1. Debenture holders
2. Unsecured creditors
3. Legal charges
4. Equity shareholders.
5. Preference shareholders.

B) Write a note on difference between external reconstruction and absorption.

C) A Ltd announced bonus issue to its shareholders in the ratio of 2: 3 i.e. 2 shares for every 3 shares held. Shareholder Y had 6000 shares before announcement of bonus issue. How much shares would he have after bonus issue? Explain the working.

D) Write a short note on Role of a Liquidator.

E) What is the difference between internal reconstruction and external reconstruction?

Q2. Following is the Balance sheet of R Ltd as on 31.03.2020.

Liabilities	Amount	Assets	Amount
10% Pref Shares of Rs. 10 each	4,80,000	Premises	6,40,000
Equity shares of Rs. 10 each	8,00,000	Plant & Machinery	10,40,000
5% Debentures of Rs. 100 each	9,60,000	Investments	2,40,000
Sundry creditors	4,00,000	Stock	2,88,000

Bank Overdraft	2,40,000	Debtors	Roll no 1,92,000
Other Liabilities	3,20,000	Deposits & advances	80,000
		Preliminary expenses	3,20,000
		P & L (Dr balance)	4,00,000
TOTAL	32,00,000	TOTAL	32,00,000

Note: Preference dividend is in arrears for 3 years.

Scheme of reconstruction was accepted by the stakeholders.

Following points are approved under the scheme of internal reconstruction.

- 1) Plant & machinery having book value of Rs. 1,60,000 is declared obsolete. This is sold as scrap for Rs. 32,000/-.
- 2) Reduction/ Depreciation on Plant & machinery is to be provided to the extent 80,000/-.
- 3) Stock includes items valued at Rs. 96,000/- which are sold at a loss of Rs. 50 %
- 4) The present realizable value of investments is Rs. 1,12,000/-
- 5) Arrears of Preference dividend is not payable
- 6) Reconstruction expenses amounted to Rs. 16,000/-
- 7) It was agreed to reduce the paid-up value of equity shares to Rs. 2 per share and that Preference shares to Rs. 5 per share. However, the face value of both the shares to remain unchanged.
- 8) The creditors were settled as under:
 - A) 20% immediate payment in cash.
 - B) 40% amount to be cancelled.
 - C) 40% paid by issue of 6% Debentures.
- 9) Other liabilities of Rs. 80,000 are to be cancelled.
- 10) A call of Rs. 3 per share on equity share was made and duly received.

You are required to pass journal entries and prepare Capital Reduction account in the books of R Ltd.
(10 Marks)

Q3. Omega Ltd. resolved on 31st March, 20X1 that the company be wound up voluntarily. The following was the trial balance extracted from its books as on that date:

Particulars	Amount	Amount
Property, plant and equipment	2,00,000	
Inventory	1,20,000	

		Roll no _____
Book debts	2,40,000	
Cash in hand	40,000	
Profit and loss A/c (Dr. balance)	3,00,000	
1,000, 6% Pref. Shares of ` 100 each, fully paid		1,00,000
2,000 Equity shares of ` 100 each, fully paid		2,00,000
2,000 Equity shares of ` 100 each ` 75 paid up		1,50,000
Loan from Bank (on security of stock)		1,00,000
Trade Payables		3,50,000
	9,00,000	9,00,000

The assets realized the following amounts (after all costs of realization and Liquidator's commission amounting to Rs. 5,000 paid out of cash in hand).

Property, plant and equipment	1,68,000
Inventory	1,10,000
Trade Receivables	2,30,000

₹ 93000
\$ 43000

Calls on partly paid shares were made but the amounts due on 200 shares were found to be irrecoverable.

You are required to prepare Liquidator's final statement of account. Also calculate the amount per share for each class of equity shares. (10 Marks)

Q4. On 1.4.2013 Y Limited acquired 1,800 shares of ₹ 10 each in Z Limited at a cost of ₹ 36,000. At the date acquisition Z Limited had a credit balance of ₹ 24,000 in its Statement of Profit & Loss.

From the following Balance Sheets prepare a Consolidated Balance Sheet (including Notes to accounts) of Y Ltd and its Subsidiary Z Ltd as at 31.3.2014: (10 Marks)

Balance Sheet of Y Limited

(As at 31.03.2014)

Particulars	₹
EQUITY AND LIABILITIES:	
Shareholders' funds:	
Share Capital:	
Authorised & issued share capital:	
20,000 Shares of ₹ 10 each	2,00,000
Reserves and surplus:	
General reserve	1,00,000
Statement of profit and loss – Surplus	20,000
Current liabilities:	
Trade payables	60,000
TOTAL	3,80,000
ASSETS:	
Non-current assets:	
Fixed assets Tangible assets :	
Freehold property	1,90,000

1,5000

	Roll no
Plant and Machinery	28,000
Shares in Z Ltd at Cost : 1,800 Shares of ₹ 10 each <u>Current assets :</u>	36,000
Inventories	60,000
Trade receivables	40,000
Cash and cash equivalents	26,000
TOTAL	3,80,000

Balance Sheet of Z Ltd

(As at 31.03.2014)

Particulars	₹
EQUITY AND LIABILITIES:	
Shareholders' funds :	
Share Capital :	
Authorised & issued share capital :	
20,00 Shares of ₹ 10 each	20,000
Reserves and surplus:	
General reserve	30,000
Current liabilities :	
Trade payables	4,000
TOTAL	54,000
ASSETS:	
Non-current assets :	
Investments at cost	4,000
Current Assets:	
Inventories	10,000
Trade Receivables	14,000
Cash & cash equivalents	26,000
TOTAL	54,000

Q5. The following extract of Balance Sheet of XYZ Ltd. was obtained:

Balance Sheet (Extract) as at 31st March, 2022

Liabilities	Amount (Rs.)
Authorised capital:	
25,000, 14% preference shares of Rs.100	25,00,000
2,50,000 Equity shares of Rs. 100 each	2,50,00,000
	2,75,00,000
Issued and subscribed capital:	
16,000, 14% preference shares of Rs. 100 each fully paid	16,00,000
1,20,000 Equity shares of Rs. 100 each, Rs. 85 paid-up	1,02,00,000
Share suspense account	2,50,0000
Capital reserves (Rs.1,50,000 is revaluation reserve)	1,95,000
Securities premium	50,000
Secured loans:	
15% Debentures	60,00,000
Unsecured loans:	
Public deposit	3,60,000
Cash credit loan from SBI (short term)	4,60,000
Current Liabilities:	
Trade Payables	3,40,000
Assets:	
Investment in shares, debentures, etc	80,00,000
Profit and Loss account (Dr. balance)	15,15,000

Share suspense account represents application money received on shares, the allotment of which is not yet made.

You are required to compute effective capital as per the provisions of Schedule V. Would your answer differ if XYZ Ltd. is an investment company? **(10 Marks)**

Q6. The Balance Sheets of H Ltd. and S Ltd. As at 31st March 2014 were as under:

Particulars	H Ltd	S Ltd
	₹	₹
EQUITY & LIABILITIES:		
Shareholder's Funds:		
Share Capital:		

		Roll no 50,000
Shares of ₹ 100 each	2,00,000	
Reserves and Surplus:		
General Reserve	30,000	10,000
Statement of Profit & Loss – Surplus		
Balance on 1.4.2013	40,000	20,000
Profit for 2013-14	50,000	25,000
Current Liabilities :		
Trade payable :		
Creditors	50,000	30,000
Bills payable	15,000	-
TOTAL	3,85,000	1,35,000
ASSETS :		
Non-current assets :		
Fixed assets :		
Tangible assets :		
Land & building	60,000	-
Plant & machinery	2,00,000	-
300 shares in S Ltd. At cost	65,000	
Current assets :		
Inventories	40,000	85,000
Trade receivables :		
Sundry debtors	10,000	30,000
Bills receivables	-	10,000
Cash & Bank Balances	10,000	10,000
TOTAL	3,85,000	1,35,000

Shares were acquired by H Ltd on 1st Oct 2013. Bills receivables held by S Ltd are accepted by H Ltd .

Included in the debtors of S Ltd is ₹ 6,000 owing by H Ltd in respect of goods supplied.

Prepare Consolidated Balance Sheet assuming that the reserve of S Ltd. is for pre- acquisition period.
(10 Marks)

Q7. Following is the extract of the Trial Balance of Canon Ltd as on 31st March 2019.

Particulars	₹	₹
Sales		2,40,00,000
Opening Stock of Raw Material		20,00,000
Opening Stock of Finished goods		10,00,000
Purchase of Raw Materials		54,00,000
Purchase Returns		4,00,000
Sales Returns		40,00,000
Dividend received		10,00,000
Sundry Income		8,00,000
Freight on Raw Material		60,000
Salaries and wages		8,00,000
Bonus to employee s		1,60,000
Directors remuneration		16,00,000
Depreciation on:		
Plant & Machinery	10,00,000	
Furniture & Fixture	6,00,000	
Motor Vehicle	<u>2,00,000</u>	18,00,000
Interest on loan from Bank of India		14,00,000
Repairs & Maintenance expenses		1,60,000
Insurance Premium of office prem- ises		60,000
Electricity Charges		80,000
Rent, Rates and Taxes		40,000
Audit Fees		1,00,000
Advertisement Expenses		2,40,000
Sundry Expenses		20,000

Additional Information:

- Closing Stock of Raw Material & Finished goods was ₹ 10,00,000 & ₹ 12,00,000 respectively.
- Outstanding Salaries and Wages were ₹ 1,00,000
- Sundry income receivable was ₹ 50,000
- ₹ 50,000 to be provided for Bad & Doubtful Debts.

- e) Prepaid Advertisement expenses were ₹ 40,000.
 f) Make a provision for Income Tax of ₹ 4,00,000
 g) Raw materials worth ₹ 30,000 destroyed by fire goods were not insured.
 Prepare statement of Profit & Loss for the year ended 31st March 2019 as per the provision of the Companies Act 2013.
 (10 Marks)

Q8. Insol Ltd. is to be liquidated. The following balances are extracted as at 1st April 20X1 from its books:

Particulars	Amount
2,50,000 equity shares of Rs.10 each	25,00,000
Secured debentures (on land and buildings)	10,00,000
Unsecured loans	20,00,000
Trade creditors	35,00,000
Land and Building	5,00,000
Other Property, plant and Equipment	20,00,000
Current assets	45,00,000
Profit and Loss A/c (Dr. balance)	20,00,000
Contingent liabilities are :	
For bills discounted	1,00,000
For excise duty demands	1,50,000

On investigation, it is found that the contingent liabilities are certain to devolve and that the assets are likely to be realized as follows:-

Land & Buildings	11,00,000
Other Property, plant and Equipment	18,00,000
Current assets	35,00,000

Taking the above into account, prepare the statement of affairs.

(10 Marks)

Q9. From the following information, prepare a Balance Sheet of ADT International Bank as on 31st March, 20X1 giving the relevant schedules and also specify any four Principal Accounting Policies:

Particulars	Dr.	Cr.
Share Capital 19,80,000 Shares of ` 10 each		198
Statutory Reserve		231
Net Profit before Appropriation		150

		Roll no
Profit and Loss Account		412
Fixed Deposit Account		517
Savings Deposit Account		450
Current Accounts	28	520.12
Bills Payable		0.1
Cash credits	812.1	
Borrowings from other Banks		110
Cash in Hand	160.15	
Cash with RBI	37.88	
Cash with other Banks	155.87	
Money at Call	210.12	
Gold	55.23	
Government Securities	110.17	
Premises	155.7	
Furniture	70.12	
Term Loan	792.88	
TOTAL	2,588.22	2,588.22

Additional Information:

Bills for collection	18,10,000
Acceptances and endorsements	14,12,000
Claims against the Bank not acknowledged as debt	55,000
Depreciation- Premises	1,10,000
Depreciation - Furniture	78,000

50% of the Term Loans are secured by Government guarantees. 10% of cash credit (including Debit balance in Current A/c) is unsecured. Transfer 25% of its profit to the reserve fund. **(10 Marks)**

*****ALL THE BEST*****