

K01110

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao
M.Com Part-I, Semester-II, Semester End Examination, JUNE 2022
Sub: COC 220 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) Write a note on Remuneration paid to Managing Directors & Whole Time Directors of a Public Company as per Companies Act 2013.
- B) Write a short note on Duties of a Liquidator.
- C) What is the difference between internal reconstruction and external reconstruction?
- D) 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 has 8000 shares before announcement of bonus issue. How much shares would he have after bonus issue? Explain the working.
- E) 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.

Q2. The following balances appeared in the books of Mittal Limited as at 31st March 2014.

Particulars	Amount	Amount
Opening Inventories		
Raw Materials	1,00,000	
Finished Goods	2,50,000	
Purchase of Raw Material	25,00,000	
Carriage Inward	10,000	
Share Capital		60,00,000
Building	35,00,000	

Machinery	30,00,000	
Goodwill	10,00,000	
Trademark	1,00,000	
Building under construction	5,00,000	
Patent under Development	50,000	
Interest on Bank Loan	20,000	
Gross Sales		59,00,000
Excise Duty	50,000	
Debentures Secured		5,00,000
General Reserve		2,00,000
Bank Loan- unsecured		2,00,000
Bank Overdraft		1,00,000
Trade Payables		1,50,000
Security Deposits with Suppliers	2,00,000	
Trade Receivables	3,40,000	
Outstanding Expenses		20,000
Investment		
Current	50,000	
Non- Current	3,00,000	
Cash at Bank	3,50,000	
Wages and Salary	5,00,000	
Establishment Expenses	20,000	
Receipt from Discontinuing Business		2,00,000
Expenses on Discontinuing Business	1,50,000	
Unclaimed Dividend		10,000
Prepaid Expenses	15,000	
Abnormal Loss Due to Fire	2,75,000	
Total	1,32,80,000	1,32,80,000

From the above balances and the following information, prepare Balance sheet of the Company in the format of Schedule III of the Companies Act, 2013.

1) Inventories on 31st March 2014, Raw materials Rs. 2,00,000, Finished Goods Rs. 3,00,000.

- 2) Provide Depreciation at 10% on Building and 15 % on Machines.
- 3) The authorized capital of the company consists of 1,00,000 Equity shares of Rs. 100 each, of which 60,000 shares are issued and fully paid.
- 4) Make a provision of Rs. 2,00,000 for taxes.
- 5) Dividend of Rs. 50,000 is proposed on share capital.

(10 Marks)

Q3. 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)

EQUITY & 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
Plant and Machinery	28,000

Shares in Z Ltd at Cost :	
1,800 Shares of ₹ 10 each	36,000
Current assets :	
Inventories	60,000
Trade receivables	40,000
Cash and cash equivalents	26,000
Total	3,80,000

Balance Sheet of Z Limited

(As at 31st March 2014)

EQUITY & LIABILITIES:	
Shareholders' funds :	
Share Capital :	
Authorised & issued share capital :	
2,000 Shares of ₹ 10 each	20,000
Reserves and surplus :	
Statement of profit and loss – Surplus	30,000
Current liabilities :	
Trade payables	4,000
Total	54,000
ASSETS :	
Non-current assets :	
Investment at cost	4,000
<u>Current assets :</u>	
Inventories	10,000
Trade receivables	14,000
Cash and cash equivalents	26,000
Total	54,000

Q4. The Balance sheets of H Ltd. & its subsidiary S Ltd as on 31.03.2001 are as under:

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
Share Capital					
Equity shares of Rs. 10 each fully paid up	20,00,000	5,00,000	Land & building	6,00,000	
General Reserve	3,00,000	1,00,000	Plant & machinery	20,00,000	
<u>Profit and Loss a/c</u>			Furniture	90,000	1,00,000
A) Bal as on 31.03.2001 01-04-2000	4,00,000	2,00,000	30,000 shares in S Ltd at cost	6,50,000	
B) Profit for the year	5,00,000	2,50,000	Stock	4,00,000	7,50,000
Bills Payable	1,50,000	0	Debtors	1,00,000	2,80,000
Creditors	3,00,000	3,00,000	Cash in hand	10,000	15,000
Canara bank Overdraft	2,00,000	0	Cash at Bank		1,05,000
			Bills Receivable		1,00,000
	38,50,000	13,50,000		38,50,000	13,50,000

- All the 30,000 shares in S Ltd were acquired by H Ltd on 01.10.2000. Bills receivable held by S Ltd are all accepted by H Ltd.
- Included in debtors of S Ltd. is a sum of Rs. 60,000 owing by H Ltd in respect of goods supplied by S Ltd.

You are required to prepare a Consolidated Balance Sheet of H Ltd as at 31.03.2001. Give all your working notes clearly. (10 Marks)

Q5. Below is the Balance Sheet of Satyadeep Co. Ltd as at 31st March 2014.

Particulars	₹
I. EQUITY AND LIABILITIES	
Shareholder's Funds:	
Authorized Capital:	
10,000 Preference shares of ₹ 100 each	10,00,000
10,000 Equity shares of ₹ 100 each	10,00,000
	<u>20,00,000</u>
Issued Capital:	
7,500 Preference shares of ₹ 100 each fully paid	7,50,000
5,000 Equity Shares of ₹ 100 each full paid	5,00,000
Reserve and Surplus:	
Statement of Profit & Loss (Dr. Balance)	(1,15,000)
Current Liabilities:	
Trade Payables	30,000
Bank Overdraft	20,000
Total	11,85,000
II. ASSETS	
Non-current assets:	
Fixed Assets:	
Tangible assets:	
Leasehold premises	1,30,800
Plant and machinery	42,200
Intangible assets:	
Patents at cost	8,50,000
Current assets:	
Inventories	55,000
Trade receivables	76,500
Cash and cash equivalents	500
<u>Other Current assets:</u>	
Unamortized expenses:	
Discount on issue of shares	18,000
Preliminary expenses	12,000
Total	11,85,000

Company proved unsuccessful and following scheme of reconstruction is passed:

(i) ₹ 100 Preference shares be reduced to an equal number of fully paid shares of ₹ 50 each;

(ii) ₹ 100 Equity shares be reduced to an equal number of fully paid shares of ₹ 25 each;

(iii) that the amount thus rendered available for the reduction of the assets is apportioned as follows: Preliminary expenses, Debit Balance of Profit & Loss and discount on issue of shares to be written off entirely; ₹ 30,800 off the leasehold premises, ₹ 15,000 off the inventories, 20% off the plant & machinery, trade receivables and the balance available to be written off patents.

Pass necessary Journal entries and Prepare B/S after reconstruction in the books of Satyadeep Co. Ltd. (10 Marks)

Q6. The following figures are extracted from the books of the Punjab National Bank Ltd. As on 31st March, 2014: (10 Marks)

Particulars	₹
Interest and discount received	46,18,750
Interest paid on deposits	25,40,000
Issued Capital	12,50,000
Commission, Exchange and Brokerage	2,50,000
Statutory Reserve	10,00,000
Rent received	6,25,000
Profit on sale of Investments	2,50,000
Salaries and Allowances	2,92,500
Director's Fees	37,500
Rent and Taxes paid	1,25,000
Postage and Telegrams	62,500
Depreciation on Bank's Properties	37,500
Stationery etc	62,500
Preliminary Expenses	18,750
Audit Fees	9,375

The Following Further information is given:

- A customer to whom a sum of ₹ 12,50,000 has been advanced has become insolvent and it is expected that only 50% can be recovered from his estate.
- There were also other debts for which a provision of ₹ 1,87,500 was found necessary by the auditors.
- Rebate on Bills discounted as on 31st March, 2013 ₹ 27,500. Rebate on bills discounted as on 31st March, 2014 ₹ 32,500.
- Provide ₹ 8,12,500 for income tax.
- Write off half the preliminary expenses.

Prepare Profit & Loss Account with schedules in accordance with the law.

Q7. Order of compulsory winding-up was given on 31st December, 2013 of a company. Following information is available:

		Estimated realisable value
Cash and Cash Equivalents	100	100
Trade Receivables	4,000	3,600
Buildings	60,000	48,000
Furniture	20,000	20,000
Unsecured Creditors		20,000
Debentures secured on Buildings		42,000
Debentures having a floating charge		10,000
Preferential Creditors		6,000
Share Capital (3,200 shares of ₹ 100 each)		3,20,000

Total Liability on bills discounted is ₹ 6,000; estimated liability ₹ 6,000; other contingent liability ₹ 12,000.

Prepare Statement of Affairs.

(10 Marks)

Q8. On 31st March, 2014 the date of liquidation of a company, its Balance Sheet was as under. Prepare final account of Liquidator

Particulars	₹
I. EQUITY & LIABILITIES	
Shareholder's Funds:	
Share Capital:	
7% Preference Shares	1,50,000
3,000 Equity shares of ₹ 10 each ₹ 8 paid-up	24,000
1,500 Equity shares of ₹ 10 each ₹ 7 paid-up	10,500
Non-current Liabilities:	
6% Debentures of ₹ 100 each	6,00,000
Current Liabilities:	
Trade payables:	
Creditors	4,000
Bills payables	1,000
Outstanding interest on 6% debentures	36,000
Total	8,25,500
II. ASSETS	
Non Current assets:	
Fixed assets:	
Tangible assets:	

Buildings	2,00,000
Machinery	80,000
Current assets:	
Inventories	2,00,000
Trade receivables	3,20,000
Cash & cash equivalents	25,500
Total	8,25,500

Realized on assets: Buildings ₹ 1,75,000; Machinery ₹ 1,00,000; Trade Receivables ₹ 3,00,000; inventories ₹ 2,30,500. Liquidation expenses ₹ 1,000.

Remuneration of liquidator: 1/2% on realization of assets including cash and 1% on the amount paid to unsecured creditors. Creditors shown in the balance sheet included ₹ 1,000 preferential creditors. Interest on debentures is to be paid only up-to 31st May 2014. Dividend on preference shares is in arrears for 1½ years. The arrears of the dividend should be paid before payment of capital to equity shareholders as per Articles of Association. Legal charges are ₹ 500. **(10 Marks)**

Q9. The following extract of Balance Sheet of XYZ Ltd. was obtained:

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

Liabilities	Amount (Rs.)
Authorized 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)**

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