



SRN – 01

M.Com. (Semester – II) Examination, April 2017
COC201 : Corporate Accounting
(New) (OA – 18)

Duration : 3 Hours

Max. Marks : 60

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

1. Answer the following questions in brief. (5×2=10)
- a) What do you mean by Holding Companies ?
- b) State the main limitation of Financial Statement.
- c) Distinguish between Compulsory Winding up and Voluntary Winding up.
- d) Distinguish between Internal Reconstruction and External reconstruction.
- e) Explain the minimum Statutory limits of banking companies reserve.
2. From the Trial Balance of Zee Ltd. as on 31st March 2013. 10

Debit	Amount	Credit	Amount
Stock (1-4-2012)	3,00,000	Sales	13,60,000
Purchases	9,80,000	Purchase return	40,000
Wages	1,20,000	Discount	12,000
Debtors	1,50,000	Creditors	70,000

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Carrige Inward	4,000	Profit and Loss A/c (1-4-2012)	60,000
Furniture	68,000	Share Capital	4,00,000
Salaries	30,000	General Reserve	62,000
Rent	16,000	Bills Payable	28,000
General Expenses	28,000		
Dividend Paid (2011-12)			
including corporate dividend tax	36,000		
Computers	1,16,000		
Cash and Bank Balance	1,44,800		
Patents	19,200		
Bills Receivable	20,000		
	20,32,000		20,32,000

Additional Information :

- i) Stock as on 31st March 2013 was valued at Rs. 3,52,000.
- ii) Depreciate Computers @ 15%, Furniture @ 10% and Patents @ 5%.
- iii) Make Provision for Doubtful debts of Rs. 840.
- iv) On 31st March, 2013 salaries and Rent were outstanding to the extent of Rs. 4,000 each.
- v) Make provision for tax @ 40%.
- vi) The directors proposed a dividend @ 15% for the year ending 31st March, 2013 after 5% transfer of profit to general reserve.



vii) Provide for Manager's commission at 10% of net profit before tax and manager's commission.

viii) Provide for corporate dividend tax @ 16.995%.

Prepare Profit and Loss statement for the year ended 31st March 2013 and a Balance Sheet as on that date after taking into account the above adjustment.

3. Following is the Balance Sheet of Prem Ltd. as at 31st March, 2016.

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Equity and Liabilities	Amount	Assets	Amount
20000 Equity Shares of		Buildings	2,00,000
Rs. 10 each	2,00,000	Machinery	1,30,000
10% Non-cumulative		Patents	40,000
Preference shares of		Inventories	80,000
Rs. 100 each	50,000	Debtors	55,000
10% Debentures	1,00,000	Preliminary Expenses	10,000
Sundry creditors	3,30,000	Profit and Loss Account	1,85,000
Creditors for Expenses	20,000		
	7,00,000		7,00,000

With a view to reconstruct the company, it is proposed :

a) To reduce :

i) Equity Share by Rs. 9 each

ii) 10% preference shares by Rs. 40 each

iii) 8% Debentures by 10%

iv) Trade creditor's claims by one third machinery to Rs. 70,000

v) Inventories by Rs. 10,000.



- b) To provide Rs. 15,000 for bad debts.
- c) To write off all the intangible assets.
- d) To raise the rate of preference dividend to 13% and the rate of debenture interest to 13.5%.

Assuming that the aforesaid proposals are duly approved and sanctioned, pass the Journal entries to give effect to above, and show the company's post-reconstruction Balance Sheet as per Schedule III of Companies Act 2013.

4. Mallaya Ltd. agreed to acquire the business of Ankur Ltd. The Balance Sheet of Ankur Ltd. is under :

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Equity and Liabilities	Amount	Assets	Amount
75000, 15% Preference		Land	15,00,000
Shares of Rs. 10 each	7,50,000	Plant	7,50,000
150000 Equity Shares of		Stock	15,00,000
Rs. 10 each	15,00,000	Cash at Bank	3,75,000
Reserves	3,75,000	Debtors	2,62,500
10% Debentures	7,50,000	Preliminary Expenses	85,000
Creditors	11,25,000	Discount on issue of	
		Debentures	27,500
	45,00,000		45,00,000

The consideration payable was agreed as under :

- i) The Preference Shareholders of Ankur Ltd. are to be discharged at premium of 10% by issue of 15% preference shares in Mallaya Ltd.



- ii) Equity Shareholders are to be allotted 6 equity shares of Rs. 10 each at a premium of 10% and are to be paid Rs. 3 in cash against every five shares held.
- iii) Debenture holders of Ankur Ltd. are discharged by Mallaya Ltd. at 8% premium by issue of 10% Debentures at 10% discount.

While arriving at agreed consideration, the directors of Mallaya Ltd. valued Land at Rs. 18,75,000, stock at Rs. 16,50,000, debtors at book value subject to an allowance of 5% for doubtful debts. Debtors of Ankur Ltd. include Rs. 10,000 due from Mallaya Ltd. it was agreed that before acquisition, Ankur Ltd. will pay dividend at 20% on equity shares. The preference dividends had already been paid before acquisition. Prepare necessary ledger accounts in the books of Ankur Ltd. and draft Journal entries in the books of Mallaya Ltd.

5. H. Ltd. acquired 16000 Equity Shares of S. Ltd. on 31st March 2012. The following are the Balance Sheets of the two companies as at 31st March 2013. 10

Equity and Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Equity Shares of					
Rs. 100 each	40,00,000	20,00,000	Land	10,00,000	6,00,000
General Reserve			Plant	10,00,000	12,00,000
(31-3-2012)	8,00,000	4,00,000	Stock	3,00,000	2,00,000
Profit and Loss A/c			Debtors	2,00,000	2,40,000
(31-3-2012)	2,00,000	1,20,000	Investment in		
Profit and Loss A/c			shares of S. Ltd		
(2012-13)	4,00,000	1,60,000	at cost	20,00,000	



Creditors	2,00,000	2,00,000	Bills Receivables	1,60,000	20,000
Bills payable	60,000	20,000	Cash and		
			Bank Balance	10,00,000	6,40,000
	56,60,000	29,00,000		56,60,000	29,00,000

i) Bills receivable of H. Ltd. include Rs. 20,000 accepted by S. Ltd.

ii) Sundry Debtors of H. Ltd. include Rs. 1,00,000 due from S. Ltd.

Prepare a consolidated Balance Sheet of H. Ltd. and its Subsidiary S. Ltd.

6. From the following information prepare Profit and Loss Account of Ram Bank Ltd. for the year ended on 31st March 2016.

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	Rs		Rs
	'000'		'000'
Interest on Loan	2,590	Interest on Overdraft	1,540
Interest on Fixed Deposits	3,170	Directors fees, Allowance	
Rebate on bill Discounted	490	and expenses	30
Commission	82	Audit fees and expenses	12
Payment to Employees	540	Interest on saving bank	
Discount on Bills discounted		deposits	680
(Gross)	1,550	Postage, Telegrams	
Interest on cash Credit	2,230	& Telephones	14
Rent, Taxes and Lighting	180	Printing and stationery	29
		Sundry charges	17



Additional Information :

- i) Provide for contingencies Rs. 2,00,000
 - ii) Transfer Rs. 15,57,000 to General Reserve
 - iii) Transfer Rs. 2,00,000 to Central Govt.
7. a) Explain the various advantages Tally over Manual Accounting. 5
- b) Explain the various methods of Purchase Consideration. 5
8. Enumerate in detail the various lists of statement of affairs and order of payment at the time of liquidation. 10
9. Write a short note on : (2×5=10)
- a) Environmental Accounting
 - b) Human Resource Accounting.
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