M.Com. (Semester – II) Examination, November 2015
COC201 : CORPORATE ACCOUNTING (OA – 18)

Duration : 3 Hours Max. Marks : 60

Instructions : *1) This paper consists of* ***Nine*** *questions carrying* ***equal*** *marks.*
2) Question No. ***1*** *consists of* ***5 compulsory*** *questions of* ***2*** *marks* ***each****.*
3) Answer ***any 5*** *questions from question* ***2, 3, 4, 5, 6, 7, 8*** *and* ***9****.*
4) ***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 interest' ?

b) Write short note on 'Capital Reduction'.

c) Explain in brief the concept of 'Contingent liability' with an example.

d) Mention data entry option for units of measure on creation screen under Tally.

e) Asha Ltd. is absorbed by Usha Ltd. given below are the Balance Sheets of two companies taken after revaluation of their assets taken on uniform basis.

Particulars	Asha Ltd. (₹)	Usha Ltd. (₹)
Authorised share capital		
9,000 shares of ₹ 300 each	27,00,000	–
40,000 shares of ₹ 180 each	–	72,00,000
Paid up capital		
9,000 shares of ₹ 270 each	24,30,000	–
40,000 shares of ₹ 150 each	–	60,00,000
Creditors	1,10,000	1,30,000

P.T.O.

General reserve	8,07,000	25,70,000
Profit and loss a/c	30,000	70,000
	33,77,000	**87,70,000**
Sundry assets	33,70,000	87,15,000
Cash at bank	7,000	55,000
	33,77,000	**87,70,000**

The holders of every three shares in Asha Ltd. were to receive five shares in Usha Ltd. plus as much as cash necessary to adjust the rights of shareholders of both the companies in accordance with the intrinsic value of the shares as per their respective Balance Sheets. Calculate the purchase consideration.

2. a) Explain with the help of an example how to create, alter and delete a company in Tally ERP 9. 5

   b) Explain any five reports in Tally ERP 9. 5

3. a) Differentiate between Amalgamation in the nature of Merger and Amalgamation in the nature of Purchase. 5

   b) Discuss the limitations of financial statements in detail. 5

4. a) Explain in brief Accounting Standard 3 – Cash flow statement. 5

   b) Explain in brief Accounting Standard 19 – Leases. 5

5. The following is the Balance Sheet of Anthony Ltd., as on 31st March, 2014.

Balance Sheet

Liabilities	₹	**Assets**	₹
Share Capital		Land and Building	4,00,000
2,000 equity shares of ₹ 100 each ₹ 75 paid	1,50,000	Plant and Machinery	3,80,000

6,000 equity shares of ₹ 100 each ₹ 60 paid	3,60,000	Stock	1,10,000
2,000, 10% preference shares of ₹100 each fully paid	2,00,000	Debtors	2,20,000
		Cash at bank	60,000
10% Debentures having floating charge on all assets	2,00,000	Profit and Loss A/c	2,40,000
Interest accrued on debentures as secured above	10,000		
Creditors	4,90,000		
Total	**14,10,000**	**Total**	**14,10,000**

The Anthony company went into liquidation. The dividends for preference shares were in arrears for last 2 years. Creditors include a loan of ₹ 90,000 on mortgage of land and building.

The assets were realized :

Land and building	₹ 3,40,000
Plant and machinery	₹ 3,60,000
Stock	₹ 1,20,000
Debtors	₹ 1,60,000

Interest accrued on loan on mortgaged building up to the date of payment amounts to ₹ 10,000. The expenses of liquidation amounted to ₹ 4,600. Liquidator is entitled to a remuneration of 3% on all assets realized except cash and bank. Preferential creditors included in creditors amounted to ₹ 30,000.

Prepare Liquidators Final Statement of A/c. **10**

6. From the following Balance Sheet of Holding company 'H' Ltd., and Subsidiary company 'S' Ltd. drawn up at 31st March, 2014.

   i) Reserves and profit and loss a/c of Subsidiary company 'S' Ltd. stood as ₹ 25,000 and ₹ 15,000 respectively on the date of acquisition by Holding company 'H' Ltd. on 1st April 2013.

   ii) Machinery book value ₹ 1,00,000 and furniture ₹ 20,000 of subsidiary company 'S' Ltd., revalued at ₹ 1,50,000 and ₹ 15,000 respectively on 1st April 2013 for the purpose of fixing the price of its shares.

   iii) Rates of depreciation on Machinery 10% and on furniture 15%.

Balance Sheet of Holding company 'H' Ltd. and Subsidiary company 'S' Ltd. as on 31st March, 2014.

Liabilities	Holding Company 'H' Ltd. ₹	Subsidiary Company 'S' Ltd. ₹	Assets	Holding Company 'H' Ltd. ₹	Subsidiary Company 'S' Ltd. ₹
Share capital of ₹ 100 each	6,00,000	1,00,000	Machinery	3,00,000	90,000
Reserves	2,00,000	75,000	Furniture	1,50,000	17,000
Profit and loss A/c	1,00,000	25,000	Other assets	4,40,000	1,50,000
Creditors	1,50,000	57,000	**Shares in 'S' Ltd.**		
			800 shares of ₹ 200 each	1,60,000	
Total	**10,50,000**	**2,57,000**	**Total**	**10,50,000**	**2,57,000**

Prepare consolidated Balance Sheet as on that date.

7. Balances of PQR Ltd. as on 31st March, 2014.

Particulars (Debit)	₹	Particulars (Credit)	₹
Purchases	1,16,000	Share capital	2,50,000
Land and building	2,39,000	Sales	1,83,000
Plant and machinery	1,75,000	Profit and loss a/c	26,000
Salaries and wages	1,09,000	Provision for tax	8,000
Power	5,000	Provision for doubtful	
Stock on 1/4/13	1,45,000	Debt	3,000
Rent	4,000	General Reserve	50,000
Insurance	5,000	Unclaimed dividend	1,000
Prepaid expenses	14,000	Sundry creditors	50,000
Repairs	11,000	Bills payable	16,000
Directors fees	5,000	Outstanding Expenses	38,000
Furniture	4,000	Depreciation A/c	3,12,000
Office equipment	2,000	Miscellaneous income	1,000
Motor vehicle	12,000	Bank loan, secured on	
Sundry debtors	1,45,000	Fixed assets	64,000
Cash in hand	3,000		
Cash at bank	8,000		
Total	**10,02,000**	**Total**	**10,02,000**

Additional information :

a) The closing stock is valued at ₹ 2,90,000.

b) Provide ₹ 10,000 for further taxation.

c) The depreciation written off to 31st March, 2013 was as follows :

Land and building	₹ 1,48,000
Plant and machinery	₹ 1,54,000
Furniture	₹ 2,000
Office equipment	₹ 1,000
Motor vehicles	₹ 7,000

d) No depreciation is to be provided for the year 2013-14.

e) The debts due to the company are all secured, debts for ₹ 3,000 are over six months old of which ₹ 1,000 are bad and to be written off and the rest are doubtful. All other debts are considered good.

f) The Board of directors recommended the following appropriations of profit, which are to be incorporated in final accounts.

i) Transfer to General Reserve ₹ 30,000.

ii) Proposed dividend of ₹ 6 per share for the year ended 31st March, 2014.

g) The authorized share capital is 5,000 shares of ₹ 100 each, all of which have been issued and subscribed for and ₹ 50 per share is paid up.

Prepare notes to financial statements and draw revised Balance Sheet and statement of profit and loss a/c as per revised schedule VI of Companies Act 1956. **10**

8. 'X' Ltd. was absorbed by 'Y' Ltd. as on 31st December, 2014 on which date its Balance Sheet stood as follows :

Balance Sheet

Liabilities	₹	**Assets**	₹
2,000 equity shares of ₹ 100 each	2,00,000	Goodwill	9,500
		Building	1,50,000
100, 6% Debentures of ₹ 1,000 each	1,00,000	Plant and tools	83,000
		Stock	35,000
General reserve	50,000	Bills receivables	45,000
Profit and loss a/c	20,000	Debtors	27,500
Creditors	30,000	Cash	50,000
Total	**4,00,000**	**Total**	**4,00,000**

Adjustments :

a) 'Y' Ltd. agreed to take over assets (exclusive of Cash and Goodwill) at 10% less than book value, to pay ₹ 75,000 for Goodwill and to take over the Debentures.

b) The purchase consideration was to be discharged by allotment to 'X' Ltd. 1,500 equity shares of ₹ 100 each at premium of ₹ 10 per share and balance in Cash.

c) The cost of liquidation amounted to ₹ 3,000.

You are required to prepare :

i) Necessary Ledger accounts to close the books of 'X' Ltd.

ii) Pass Journal entries for absorption in books of 'Y' Ltd. **10**

9. The following is the Balance Sheet of Pepsi Ltd. as on 31st December, 2014.

Balance Sheet

Liabilities	₹	Assets	₹
Authorised share capital			
5,000, 6% Preference shares		Goodwill	60,000
of ₹ 100 each	5,00,000	Land and building	75,000
5,000 Equity shares of ₹ 100 each	5,00,000	Plant and machinery	1,10,000
	10,00,000	Patents and trade	
Subscribed capital		Mark	25,000
2,000, 6% Preference shares		Stock at cost	80,000
of ₹ 100 each	2,00,000	Sundry debtors	60,000
3,000 Equity shares of ₹ 100 each	3,00,000	Cash at bank	4,000
Creditors	1,50,000	Preliminary Expenses	10,000
Profits prior to incorporation	15,000	Profit and loss a/c	3,86,000
5% debentures	1,00,000		
Liability for Income Tax (provision)	45,000		
Total	**8,10,000**	**Total**	**8,10,000**

Additional information :

It is believed that worst is over and that time has arrived to effect internal reconstruction. Revaluation of assets reveals the following :

Land and building	₹ 1,00,000
Plant and machinery	₹ 80,000
Patents and trade mark	₹ 5,000
Stock	₹ 65,000
Debtors	₹ 55,000

The following scheme is formed and approved by the court.

a) The preference shares are converted into 7 1/2% preference shares of ₹ 30 each fully paid.

b) The equity shares are converted into shares of ₹ 5 each fully paid.

c) The sundry creditors be given the option to either accept 50% of their claims in Cash or to convert their claims into equity shares of ₹ 5 each.

d) The revaluation of assets has been adopted. One-third (in value) of the Creditors accepted equity shares for their claims and the rest were paid cash which was raised by issuing 17,000 fully paid equity shares to existing equity shareholders.

e) All shares were then converted into equity shares of ₹ 10 each.

f) The provision for taxation may be utilized if necessary.

Assuming that all necessary action was taken, Journalize the steps and also give revised Balance Sheet after the scheme is put into effect. **10**