

**M.Com. (Semester – II) Examination, November 2017**  
**COC201 : CORPORATE ACCOUNTING (Old)**  
**(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)
- What do you mean by Holding Companies ?
  - State the main limitation of Financial Statement.
  - Distinguish between Compulsory Winding up and Voluntary Winding up.
  - Distinguish between Internal reconstruction and External reconstruction.
  - What is Alteration of Share Capital ?

2. From the Trial Balance of Star Ltd. as on 31<sup>st</sup> 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
Carriage 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		
	<b>20,32,000</b>		<b>20,32,000</b>

P.T.O.



**Additional Information :**

- i) Stock as on 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March, 2016.

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

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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<b>Equity and Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
75,000, 15 % Preference Shares of Rs. 10 each		Land	15,00,000
	7,50,000	Plant	7,50,000
1,50,000 Equity Shares of Rs. 10 each		Stock	15,00,000
	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
	<b>45,00,000</b>		<b>45,00,000</b>

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 16,000 Equity Shares of S Ltd. on 31<sup>st</sup> March 2012. The following are the Balance Sheets of the two companies as at 31<sup>st</sup> March 2013. 10

Equity and Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
Equity Shares of			Land	10,00,000	6,00,000
Rs. 100 each	40,00,000	20,00,000	Plant	10,00,000	12,00,000
General Reserve	8,00,000	4,00,000	Stock	3,00,000	2,00,000
(31-3-2012)			Debtors	2,00,000	2,40,000
Profit and Loss A/c	2,00,000	1,20,000	Investment in shares		
(31-3-2012)			of S Ltd. at cost	20,00,000	
Profit and Loss A/c	4,00,000	1,60,000	Bills Receivables	1,60,000	20,000
(2012 – 13)			Cash and Bank		
Creditors	2,00,000	2,00,000	Balance	10,00,000	6,40,000
Bills payable	60,000	20,000			
	<b>56,60,000</b>	<b>29,00,000</b>		<b>56,60,000</b>	<b>29,00,000</b>

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

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

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

6. What do you mean by Amalgamation ? Distinguish between amalgamation in nature of merger and in the nature of purchase as per AS-14. 10
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. Explain the role of Accounting Standards in harmonising the uniform Accounting practices. Explain in detail any four Accounting Standards. 10