



**M.Com. (Semester – II) Examination, Nov. 2017**  
**COC 201 : CORPORATE ACCOUNTING (New)**  
**(OA – 18)**

Duration : 3 Hours

Max. Marks : 60

- Instructions :**
- i) This paper consists of **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) Write any four advantages of Tally ERP.
- b) Distinguish between Reinsurance and Double Insurance.
- c) What is meant by liquidation of a Joint Stock Company ?
- d) Define :
  - i) Minority Interest
  - ii) Preferential Creditors.
- e) Distinguish between Interim Dividend and Final Dividend.

2. From the following balances of Manoj Ltd. for the year ended 31<sup>st</sup> March 2014. Prepare Final Accounts of the company taking into account the additional information : 10

Particular	Amount	Particular	Amount
Building (Cost Rs. 40,000)	30,000	Furniture (Cost Rs. 1,000)	500
Investment in 500 Preference		Investment in Equity	
Share of Rs. 10 each		Share (Market Value	
Rs. 6 paid up	3,000	Rs. 22,000)	20,000

P.T.O.



Motor Vehicles		Stock in Trade at Cost	20,000
(Cost Rs. 3,500)	3,000	Sundry Debtors	14,000
Bills Receivables	5,000	Share Capital 5000 Equity	
Cash at Bank	8,750	Shares of Rs. 10 each	50,000
6% Mortgage Debentures	10,000	Provision for tax	10,000
Sundry Creditors	5,500	Discount on issues of	
Surplus (Profit and Loss A/c)	1,000	Debentures	400
Dividend Received	700	Gross Profit	50,000
Director's Fees	400	Salaries	10,000
Auditor's Fees	650	Interest paid on Debentures	500
		Trade Expenses	11,000

#### Additional Information :

- i) Provide 10% depreciation on original cost of all assets.
  - ii) Provide Rs. 10,000 in respect of tax for the current year.
  - iii) Write back Rs. 200 liability included in Sundry Creditors.
  - iv) Market value of stock is Rs, 18,000.
  - v) Dividend is proposed @ 20% for 2013-14.
  - vi) Write off discount on issue of debentures.
3. Following a period of different trading conditions, the directors of Minku Co. Ltd. decided to recommend certain steps to put, the company's financial structure on a more realistic basis, on 31<sup>st</sup> March 2009, the company's Balance Sheet showed the following position :

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Equity and Liabilities	Amount	Assets	Amount
Authorized Capital :		Fixed Assets	
5000 Equity Shares of		Land and Building	80,000
Rs. 100 each	<u>5,00,000</u>	Plant and Machinery	1,50,000



Issued and subscribed		Stock	50,000
2000 Equity Shares of		Sundry Debtors	43,000
Rs. 100 each fully paid	2,00,000	Cash and Bank	2,500
2000, 5% Debentures of		Preliminary Expenses	4,500
Rs. 100 each	2,00,000	Goodwill	90,000
Sundry Creditors	45,000	P and L A/c	80,000
Bills Payable	10,000		
Bank Overdraft	45,000		
	<b>5,00,000</b>		<b>5,00,000</b>

The following scheme of reconstruction was prepared and duly adopted :

- 1) Without altering the number of shares in authorized capital or issued and subscribed capital, the face value and paid-up value of each share to be reduced of Rs. 50.
- 2) The existing Debentures to be converted into 1000, 11% Debentures of Rs. 100 each fully paid.
- 3) Assets to be revalued as under : Land and Building Rs. 72,000, Plant and Machinery Rs. 1,40,000, Stock Rs. 45,000, Sundry Debtors subject to Bad Debts provision of Rs. 2,500.
- 4) Goodwill, Preliminary Expenses and Debit balance of P and L A/c to be written off completely.

Pass necessary Journal entries in the books of company and also prepare the Reconstruction A/c and revised Balance Sheet as per Schedule III of Companies Act 2013.



4. The following are the balances of X Ltd. and Y Ltd. as on 31<sup>st</sup> March 2012 : 10

Credit Balances	X Ltd. Y Ltd.		Debit Balances	X Ltd. Y Ltd.	
	Rs.	Rs.		Rs.	Rs.
10% Preference Share			Goodwill	–	750
of Rs. 100 each	22,500	–	Freehold Premises	36,000	–
Equity Share of			Machinery	1,03,530	–
Rs. 10 each	90,000	15,000	Furniture	3,360	2,250
Capital Reserve	28,800	–	Trade Mark	300	–
General Reserve	37,200	4,350	Stock	38,400	15,030
Surplus	3,450	660	Debtors	10,020	3,510
10% Debentures	15,000	–	Bills Receivable	–	300
Creditors	4,350	2,490	Bank	6,690	660
			Preliminary Expenses	3,000	–
	<b>2,01,300</b>	<b>22,500</b>		<b>2,01,300</b>	<b>22,500</b>

On the above mentioned date X Ltd. merged with Y Ltd. The merger took place with the following agreement :

- i) Y Ltd. allotted 2500 Equity Shares to Preference Shareholders of X Ltd.
- ii) 10000 Equity Shares are allotted to Equity Shareholders of X Ltd.
- iii) Y Ltd. also agreed to convert 10% debentures of X Ltd. into equal number of 12% debentures.
- iv) Expenses of liquidation of Rs. 4,500 were borne by Y Ltd.



You are required to :

- a) Calculate the purchase consideration.
- b) Prepare Realization Account and Equity Shareholder Account in the books of X Ltd.
- c) Pass Journal Entries in the books of Transferee Co.
- d) Prepare the Balance Sheet of Y Ltd. after merger.

5. H. Ltd. acquired 8000 Equity Shares of S. Ltd. on 31<sup>st</sup> March 2012. The following are the Balance Sheet of the two companies as at 31<sup>st</sup> March 2013. 10

	H. Ltd.	S. Ltd.		H. Ltd.	S. Ltd.
Equity and Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Equity Shares of			Land	5,00,000	3,00,000
Rs. 100 each	20,00,000	10,00,000	Plant	5,00,000	6,00,000
General Reserve			Stock	1,50,000	1,00,000
(31-3-2012)	4,00,000	2,00,000	Debtors	1,00,000	1,20,000
Profit and Loss A/c			Investment in		
31-3-2012	1,00,000	60,000	Shares of		
Profit and Loss A/c			S. Ltd. at cost	10,00,000	—
(2012-13)	2,00,000	80,000	Bills		
Creditors	1,00,000	1,00,000	Receivables	80,000	10,000
Bills Payable	30,000	10,000	Cash and		
			Bank balance	5,00,000	3,20,000
	28,30,000	14,50,000		28,30,000	14,50,000



i) Bills receivable of H. Ltd. include Rs. 10,000 accepted by S. Ltd.

ii) Sundry Debtors of H. Ltd. include Rs. 50,000 due from S. Ltd.

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

6. The following figures are extracted from the books of Shan Bank Ltd. for the year ending on 31<sup>st</sup> March 2015 :

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Particulars	Rs.
Interest and Discount Received	20,30,000
Interest paid on deposits	12,02,000
Issued and subscribed capital	5,00,000
Reserve under Section 17	3,50,000
Commission, exchange and brokerage	90,000
Rent Received	30,000
Profit on sale of Investment	95,000
Salaries and Allowances	1,05,000
Directors fees and allowances	12,000
Rent and Taxes paid	54,000
Stationery and Printing	12,000
Postage and Telegram	25,000
Other expenses	12,000
Audit Fees	4,000
Depreciation on bank properties	12,500



**Other Information :**

- i) A customer, to whom a sum of Rs. 2,50,000 has been advanced, has become insolvent and it is expected that 40% can be recovered from his estate. Interest due at 15% on his debt has not been provided in the books.
- ii) Provision for bad and doubtful debts on other debts necessary Rs. 50,000.
- iii) Rebate on bills discounted as on 01-04-2014, Rs. 7,500.
- iv) Provide Rs. 3,00,000 for income tax.
- v) The directors desire to declare 10% dividend.

Prepare the Profit and Loss Account in accordance with the law. Make necessary assumptions.

- 7. Explain in detail the various contemporary developments in the field of Accounting. 10
  - 8. What is meant by mutual owings between the holding company and the subsidiary company ? How are they treated while preparing a Consolidated Balance Sheet ? 10
  - 9. ERP package is gaining popularity in big organization". Explain the various features of ERP Tally and also explain how company is created in Tally. 10
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