



M.Com. (Semester – II) Examination, April 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)

- Mention any four features of Tally ERP 9.
- Write short note on 'Minority Interest'.
- State the order of payment in the event of liquidation of companies.
- 'A' Ltd. take over 'B' Ltd. on April 01, 2014 and discharges consideration for the business as follows :
 - Issued 42,000 fully paid equity shares of ₹ 10 each at par to the equity shareholders of 'B' Ltd.
 - Issued fully paid up 15% preference shares of ₹ 100 each to discharge the preference shareholders (₹ 1,70,000) of 'B' Ltd. at a premium of 10%.
 - It is agreed that the debentures of 'B' Ltd. (₹ 50,000) will be converted into equal number and amount of 13% debentures of 'A' Ltd.

Calculate the amount of Purchase Consideration.

- Under the scheme of reconstruction the creditors claim of ₹ 2,00,000 is settled as :
 - 20% immediate payment
 - 40% amount cancelled
 - 40% paid by issue of 16% debentures.

Pass necessary journal entry.



2. Holding Company 'H' Ltd. acquired subsidiary Company 'S' Ltd. on 30th June, 2014 by purchasing 800 shares. The balances of profit and loss a/c and reserves of 'S' Ltd. on 1st January, 2014 stood as ₹ 4,000 and ₹ 5,000 respectively. The following is the balance sheet of Holding Company 'H' Ltd. and subsidiary Company 'S' Ltd.

Balance Sheet					
Liabilities	Holding Company 'H' Ltd. ₹	Subsidiary Company 'S' Ltd. ₹	Assets	Holding Company 'H' Ltd. ₹	Subsidiary Company 'S' Ltd. ₹
Equity share					
Capital of ₹100 each	5,00,000	1,00,000	Plant	3,00,000	1,00,000
Reserves	40,000	15,000	Furniture	1,00,000	40,000
Profit and Loss A/c	20,000	20,000	Investments	1,60,000	—
Creditors	60,000	40,000	Debtors	60,000	35,000
Total	6,20,000	1,75,000	Total	6,20,000	1,75,000

Prepare consolidated Balance Sheet of Holding Company 'H' Ltd. as per revised schedule VI of Companies Act, 1956.

10

3. The Company of Mr. Ram had undergone with capital reduction scheme in his Companies books of accounts. Following is the Balance Sheet of Mr. Ram as on 31st March, 2014.

Balance Sheet			
Liabilities	₹	Assets	₹
12,000 Equity shares of ₹ 10 each	1,20,000	Goodwill	30,000
Less : Calls-in-arrears ₹ 3 per share	9,000	Patents	50,000
5,000, 7% Preference shares of ₹ 100 each	5,00,000	Delhi property	1,20,000
6% Debentures	30,000	Other current assets	6,81,000
Creditors	3,00,000	Miscellaneous expenses not written off	
Total	9,41,000	Profit and Loss a/c	40,000
		Preliminary expenses	20,000
		Total	9,41,000



The scheme approved by the court is as follows :

- 6% Debenture holders took over the Delhi property at ₹ 50,000 and paid balance in cash.
- Forfeited the shares on which calls are in arrears.
- Reduce the paid up capital by ₹ 3 per share.
- Reissue the forfeited shares at ₹ 5 per share.
- The 7% preference shares were to be reduced to an equal number of fully paid 8% preference shares of ₹ 80 each.
- Creditors claim is reduced by 1/3rd.
- All intangible assets and fictitious assets are to be written off.

Pass necessary journal entries and draw revised Balance Sheet of Mr. Ram.

10

4. 'Joy' Ltd. was placed in voluntary liquidation on 31st December, 2013. Balance Sheet as follows :

Balance Sheet			
Liabilities	₹	Assets	₹
50,000 equity shares of ₹ 10		Freehold property	5,80,000
each fully paid	5,00,000	Motor vehicle	57,500
Less : calls in arrears	25,000	Stock	1,86,000
	4,75,000	Debtors	74,000
6,000, 5% preference		Profit and Loss A/c	2,14,000
shares of ₹ 100 each fully			
paid	6,00,000		
Securities Premium A/c	50,000		
5% Debentures A/c	1,00,000		
Interest on debentures	2,500		
Bank Over draft	58,000		
Creditors	1,15,000		
Total	14,00,500	Total	14,00,500

**Adjustments :**

- i) Preference dividend is in arrears from 2010 onwards. The Company's Articles Of Association provides that on liquidation, out of surplus assets, settle all the liabilities along with preference shares with premium of ₹ 10 per share.
- ii) The bank over draft was guaranteed by the directors who were called upon by the bank to discharge their liability.
- iii) Liquidator realized the assets as follows :

Freehold property	₹ 7,00,000
Plant and machinery	₹ 2,40,000
Motor vehicle	₹ 59,000
Stock	₹ 1,50,000
Debtors	₹ 60,000
Calls-in-arrears	₹ 25,000
- iv) Creditors were paid less discount of 5%.
- v) Debentures and accrued interest were paid on 31st March, 2014.
- vi) Liquidation cost was ₹ 3,820 and liquidator is entitled to a remuneration of 2% on amounts realized.

Prepare Liquidators Final Statement of A/c.

10

5. Given is the Trail Balance of Kanika Ltd. as on 31st March, 2014.

Particulars	Debit (₹)	Credit (₹)
<u>Authorized share capital</u>		
8,000 6% preference shares of ₹ 100 each and	—	8,00,000
20,000 equity shares of ₹ 100 each	—	20,00,000
		28,00,000
<u>Subscribed capital</u>		
5,000, 6% preference shares of ₹ 100 each	—	5,00,000
8,000 equity shares of ₹ 100 each	—	8,00,000
Capital reserve	—	5,000
<u>Purchases</u>		
Coco, Tea, Coffee	58,800	—
Bakery products	36,200	—



Wages and salaries	15,300	—
Rent, Rates and Taxes	8,900	—
Laundry	750	—
<u>Sales</u>		
Coco, Tea, Coffee	—	82,000
Bakery products	—	44,000
Coal and firewood	3,290	—
Carriage	810	—
Sundry expenses	5,840	—
Advertising	8,360	—
Repairs	4,250	—
Rent of rooms	—	48,000
Receipts from Billiards	—	5,700
Miscellaneous receipts	—	2,800
Discount received	—	3,300
Transfer fees	—	700
Freehold land and building	8,50,000	—
Furniture and fittings	86,300	—
<u>Stock in hand on 1st April 2013</u>		
Coco, Tea, Coffee	12,800	—
Bakery products	5,260	—
Cash in hand	2,200	—
Cash with bank	76,380	—
Preliminary and formation expenses	8,000	—
2,000 8% debentures of ₹ 100 each	—	2,00,000
Profit and loss a/c	—	41,500
Sundry creditors	—	42,000
Sundry debtors	19,260	—
Investment	2,72,300	—
Goodwill at cost	5,00,000	—
General reserve	—	2,00,000
Total	19,75,000	19,75,000

**Additional information :**

- Wages and salaries outstanding ₹ 4,280.
- Stock as on 31st March, 2014 :
 - Coco, Tea, Coffee ₹ 22,500
 - Bakery products ₹ 16,400
- Provide 5% depreciation on furniture and fittings and 2% on Land and Building.
- The directors proposes a dividend of 8% on equity shares and 6% on preference shares by transferring any amount that may be required from General Reserve.
- Ignore taxation.

Prepare statement of Profit and Loss a/c and Balance sheet as per revised schedule VI of Companies Act, 1956.

10

- Venus Ltd. and Mercury Ltd. agreed to amalgamate. A new company Earth Ltd. was formed to take over the above two Companies on 31st March, 2014.

Balance Sheet of Venus Ltd. and Mercury Ltd.

Liabilities	Venus Ltd.	Mercury Ltd.	Assets	Venus Ltd.	Mercury Ltd.
	(₹)	(₹)		(₹)	(₹)
Share capital			Goodwill	—	50,000
80,000 equity shares of ₹ 10 each	8,00,000	—	Land and building	2,50,000	2,00,000
5,000 equity shares of ₹ 100 each	—	5,00,000	Plant and machinery	4,50,000	3,50,000
Capital reserve	2,00,000	—	Patents	1,10,000	—
General Reserve	—	50,000	Stock	1,50,000	20,000
Profit and Loss a/c	50,000	50,000	Debtors	1,20,000	20,000
Creditors	80,000	50,000	Cash at bank	50,000	10,000
Total	11,30,000	6,50,000	Total	11,30,000	6,50,000

The purchase consideration was paid in equity shares of ₹ 10 each of Earth Ltd. Find out the purchase consideration of the two companies and prepare journal entries in the books of Earth Ltd. along with new revised balance sheet.

10



7. a) Explain Accounting Masters Maintenance under Tally ERP 9. 5
b) Explain Inventory Masters Maintenance under Tally ERP 9. 5
8. a) Explain in brief Accounting Standard 2 - Valuation of inventories. 5
b) Explain in brief Accounting Standard 4 - Contingencies and events occurring after the Balance Sheet date. 5
9. a) Give five differentiating points between IFRS and IAS. 5
b) Explain different types of Mergers. 5