

Third Semester B.Com. Examination, Nov./Dec. 2017
COMMERCE
Paper – 3 : Corporate Accounting – I (All) (New)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **any ten** of the following.

(10×2=20)

1. What is interim dividend ?
2. What are contingent liabilities ?
3. What are divisible profits ?
4. What is purchase consideration ?
5. What do you mean by internal re-construction ?
6. Give the meaning of subsidiary company.
7. What is Unrealized profit ?
8. What do you mean by Compulsory liquidation ?
9. What do you mean by Floating charges ?
10. Give the meaning of Profit prior to incorporation.
11. What is contingency fund ?
12. Is it legally compulsory to prepare a consolidated balance sheet ?

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SECTION – B

Answer **any three** of the following.

(3×5=15)

13. Write a short note on mutual indebtedness between Holding Company and its subsidiary company.

14. Rupa Co. Ltd. went into voluntary liquidation on 31-3-2016. The following was the position of the company :

Share Capital Rs. 1,50,000/-

Preferential creditors Rs. 19,600/-

Unsecured creditors Rs. 1,52,000/-

Assets realized :

Leasehold property Rs. 40,000/-

Other Assets Rs. 1,50,000/-

Cost of liquidation amounted to Rs. 3,000/-. The liquidator is entitled to a remuneration of Rs. 1,000/-, a commission at 2% on the assets realized and 3% on the amount paid to unsecured creditors. <https://www.vskub.com>

Prepare the liquidator's final statement of account.

15. Madhav Co. Ltd. agrees to absorb Keshav Co. Ltd. on the following conditions :

a) To take over the trade liabilities of Keshav Co. Ltd.

b) To pay the cost of liquidation Rs. 1,200/-

c) To repay cash for B Debentures at a premium of 10%.

d) Discharge the A Debentures at a premium of 10% by the issue of 7% Mortgage Debentures in Madhav Co. Ltd.

e) To make payment of Rs. 20/- per share in cash.

f) To issue four fully paid Rs. 10/- shares in Madhav Co. Ltd. (Market Value of Rs. 15/- per share) for every share in Keshav Co. Ltd. (Consists of 80,000 Equity shares).

You are required to calculate Purchase consideration under Net Payment Method.



16. Sagar Co. Ltd. was incorporated on 1-5-2016. It acquired a running business as from 1-1-2016. The sales up to 1-5-2016 were Rs. 80,000/- and 1-5-2016 onwards Rs. 3,20,000/-.

Calculate Time Ratio and also Sales Ratio.

17. Write short note on **any two** of the following :
- a) Provision for income tax
 - b) Proposed dividend
 - c) Preliminary expenses.

SECTION – C

Answer **any three** of the following.

(3×15=45)

18. The Moon Company Ltd. and the Rising Star Company Ltd. have agreed to amalgamate. A new company, Sunshine Ltd., has been formed to take over the combined concerns as on 31st March 2016 :

The following are the balance sheets of the two companies on the date of amalgamation :

The Moon Company Ltd.

Liabilities	Amount	Assets	Amount
Issued Capital :	10,00,000	Land and Buildings	5,00,000
1,00,000 Equity Shares		Plant and Machinery	2,00,000
of Rs. 10 each		Patents	1,10,000
Sundry Creditors	80,000	Stock	1,50,000
5% Debentures	40,000	Sundry Debtors	1,20,000
Profit and Loss A/c	10,000	Cash at Bank	50,000
Total	11,30,000	Total	11,30,000



The Rising Star Company Ltd.

Liabilities	Amount	Assets	Amount
Issued Capital :	5,00,000	Land and Buildings	3,00,000
50,000 Equity Shares of Rs. 10 each		Plant and Machinery	2,50,000
Sundry Creditors	30,000	Goodwill	50,000
7% Debentures	70,000	Stock	20,000
Profit and Loss A/c	50,000	Sundry Debtors	20,000
		Cash at Bank	10,000
Total	6,50,000	Total	6,50,000

The Sunshine Company Ltd. Agrees to discharge the amount due to each company in equity shares of Rs. 10 each. The Debentures of each company is also discharged by the issue of its own debentures of the value of Rs. 100 each. Show the amount payable to each company is arrived at and prepare amalgamated balance sheet of the Sunshine Company Ltd.

19. The following trial balance was extracted from the books of Ashok Co. Ltd., as on 31-3-2016. You are required to prepare final accounts.

Particulars	Dr. (Rs.)	Cr. (Rs.)
Share Capital	—	2,00,000
General Reserve	—	30,000
8% Debentures	—	1,00,000
Bank overdraft	—	1,500
Sundry Creditors	—	10,000
Securities premium	—	6,000
Gross profit	—	1,14,000
Sinking fund	—	40,000
Profit and Loss A/c (1-4-2015)	—	8,500
Land and Building	1,40,000	—



Furniture	8,000	—
Plant and Machinery	1,00,000	—
Investments	6,000	—
Preliminary expenses	4,000	—
Advance income tax	8,000	—
Printing and stationery	1,200	—
Stock on 31-3-2016	1,28,000	—
Salaries	8,000	—
Debtors	70,000	—
Cash in hand	2,000	—
Cash at Bank	24,000	—
Interest	2,000	—
Debenture interest	4,000	—
Directors fee	2,000	—
Rent, Rates and Insurance	2,800	—
Total	5,10,000	5,10,000

Other Information :

- 1) Provide depreciation on land and buildings at 10% and furniture, plant and machinery at 20%.
- 2) Provide Rs. 5,000/- for bad debts.
- 3) Provide for audit fees Rs. 2,500/-. Provision for tax Rs. 14,000/- debentures interest for Rs. 4,000/-.
- 4) Insurance prepaid Rs. 800/-
- 5) Write off half of the preliminary expenses.
- 6) Directors have recommended.
 - a) Transfer Rs.10,000/- general reserve.
 - b) Equity dividend on at 10% on paid up capital.
- 7) Provide corporate dividend tax at 15%.

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20. The following particulars related to Ashwini Chemicals Ltd. which has gone into liquidation on 31-03-2017.

Particulars	Amount (Rs.)
Secured creditors (security in plant)	1,00,000/-
Unsecured creditors	2,40,000/-
Preferential creditors	20,000/-
1000 Equity shares of Rs. 100/- each called up Rs. 75/-	75,000/-
500 Equity shares of Rs. 100/- each called up Rs. 60/-	30,000/-

Liquidator realized the assets as under :

Plant	1,40,000/-
Cash in hand	10,000/-
Land and building	2,00,000/-
Stock	60,000/-

The liquidation expenses amounted to Rs. 2,800/-. The liquidator entitled to a commission of 3% on the assets realized (excluding cash) and 2% on the amount paid to unsecured creditors. Prepare Liquidator's final statement of account. And show the necessary working notes.

21. Radha Co. Ltd. was incorporated on 01-08-2016. It acquired a running business of M/s Sanjay as from 01-04-2016. The sales up to 01-08-2016 were Rs. 1,50,000/- and after 01-08-2016 was Rs. 4,50,000/-. The statement of Profit and Loss for the year ending 31-03-2017 were as follows :

Particulars	Note	Amount	Total
Continuing operations :			
1. Revenue from operations	1	-	6,00,000



2. Other income	2	—	—
Total revenue :	—		6,00,000
3. Expenses :			
a) Cost of sales	3	—	3,60,000
b) Employee benefit cost	4		
Salaries		30,000	—
Director's fee		12,000	42,000
c) Finance cost	5		
Interest on debentures		12,000	—
Interest to vendors (Upto 30-09-2016)		10,000	22,000
d) Depreciation and amortization	6		
Depreciation		—	24,000
e) Other expenses	7		
General expenses		20,000	—
Advertisement		12,000	—
Carriage outwards		15,000	—
Audit fee		5,000	52,000
Total Expenses :			5,00,000
Profit			1,00,000
Grand total :			6,00,000

Redraft the statement of Profit and Loss to show the profit prior to incorporation and after incorporation.



22. Following are the Balance Sheet of H Ltd. and S Ltd., as on 31-03-2017 :

Liabilities	R. Ltd.	S. Ltd.	Assets	R. Ltd.	S. Ltd.
Share capital of			Fixed Assets	3,42,000	3,20,000
Rs. 100 each	5,00,000	2,00,000	Stock	35,000	15,000
General Reserve	60,000	40,000	Sundry Debtors	60,000	30,000
Profit and Loss A/c	30,000	10,000	Investment :		
1000, 12% Debentures	-	1,00,000	1500 shares at		
Sundry creditors	80,000	45,000	120 each in S Ltd.	1,80,000	-
Bills payable	12,000	8,000	Bills receivable	10,000	8,000
			Debentures @ par	40,000	-
			Cash and Bank	15,000	30,000
Total :	6,82,000	4,03,000	Total :	6,82,000	4,03,000

H. Ltd., acquired the shares in S Ltd., on 01-07-2017. The General Reserve and Profit/Loss of S Ltd., were showing on 01-01-2017 the balances of Rs. 30,000/- and Rs. 4,000/- respectively.

The creditors of S Ltd., include Rs. 10,000/- for goods supplied by H. Ltd., at a profit of 20% on sales. Half of such goods were still in stock in S Ltd., on 31-12-2015.

The bills payable accepted by H. Ltd., are all in favour of S Ltd.

Prepare consolidated Balance Sheet.