Total No. of Questions—**4**] [Total No. of Printed Pages—**16**

Seat No.	

[4369]-202

S.Y. B.Com. EXAMINATION, 2013

CORPORATE ACCOUNTING

(2008 PATTERN)

Time : Three Hours **Maximum Marks : 80**

***N.B.* :—** (*i*) *All* questions are compulsory.

(*ii*) Figures to the right indicate full marks.

(*iii*) Use of calculator is allowed.

1. (A) Fill in the blanks (any *five*) : [10]

(*i*) A part of called up capital which has not been paid by shareholders is termed.....................................and calls amount received in advance from shareholders is termed as......................... .

(*ii*) General expenses are apportioned on the basis of............... ratio and distribution expenses are apportioned on the basis of.......................ratio.

(*iii*) Accounting Standard (AS)-14 deals with........................and Accounting Standard (AS)-26 deals with..................... .

(*iv*) Two or more liquidations and one formation takes place in case of........................and one liquidation and no formation takes place in case of.................... .

(*v*) Minority interest is to be recorded in the.......................side and Goodwill is to be recorded in the...................side of consolidated Balance Sheet.

(*vi*) Winding up of a company by the creditors or members without any intervention of the tribunal is known as................ winding up and with any intervention of the tribunal is known as..........................winding up.

(*vii*) Profits earned by the subsidiary company after the date of purchase of shares by the holding company are called as......................profits and share premium of subsidiary company should always be treated as............ profits.

(B) Write short notes on (any *two*) : [14]

(1) Accounting Standard (AS)-2

(2) Forfeiture of shares

(3) Amalgamation of company

(4) Scheme of Capital Reduction

(5) Holding and Subsidiary Company.

2. The Galaxy Ltd. Ahmednagar has an authorised and subscribed capital of Rs. 80,00,000 divided into equity shares of Rs. 100 each. From the following balances, which appear in the books of the company as on 31st March, 2011, prepare :

(*a*) Trading Account

(*b*) Profit and Loss Account

(*c*) Profit and Loss Appropriation Account

(*d*) Balance Sheet as on that date, in the form prescribed under the Companies Act, 1956.

Trial Balance

As on 31st March, 2011

Particulars	**Debit** Rs.	**Credit** Rs.
Land and Building	3,40,000	—
Plant and Machinery	6,60,000	—
Loose Tools	40,000	—

Preliminary Expenses	20,000	—
Furniture	29,000	—
Calls in Arrears	6,000	—
Cash in hand	2,000	—
5% Government Bonds		
(Face value Rs. 40,000)	36,000	—
Bills Receivable	58,000	—
Goodwill	36,000	—
Motor Vehicles	40,000	—
Sundry Debtors	83,000	—
Interim Dividend	18,000	—
Repairs	3,000	—
Purchases	9,60,000	—
Returns Inward	28,000	—
Advertisement	10,000	—
Audit Fees	4,000	—
Carriages outwards	15,000	—
Wages	92,000	—
Insurance	20,000	—
Stock (1-4-2010)	1,90,000	—

General Expenses	17,000	—
Debenture Interest (Less Tax at 30%)	8,400	—
Share Capital	—	8,00,000
Sundry Creditors	—	1,20,000
Reserve Fund	—	60,000
Profit and Loss Account (1-4-2010)	—	35,400
Returns Outward	—	20,000
Sales	—	12,30,000
6% Debentures of Rs. 100 each	—	4,00,000
Bank Overdraft	—	50,000
	27,15,400	27,15,400

You are required to consider the following adjustments :

(*a*) Stock as on 31st March, 2011 Rs. 1,80,000.

(*b*) Create reserve for bad debts at 5% on sundry debtors.

(*c*) Provide depreciation—plant and machinery at 5%, furniture at 10%, loose tools at 15% and motor vehicles at 20%.

(*d*) Prepaid Insurance Rs. 2,000.

(*e*) Reserve fund to be increased by Rs. 10,000.

(*f*) Directors declared on 31-12-2010 an interim dividend for six months ending 30-9-2010 at the rate of 3%.

(*g*) Wages outstanding Rs. 3,000.

(*h*) Interest on debentures for 6 months outstanding.

(*i*) Preliminary expenses written off at 25%. [14]

Or

Landmark Ltd. issued for public subscription 2,000 equity shares of Rs. 100 each at a premium of 5% payable as follows :

On Application	Rs. 30 per share
On Allotment	Rs. 30 per share (including premium)
On First call	Rs. 30 per share
On Final call	Rs. 15 share

Applications were received for 2,200 equity shares. 2,000 equity shares were allotted to the applicants, the remaining applications for 200 equity shares were rejected and the application money thereon was refunded.

All the amounts were received except Mr. Ashok to whom 100 equity shares were allotted. He failed to pay the amounts due on first and final call. These shares were subsequently forfeited. The forfeited equity shares were sold to Mr. Sachin as fully paid at Rs. 80 per share.

Pass necessary journal entries required to record the above transactions in the books of Landmark Ltd. [14]

3. (A) Ajanta Ltd. was incorporated on 1st August, 2010 to take over the running business from 1st April, 2010. The following is the Profit and Loss Account for the year ended 31st March, 2011 :

Profit and Loss Account

For the year ended 31st March, 2011

Dr. **Cr.**

Particulars	Rs.	**Particulars**	Rs.
To Rent and Taxes	12,000	By Gross Profit B/D	1,55,000
To Discount on sales	3,500	By Interest on Investment	2,500
To Insurance	3,000		
To Discount on issue of shares	3,000		
To Electric Lighting	2,400		

To Commission	6,000		
To Staff Salaries	36,000		
To Carriage	3,000		
To Sundry Expenses	7,500		
To Reorganisation Exp.	4,300		
To Sales Promotion Exp.	4,000		
To Bank Interest	1,500		
To Irrecoverable Debts	2,000		
To Discount on issue of Debentures	6,300		
To Telegram Charges	3,000		
To Net Profit C/D	60,000		
	1,57,500		1,57,500

The following details are also made available :

(1) The total turnover for the year ended 31st March, 2011 was as follows :

- Cash sales Rs. 1,29,000
- Credit sales Rs. 3,71,000

of which Rs. 2,00,000 were for the period upto 31st July, 2010.

(2) Investments were taken over by the company from the vendors as a part of purchase consideration.

(3) Sales promotion expenses were directly proportionate to the turnover of the company.

Ascertain the profits earned prior to and post incorporation period. Also state very clearly the amount of profit available to write down goodwill. [8]

(B) The following are the Balance Sheets of two companies as on 31st March, 2011 :

Balance Sheets

As on 31st March, 2011

Liabilities	**AB Ltd.** Rs.	**CD Ltd.** Rs.
Equity Share Capital :		
Shares of Rs. 10 each	10,00,000	5,00,000
General Reserve on 1-4-2010	1,00,000	1,00,000
Profit and Loss A/c on 1-4-2010	50,000	30,000
Profit for the year 2010-11	60,000	40,000
Sundry Creditors	70,000	50,000
Bills Payable	10,000	5,000
Total	12,90,000	7,25,000

Assets	AB Ltd.	CD Ltd.
	Rs.	Rs.
Land and Building	2,00,000	1,50,000
Machinery	3,00,000	3,00,000
Stock	75,000	50,000
Sundry Debtors	50,000	60,000
Investment at Cost Shares in CD Ltd.	5,00,000	—
Bills Receivable	10,000	5,000
Cash at Bank	1,55,000	1,60,000
Total	12,90,000	7,25,000

(1) AB Ltd. acquired 40,000 equity shares of CD Ltd. on 1st April, 2010.

(2) Bills Receivable of AB Ltd. includes Rs. 3,000 accepted by CD Ltd.

(3) Sundry debtors of AB Ltd. includes Rs. 10,000 due from CD Ltd.

(4) Stock of CD Ltd. includes goods purchased from AB Ltd. for Rs. 30,000 which were invoiced by AB Ltd. at profit of 25% on the invoice price.

Prepare a consolidated Balance Sheet of AB Ltd. and its subsidiary CD Ltd. as on 31st March, 2011, giving the necessary workings. [14]

4. (A) The following is the Balance Sheet of Kiran Engineering Co. Ltd. as on 31st March, 2011 :

Balance Sheet

As on 31st March, 2011

Liabilities	Rs.	**Assets**	Rs.
Share Capital :		Goodwill	1,68,000
1,500, 8% Preference		Land and Building	3,27,000
Shares of Rs. 100 each		Plant and Machinery	1,35,000
fully paid	1,50,000	Furniture	15,000
3,000 equity shares		Office Equipment	30,000
of Rs. 100 each Rs. 80		Stock	1,48,500
paid up	2,40,000	Debtors	1,27,500
4,500 equity shares		Bills Receivable	33,000
of Rs. 100 each Rs. 70		Cash-in-hand	12,000
paid up	3,15,000	Profit and Loss A/c	1,05,000
8% Debentures			
(having a floating			
charge on all assets)	1,50,000		
Outstanding Debenture			
Interest	6,000		
Creditors	2,40,000		
	11,01,000		11,01,000

The company went into voluntary liquidation as on above Balance Sheet date :

(*i*) Preference dividend was in arrears for last three years and it was to be returned before returning equity share capital.

(*ii*) Sundry creditors include a loan from bank of Rs. 60,000 secured on the hypothecation of plant and machinery. Sundry creditors also include preferential creditors of Rs. 15,000.

(*iii*) The liquidator realised the assets as follows :
Land and Building Rs. 3,22,500, Plant and machinery Rs. 75,000, Office equipment Rs. 19,500, Furniture Rs. 12,000, Stock Rs. 1,05,000, Debtors Rs. 90,000 and Bills Receivable Rs. 21,000.

(*iv*) Legal charges on liquidation amounted to Rs. 1,500.

(*v*) The liquidation expenses Rs. 3,900.

(*vi*) The liquidator's remuneration was fixed at Rs. 1,500 plus 2% on sale of assets excluding cash plus 4% on the amount distributed to unsecured creditors including preferential creditors.

(*vii*) The liquidator made payment on 30th June, 2011.

Prepare Liquidator's Final Statement of Accounts. [10]

(B) The following is the balance sheet of Sai Ltd. as on 31st March, 2011 :

Balance Sheet

As on 31st March, 2011

Liabilities	Rs.	**Assets**	Rs.
Share Capital :		Goodwill	70,000
4,000 Equity shares		Land and Building	1,50,000
of Rs. 100 each	4,00,000	Plant and Machinery	3,50,000
3,000, 8% Preference		Patents	20,000
Shares of Rs. 100 each	3,00,000	Stock	2,20,000
Profit prior to		Sundry Debtors	1,00,000
Incorporation	10,000	Cash at Bank	5,000
4% Debentures	3,00,000	Preliminary Expenses	21,000
Sundry Creditors	2,00,000	Profit and Loss A/c	2,74,000
	12,10,000		12,10,000

The following scheme of reconstruction was duly approved :

(*i*) 8% preference shares be converted into 9% preference shares, the amount being reduced by 30%.

(*ii*) Equity shares be reduced to fully paid shares of Rs. 50 each.

(*iii*) Land and Buildings be appreciated by 20%.

(*iv*) The debentureholders are agreeable to have their claims reduced by 20%.

(*v*) All intangible assets and fictitious amounts including patents written off, utilise profit prior to incorporation if necessary.

Pass the Journal Entries in the books of Sai Ltd. and draw a Balance Sheet. [10]

Or

The balance sheet of Kavita Ltd. and Savita Ltd. as on 31-3-2011 is as follows. A new company was formed called Godawari Ltd. for purchasing the business of the above two companies as on that date :

Balance Sheet

as on 31-3-2011

Liabilities	**Kavita Ltd.** Rs.	**Savita Ltd.** Rs.
Share Capital :		
1,500 shares of Rs. 10 each	15,000	—
800 shares of Rs. 10 each	—	8,000
General Reserve	8,000	—
Profit and Loss	2,000	2,000
5% Debentures	—	6,000
Creditors	7,500	3,200
	32,500	19,200

Assets	**Kavita Ltd.**	**Savita Ltd.**
	Rs.	Rs.
Building	10,500	6,000
Machinery	2,500	1,500
Motor Vehicles	1,000	—
Stock	6,000	7,800
Debtors	8,200	2,100
Cash	4,300	1,800
	32,500	19,200

The following are the terms of purchase of the business :

(*a*) Goodwill of Kavita Ltd. and Savita Ltd. is to be valued at Rs. 8,000 and Rs. 3,000 respectively.

(*b*) All the assets and liabilities of Kavita Ltd. are to be taken over at their book values except Motor Vehicle which is valued at Rs. 3,000.

(*c*) All the assets of Savita Ltd. are taken over at their book values except Debtors and cash but not the liabilities.

(*d*) The Debentures of Savita Ltd. are to be discharged at a premium of 5% by issued them 9% Debentures of Godawari Ltd. as part payment of purchase consideration.

(*e*) The balance of purchase price to Savita Ltd. and entire purchase price to Kavita Ltd. is paid in Rs. 10 fully paid equity shares of Godawari Ltd.

You are required to prepare :

(*i*) Realisation Account, Shareholders Account and Godawari Ltd. Account in the books of Kavita Ltd.

(*ii*) Opening journal entries and Balance Sheet of Godawari Ltd. as on 31-3-2011.