



Progressive Education Society's
Modern College of Arts, Science & Commerce Ganeshkhind, Pune – 16
(Autonomous)
End Semester Examination: April/May-2024

Faculty: Commerce

Semester: IV

Programme(Specific): B.com.

Class: S.Y. B.Com

Name of the Course: Corporate Accounting II

Course code: 23-COB241

Course type: CC

Time: 3hrs

Marks: 70 Marks

Instructions to the candidates:

- *Q. No. 1 is Compulsory.*
- *Solve any 2 questions from the remaining i.e. No. 2,3 & 4.*
- *Use of a simple calculator is allowed.*
- *Figures to the right side indicate full marks.*

SECTION A

Q. 1. (a) Fill in the Blanks (Any Five)

(5 marks)

1. AS 21 Deals with.....

- A. Accounting for amalgamation
- B. Accounting Depreciation
- C. Consolidated Financial Statement
- D. Revenue Recognition

2. The Holding Company is known as.....

- A. Parent company
- B. Subsidiary Company
- C. Consolidated Company
- D. Amalgamated Company

3. In Absorption all assets and liabilities taken over of Transferor Company are transferred to realization account at.....Value.

- A. Market
 - B. Books
 - C. Sale
 - D. Agreed
4. When the purchasing company bears the company liquidation expenses, it will debit the expenses to.....
- A. Vendor Companies' Account
 - B. Goodwill Account
 - C. Bank Account
 - D. Debtors Account
5. When one of the existing companies takes over the business of another Company or companies, it is known as.....
- A. Amalgamation
 - B. Absorption
 - C. Internal reconstruction
 - D. External reconstruction
6. List 'C' gives the list of.....
- A. Preferential creditors
 - B. Debentureholders
 - C. Equity shareholders
 - D. Equity holders
7. Debenture holders are;
- A. Creditors of the company
 - A. Owner of the Company
 - B. Investor of the Company
 - C. Director of the Company
8. Loss on issue of Debentures is treated as
- 1. Intangible assets

2. Current assets
3. Current liabilities
4. Miscellaneous expenditure

(b) State whether following statements are True or False

(5 marks)

1. A parent company is one that has more than one subsidiary.
2. Bonus shares are issued to existing shareholders.
3. Face value of debentures of subsidiary companies, held by the holding company is deducted from Cost of Control.
4. Capital Reserve is utilized to meet capital losses.
5. Minority Interest = Paid up value of Shares held by outsiders

(c) Matching the Following

(5 marks)

- | | |
|---------------------------|--|
| 1. Preferential Creditors | A) Minimum 7 Members |
| 2. Public Company | B) Income Tax |
| 3. Common Seal | C) Two or more company come together |
| 4. Amalgamation | D) Signature Company |
| 5. Holding Company | E) Acquire more than 50% shares from another Co. |

(d) Write Short Notes (Any Three)

(15 marks)

1. Capital Profit
2. Purchasing Company
3. Liquidation
4. Bonus Shares
5. Absorption

SECTION B

Q.2. The following are the Summarized Balance Sheet of Telco Ltd. and Ralco Ltd. As on 31st March, 2020.

Balance Sheet as on 31st March 2020

Liabilities	Telco Ltd.	Ralco Ltd.	Assets	Telco Ltd.	Ralco Ltd.
Share Capital:			Land and Building	50,000	40,000
B) Issued, Subscribed and Paid –up:	1,80,000	1,00,000	Plant and Machinery	80,000	20,000
Equity Share of Rs. 10 each			Furniture	60,000	20,000
Bank overdraft	20,000		Debtors	50,000	25,000
Bills Payable	20,000	10,000	Investment	55,000	-
Sundry Creditors	40,000	20,000	8,000 Equity Shares in Ralco Ltd.		
Profit and Loss	35,000		Profit and Loss	-	25,000
Total	2,95,000	1,30,000	Total	2,95,000	1,30,000

Additional Information:

- Debtors include Rs. 10,000 due from Ralco Ltd.
- Telco Ltd. accuied the share of Telco Ltd. on 1st April 2019, when Ralco ltd. had a debit balance of Rs. 40,000 in its profit and loss account.

Prepare a Consolidated Balance sheet as on 31st March 2020.

(20 marks)

SECTION C

Q.3. The Balance Sheet of Dilip Ltd, Nashik as on 31st March, 2023 was as follows:

Liabilities	Rs.	Assets	Rs.
Share Capital		Land & Building	2,00,000
*2,000 10% Preference Shares of Rs. 100 each fully paid	2,00,000		
* 3,000 Equity Shares of Rs.100 each, Rs. 90 paid up	2,70,000		
* 1,000 Equity Shares of Rs. 100 each , Rs. 85 paid up	85,000		
7% Debentures (Floating charge on all the assets)	1,00,000	Plant & Machinery	1,50,000
Creditors	2,00,000	Furniture	20,000
		Stock	1,00,000
		Debtors	1,20,000

		Bills Receivable	20,000
		Cash in Hand	5,000
		Profit & Loss	2,40,000
Total	8,55,000	Total	8,55,000

The company went into voluntary liquidation as on above date. The preference share dividend was in arrears for two years and as per the articles, it was paid before returning the equity share capital. The debenture interest was paid up to 31st March 2023, however the debenture holders were repaid on 30th September, 2023. Include in the sundry creditors is a loan of Rs. 20,000 secured on hypothecation of plant and machinery and preferential creditors of Rs. 10,000.

The liquidator realized the assets as follows:

Land and Building Rs. 1, 90,000; Plant and Machinery Rs. 1, 30,000; Furniture Rs.10, 000; Stok Rs. 90,000; Debtors Rs. 1, 15,000; Bills Receivable Rs. 14,000.

Legal charges on liquidation Rs. 2,000 and liquidation expenses Rs. 1,300. The liquidator remuneration was fixed at Rs. 500 plus 2.5% on the amount realized by him, plus 2% on the amount distributed to unsecured creditors including preferential creditors. The liquidator made all payment on 30th September, 2022

Prepare the Liquidator's Final Statement of Account.

(20 marks)

SECTION D

Q.4. The balance sheet of Ramesh Ltd; Amravati as on 31st March,2023 was as follows:

Liabilities	Rs.	Assets	Rs.
Share Capital 2,000 shares of Rs. 100 each	2,00,000	Land & Building	1,40,000
General Reserve	64,000	Plant & Machinery	1,10,000
Profit & Loss	60,000	Stock	98,000
Bills Payable	42,400	Debtors	42,000
Creditors	70,000	Cash at Bank	14,400
		Advertising Expenses	32,000
Total	4,36,400	Total	4,36,400

Ramesh Ltd; was absorbed by Mahesh Ltd; Akola on the following terms:

1. Ramesh Ltd; agreed to write off advertising expenses against its own reserves.
2. Mahesh Ltd; revalued the assets of Ramesh Ltd; as under-
Land & Building-Rs. 1,50,000; Plant & Machinery-Rs. 1,04,000; Stock- Rs. 1,20,000 and Debtors at book value.
3. Mahesh Ltd; took over the assets & liabilities of Ramesh Ltd; and agreed to discharge the purchase consideration in 2,600 shares of Rs. 100 each at Rs. 110 per share and balance paid in cash.
4. Ramesh Ltd; paid its liquidation expenses Rs. 4,000

Prepare Realization Account, Mahesh Ltd. Account, bank Account and Shareholders Account in the books of Ramesh Ltd; and pass opening journal entries in the books of Mahesh Ltd.

(20 marks)