

Subject : Corporate Accounting-II

Day : Monday
Date : 04/04/2016



Time : 3.00 P.M. TO 6.00 P.M.
Max Marks : 80 Total Pages : 5

N.B.:

- 1) All questions are **COMPULSORY**.
- 2) All questions carry **EQUAL** marks
- 3) Answers to both the sections should be written in the **SAME** answer book.
- 4) Use of calculator is **ALLOWED**.

SECTION-I

Q.1 The following are the Balance Sheets of A Ltd. & B Ltd. as on 31.12.2014

| Liabilities | A Ltd. Rs. | B.Ltd. Rs. | Assets | A Ltd. Rs. | B. Ltd. Rs. |
|--|-----------------------|-----------------------|---------------------------------------|-----------------------|------------------------|
| Share Capital: Equity shares of Rs.10 each | 500000 | 200000 | Freehold premises | 200000 | 180000 |
| General Reserve | 150000 | 10000 | Machinery | 100000 | 50000 |
| Profit & Loss Account | 80000 | 80000 | Investment(75% shares in B Ltd @ cost | 250000 | -- |
| Creditors | 20000 | 30000 | Stock | 120000 | 40000 |
| | | | Debtors | 54000 | 30000 |
| | | | Cash | 26000 | 20000 |
| Total | 750000 | 320000 | | 750000 | 320000 |

Additional Information:

1. 'A' Ltd. acquired shares in B Ltd. on 01.01.2014 on which date the credit balance of Profit & Loss Account and General Reserve in the books of B Ltd. was Rs.30000 and Rs.5000 respectively.
2. The Debtors of 'B' Ltd. includes Rs.10000 receivable from 'A' Ltd.
3. Freehold premises of 'B' Ltd. were revalued @ Rs.200000

You are required to prepare Consolidated Balance Sheet of 'A' Ltd. with its subsidiary 'B' Ltd. as on 31.12.2014

OR

Write short notes on the following:

1. Stock Reserve
2. Rebate on Bills Discounted
3. Objectives of Investment Accounts
4. Minority Interest

P.T.O.

Q.2 The following is the Trial Balance of Progressive Bank Ltd as on 31.03.2015.

Trial Balance is on 31.03.2015

| Particulars | Dr. Rs. | Cr. Rs. |
|--|----------------|----------------|
| Share capital: 60000 Equity shares of Rs.10 each | | 600000 |
| Reserve Fund | | 300000 |
| Loans, Cash Credits & Over Draft | 500000 | |
| Premises | 300000 | |
| Indian Government Securities | 70000 | |
| Current Deposits | | 125000 |
| Fixed Deposits | | 200000 |
| Savings Deposits | | 100000 |
| Salaries | 50000 | |
| General expenses | 40000 | |
| Rent and taxes | 5000 | |
| Director's fees | 4000 | |
| Profit and Loss account balance as on 01.04.2014 | | 25000 |
| Interest and discount | | 180000 |
| Stock of stationery | 5000 | |
| Bills discounted and purchased | 140000 | |
| Interim Dividend paid | 20000 | |
| Investment in shares of companies | 50000 | |
| Cash in hand and with RBI | 200000 | |
| Money at call and at short notice | 86000 | |
| Interest paid | 60000 | |
| Total | 1530000 | 1530000 |

Adjustments:

1. Provide Rs.2000 for rebate on bills discounted
2. Provide Rs.4000 for reserve for doubtful debts
3. The Authorized Capital of the bank is Rs.1200000, in Equity shares of Rs.10 each
4. Provide Rs.10000 for Taxation Reserve.

You are required to prepare the Profit and Loss account and Balance Sheet of the bank in the prescribed format.

OR

Q.2 Shruti Ltd. went into voluntary liquidation on 31.12.2014 on which date its Balance Sheet was as follows

| Liabilities | Rs | Assets | Rs |
|---|----------------|-----------------------|----------------|
| Share capital: 10000, 12% Cumulative preference shares of Rs.100 each | 1000000 | Land & Building | 386000 |
| 5000 Equity shares of Rs.100 each, Rs.60 paid-up | 300000 | Plant & Machinery | 821000 |
| 5000 Equity shares of Rs.100 each, Rs.50 paid-up | 250000 | Stock | 184000 |
| 15% Debentures with floating charge on all assets | 400000 | Debtors | 1337000 |
| Preferential Creditors | 105000 | Profit & loss account | 372000 |
| Bank overdraft | 303000 | | |
| Sundry Creditors | 742000 | | |
| Total | 3100000 | | 3100000 |

Other Informations:

1. Preference Dividend was in arrears for 2 years. Interest on debentures is outstanding for 1 year.
2. The liquidator realized the assets as under
 1. Land and Building – Rs.984000
 2. Stock – Rs.163000
 3. Plant and machinery – Rs.712000
 4. Debtors – Rs.1191000
3. The expenses of liquidation were Rs.54000. The liquidator is entitled to remuneration of 3% on all assets realized.
4. Income tax payable on liquidation is Rs.44500

All payments were made on 31.12.2014. Prepare Liquidator's Final Statement of Account as on 31.12.2014

SECTION-II

- Q.3** Mr. A keeps his books under Single Entry System. From the following information you are required to prepare his Trading and Profit & Loss Account for year ended 31.12.2014.

Balance Sheet of Mr. A as on 01.01.2014

| Liabilities | Rs | Assets | Rs. |
|--------------------|---------------|---------------------|---------------|
| A's capital | 150000 | Plant and Machinery | 105000 |
| Sundry Creditors | 30000 | Furniture | 15000 |
| Bills payable | 60000 | Stock | 30000 |
| | | Debtors | 37500 |
| | | Bills receivable | 30000 |
| | | Cash | 22500 |
| Total | 240000 | | 240000 |

Summary of Cash Book for the year ended 31.12.2014

| Receipts | Rs. | Payments | Rs. |
|---------------------|---------------|----------------------|---------------|
| To Balance b/d | 22500 | By Wages | 30000 |
| To Cash Sales | 52500 | By Drawings | 18000 |
| To Debtors | 120000 | By Creditors | 52500 |
| To Bills receivable | 112500 | By Bills Payable | 90000 |
| | | By Sundry expenses | 45000 |
| | | By Rate Rent & Taxes | 30000 |
| | | By Balance c/d | 42000 |
| Total | 307500 | | 307500 |

Other Information:

1. Closing balances as on 31.12.2014: Debtors – Rs.60000/-, Creditors – Rs.37500/-, Bills Receivable – Rs.67500, Bills payable – Rs.75000/-, Stock – Rs.45000/-
2. Bills receivable dishonoured – Rs.7500/-
3. Discount allowed and discount received – Rs.3750/- and Rs.9750/- respectively
4. Bills receivable endorsed in favour of Creditors – Rs.20000/-

P.T.O.

Q.4 From the following information you are required to prepare Crop Account and Live Stock Account for the year ended 31.12.2014

- 1) Stock on 1.1.2014:

| | |
|-------------|-------|
| Livestock | 61000 |
| Paddy | 4000 |
| Cattle feed | 2800 |
| Fertilizers | 2200 |
- 2) Purchases during 2014:

| | |
|-------------|-------|
| Livestock | 11600 |
| Fertilizers | 2400 |
| Seeds | 1200 |
| Cattle feed | 6800 |
- 3) Sales during the year 2014:

| | |
|-----------|-------|
| Milk | 30400 |
| Paddy | 52600 |
| Livestock | 9000 |
- 4) Crop Expenses:

| | |
|---------------|------|
| Labour | 7200 |
| Miscellaneous | 800 |
- 5) Livestock Expenses:

| | |
|---------------|------|
| Medicines | 1200 |
| Labour | 7200 |
| Miscellaneous | 1600 |
- 6) Stock on 31.12.2014

| | |
|-------------|-------|
| Livestock | 60000 |
| Paddy | 3000 |
| Cattle Feed | 1800 |
| Fertilizers | 1200 |

Other information:

1. The consumption by proprietor for his family use – milk Rs.4800/- and paddy Rs.1200/-
2. The consumption by workers – paddy Rs.2000/- and milk etc. Rs.3000/-
3. The general expenses Rs.15000/- to be charged to crop and livestock account in the ratio of 1:2
4. Depreciation of Rs.4000/- to be charged to Crop and Livestock account equally.
5. Cow dung of Rs.5000/- has been used as manure in crop section.

OR

Q.4 The fire occurred in the premises of a company on 30.09.2014. From the following information you are required to prepare a statement of claim to be submitted to the insurance company under loss of stock policy.

| Particulars | 31.12.2013 Rs. | 01.01.2014 To 30.09.2014 |
|------------------------|-------------------|--------------------------------|
| Opening stock | 40000 | ? |
| Purchases less returns | 90000 | 60000 |
| Sales less returns | 130000 | 84000 |
| Wages | 6000 | 4000 |
| Closing stock | 50000 | ? |

During the year 2013, closing stock included goods purchased but not recorded Rs.5000/- The salvaged stock was valued at Rs.11000/- It is the practice of the company to insure the goods at 80% of the cost.

- Q.5** From the Trading and Profit and Loss account and Balance Sheet, you are required to calculate Gross Profit ratio, Net Profit ratio, Stock Turnover ratio, Current ratio and Liquid or Quick ratio.

Trading and Profit & Loss Account for the year ended 31.12.2014

| Particulars | Rs. | Particulars | Rs. |
|---------------------------|---------------|-------------------------|---------------|
| To Opening Stock | 90000 | By sales | 810000 |
| To purchases | 607500 | By closing stock | 112500 |
| To gross profit | 225000 | | |
| Total | 922500 | | 922500 |
| To operating expenses | 154000 | By gross profit b/d | 225000 |
| To non-operating expenses | 21000 | By non-operating income | 25000 |
| To net profit | 75000 | | |
| Total | 250000 | | 250000 |

Balance Sheet as on 31.12.2014

| Liabilities | Rs. | Assets | Rs. |
|--|----------------|---------------------|----------------|
| Share Capital: Equity shares of Rs.10 each | 450000 | Land and building | 270000 |
| General reserve | 225000 | Plant and machinery | 180000 |
| Profit and loss account | 135000 | Investments | 90000 |
| Sundry creditors | 135000 | Stock | 112500 |
| Bills payable | 45000 | Debtors | 270000 |
| Bank overdraft | 90000 | Bills receivable | 22500 |
| | | Cash and bank | 135000 |
| Total | 1080000 | | 1080000 |

OR

- Q.5** Write short notes on the following:

1. Statement of Affairs
2. Purpose of Farm Accounts
3. Average Clause
4. Indian Accounting Standard – I

* * *