

**2008000204050012**  
**EXAMINATION NOVEMBER 2024 (ATKT EXAM)**  
**BACHELOR OF COMMERCE (HONORS)**  
**(FOURTH SEMESTER)**  
**CORPORATE ACCOUNTING - IV – LEVEL 5**

[Time: As Per Schedule]

[Max. Marks: 50]

**Instructions:**

**1. Fill up strictly the following details on your answer book**

- a. Name of the Examination : **BACHELOR OF COMMERCE (HONORS) (FOURTH SEMESTER)**
  - b. Name of the Subject : **CORPORATE ACCOUNTING - IV – LEVEL 5**
  - c. Subject Code No : **2008000204050012**
2. Sketch neat and labelled diagram wherever necessary.
  3. Figures to the right indicate full marks of the question.
  4. All questions are compulsory.

Seat No:

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Student's Signature

**Q.1 Answer the following questions.**

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1. From the following information, write journal entries with regard to capital reduction. **5**

(a) There was a contingent liability of Rs. 80,000 for workmen compensation, for which no provision had been made in the books. However, the liability was fully settled at Rs. 56,000, and Rs. 50,400 was recovered from the insurance company.

(b) As a part of capital reduction scheme, Directors returned fees of Rs. 30,000 received by them.

2. Following is the Balance Sheet of Honey Ltd. and Soni Ltd. as on 31/3/2023. On 1/4/2022, Honey Ltd. acquired shares in Soni Ltd., when Soni Ltd. had Rs. 43,750 in Profit and Loss account. From the given information, find Minority Interest and Goodwill/ Capital Reserve created on consolidation. **5**

<b>Particulars</b>	<b>Honey Ltd</b>	<b>Soni Ltd</b>
<b>Equity &amp; Liabilities</b>		
Share Capital (Rs. 10 each)	8,75,000	1,75,000
Reserves & Surplus (Profit & Loss account)	96,250	70,000
Current Liabilities	35,000	61,250
<b>TOTAL</b>	<b>10,06,250</b>	<b>3,06,250</b>
<b>Assets</b>		
Fixed Assets	3,50,000	1,57,500
Non-Current Investments (14,000 Equity shares of Soni Ltd)	2,18,750	--
Current Assets	4,37,500	1,48,750
<b>TOTAL</b>	<b>10,06,250</b>	<b>3,06,250</b>

**Q.2** Pinkal Ltd. went into voluntary liquidation on 31<sup>st</sup> March 2023 when its Balance sheet was as under:

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<b>Particulars</b>	<b>Rs.</b>
<b>I) Equity and Liabilities:</b>	
1. Share holders funds:	
(a) Share capital	
10% pref share of Rs. 100 each	3,00,000
2,000 equity share of Rs. 100 each fully paid	2,00,000
3,000 equity share of Rs. 100 each paid up to Rs. 60 each	1,80,000
2. Non-current Liabilities:	
(a) Long term debt: 15% debentures	4,00,000
3. Current Liabilities:	
Creditors	12,00,000
Outstanding interest on debentures	30,000
<b>Total Rs.</b>	<b>23,10,000</b>
<b>II) Assets:</b>	
1. Non- current Assets:	
(a) Fixed Assets:	
Furniture	2,00,000
Buildings	10,00,000
Machinery	2,00,000
(b) Other non-current Assets:	
Non current investment	4,00,000
2. Current Assets:	

(a) Inventories	4,00,000
(c) Cash and cash equivalent	1.10,000
<b>Total Rs.</b>	<b>23,10,000</b>

Additional particulars:

1. Debenture holders are paid on 30-4-2023.
2. Creditors includes as under:
  - (i) Provident fund Rs. 20,000
  - (ii) Income tax for the assessment years ended on 31-3-22 and 31-3-23 is Rs. 30,000 and Rs. 20,000 respectively.
  - (iii) Bills for water and electricity Rs. 20,000.
  - (iv) Salary of 2 clerks for last two month at Rs. 10,000 pm per clerk.
  - (v) Mortgage loan on investments Rs. 1, 60,000 and on furniture Rs. 50,000.

3.

<b>Assets realized</b>	<b>Rs.</b>
Investment	1,30,000
Furniture	1,40,000
Buildings	8,00,000
Machinery	60,000
Stock	1,00,000

4. Dissolution expenses are Rs. 10,150. Liquidator's remuneration is payable at 4% on amount of assets realized by him and 2% on amount paid to unsecured creditors excluding pref. creditors. All assets are sold out by liquidator.
5. Prepare liquidator's statement of receipt and payment.

**Q.3** The following is the Trial balance of Kanan Co. Ltd. As on 31-3-2023.

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<b>Particulars</b>	<b>Debit Rs.</b>	<b>Credit Rs.</b>
Equity Capital (shares of Rs. 10 each)		15,00,000
10% Debentures		10,00,000
General Reserve		6,50,000
Profit & Loss account		3,60,000
Securities Premium		2,00,000
Land at cost	11,00,000	
Plant & Machinery at cost	38,50,000	
Trade Receivables	4,80,000	

Inventories (as on 31-3-2023)	4,30,000	
Bank	1,00,000	
Adjusted Purchases	16,00,000	
Factory expenses	3,00,000	
Sales		35,00,000
Trade Payables		2,60,000
Provision for Depreciation		8,60,000
Suspense account		20,000
Administrative expenses	1,50,000	
Selling expenses	1,50,000	
Debenture Interest	1,00,000	
Interim Dividend	90,000	

Additional Information:

1. The authorised share capital of the company is 2,00,000 shares of Rs. 10 each.
2. The company re-values land at Rs. 18, 00,000.
3. Proposed final dividend is 10% on equity capital.
4. Suspense account of Rs. 20,000 represents cash received for the sale of a block of machinery at the beginning of the year. The cost of the machinery was Rs. 50,000 and accumulated depreciation thereon being Rs. 40000.
5. Depreciation is to be provided at 10% on plant and machinery.
6. Provide for Corporate Dividend tax at 20%.

You are required to prepare Balance Sheet and Statement of Profit & Loss for the year ending 31<sup>st</sup> March 2023.

**Q.4 Write short note. (ANY THREE)**

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1. Revaluation of assets of subsidiary company
2. Reasons for capital reduction
3. Vertical profit and loss account as per companies act 2013 with imaginary figures
4. Liquidator's remuneration
5. Preferential Creditors

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