M. COM. SEM - II (CHOICE BASED CREDIT SYSTEM) (2012 COURSE) : WINTER - 2017

SUBJECT : ELECTIVE –A GROUPS : ADVANCED ACCOUNTING – III

Day : Friday
Date : 27/10/2017

Time : 03.00 PM TO 06.00 PM
Max. Marks : 60

W-2017-0328

N.B.

1) All questions are **COMPULSORY.**
2) Figures to the right indicate **FULL** marks.
3) Use of non-programmable calculator is allowed.

Q.1 A Co. Ltd. purchased shares of B Co. Ltd. and C Co. Ltd. on 1st January and 1st July 2016. The Balance Sheets of all the companies on 31st December 2016 given below: **(16)**

Liabilities	A Co. Ltd. ₹	B Co. Ltd. ₹	C Co. Ltd. ₹	Assets	A Co. Ltd. ₹	B Co. Ltd. ₹	C Co. Ltd. ₹
Share Capital: Equity Shares of ₹ 10 each	2,00,000	80,000	1,20,000	Fixed Assets	40,000	42,000	65,000
8% Preference shares of ₹ 10 each	-	30,000	-	Investments in subsidiaries: 5,000 equity shares in B. Co. Ltd.	70,000	-	-
General Reserve	10,000	-	4,000	2,000 Preference shares in B Co. Ltd.	25,000	-	-
Profit and Loss A/c: Balance as on 1.1.2016	20,000	10,000	-	8,000 equity shares in C Co. Ltd.	84,000	-	-
Current Years Profit	15,000	8,000	16,000	Loan to B Co. Ltd.	4,000	-	-
Trade Creditors	40,000	10,000	6,000	Current Assets: Stock Debtors Bills Receivable from C Co. Ltd. Bank	 30,000 21,000 2,000 9,000	 25,000 30,000 - 45,000	 28,000 20,000 - 37,000
Loan from A Co. Ltd.	-	4,000	-				
Bills payable	-	-	4,000				
	2,85,000	**1,42,000**	**1,50,000**		**2,85,000**	**1,42,000**	**1,50,000**

Prepare a consolidated Balance Sheet as on 31st December, 2017 taking into account the following particulars:

1. Dividend for the year 2015 in respect of Preference Shares in B Co. Ltd. was accrued to the date of acquisition of shares by A Co. Ltd., the same being paid in 2016.
2. The fixed assets of C Co. Ltd. include plant purchased in September 2016 from A Co. Ltd. for ₹ 2,600. The cost of the same to A Co. Ltd. who are plant manufacturers, was ₹ 2,000 and credit for the profit was taken by the company.
3. B Co. Ltd. held at 31st December 2016 stock of ₹ 5,000 purchased from A Co. Ltd. who invoiced the goods at cost plus 25%.
4. The loan to B Co. Ltd. was made on 1st April 2016 and it carried interest @ 6% neither was any interest paid nor any provision made for the same. Taxation to be ignored.

P.T.O.

OR

Explain in brief the accounting policies followed by mutual funds for the preparation of accounts.

Q.2 The Balance Sheet of A Ltd., Pune as on 31st March 2017 is as follows: **(16)**

Liabilities	₹	Assets	₹
Share Capital: Authorised and Subscribed Capital: • 8,000 Equity Shares of ₹ 100 each fully paid	8,00,000	Patents and Copyrights (at cost)	1,00,000
2,000 8% Debentures of ₹ 100 each 2,00,000 Add : Outstanding Interest (+) 16,000	2,16,000	Other Sundry Fixed Assets Profit and Loss	6,00,000 4,16,000
Sundry Creditors	72,000		
Provision for Income Tax	28,000		
	11,16,000		**11,16,000**

It was decided to reconstruct the company and the following scheme was approved by the court.

1. Each equity share be sub-divided into fully paid equity share of ₹ 10 each.
2. After sub-division, each shareholder shall surrender 50% of his holding to the company.
3. Out of the surrendered shares, 5,400 shares of ₹ 10 each shall be converted into Preference Shares of ₹ 100 each fully paid.
4. The claim of the Debenture holders shall be reduced by 75% and in considering thereof the Debenture holders shall receive Preference Shares to the value 25% upon their claims.
5. Creditor's claims shall be reduced to 50% and to be settled by issue of Equity Shares of ₹ 10 each, out of the shares surrendered.
6. Patents and Copyrights having no realizable value, be completely written of along with the Profit and Loss Account debit balance.
7. The shares surrendered but not re-issued shall be cancelled.

Pass the necessary journal entries and also prepare a revised Balance Sheet as on 31st March 2017.

OR

a) Discuss reduction of capital. **(08)**
b) Explain in detail Consolidated Balance Sheet. **(08)**

Q.3 The following is the Balance Sheet of P Ltd., Pune as on 31st March 2016. **(16)**

Balance Sheet of P Ltd as on 31st March 2016

Liabilities	₹	Assets	₹
Share Capital:		Land and Buildings	25,000
• 500, 8% Preference Shares of ₹ 100 each	50,000	Plant and Machinery	60,000
• 1,500 Equity Shares of ₹ 100 each ₹ 50 paid up	75,000	Furniture	10,000
6% Debentures (having a floating charge on all assets)	40,000	Fittings	5,000
Outstanding Debentures Interest	2,400	Moulds	50,000
Sundry Creditors		Stock	25,000
i) On Mortgage of Plant and Machinery	30,000	Debtors	12,500
ii) Preferential	3,100	Cash in hand	500
iii) Unsecured	25,000	Profit and Loss	37,500
	2,25,500		**2,25,500**

The company went into voluntary liquidation on the above Balance Sheet date: Preference Dividend was in arrears for one year, as per articles of the company, it was to be paid. The liquidator realised the assets as follows:
Land and Buildings ₹ 50,000; Plant and Machinery ₹ 55,000, Moulds ₹ 42,500; Furniture ₹ 6,000; Stock ₹ 21,000 and Debtors at ₹10,500. Fittings were worthless.
The liquidation expenses amounted to ₹ 2,730. The liquidator is entitled to a remuneration @ 2% on the assets realised, 2% on the amount distributed to unsecured creditors and 10% on the amount returned to equity shareholders. In addition to the above liabilities, the liquidator had to pay ₹ 900 as repairs bill of Plant and Machinery. The liquidator made payment on 30th September, 2017.
Prepare the Liquidator's Final Statement of Account.

OR

a) How the statement of affairs is prepared by the liquidator of the company? **(08)**
b) Explain the modes or methods of winding up of a company. **(08)**

Q.4 Write short notes on any **THREE** of the following: **(12)**
a) Stock brokers
b) Minority interest
c) Preferential payments in liquidation
d) Compulsory winding up
e) Evaluation of mutual funds

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