

Total No. of Questions : 4]

P5861

SEAT No. :

[Total No. of Pages : 5

[6142]-302

S.Y. B.Com.

**242 : CORPORATE ACCOUNTING-II  
(2019 Pattern) (CBCS) (Semester-IV)**

Time : 2½ Hours]

[Max. Marks : 70

Instructions to the candidates:

- 1) Q.1 is compulsory.
- 2) Solve any 2 questions from remaining Q. No.2, 3, & Q.4.
- 3) Figures to the right indicate full marks.

- Q1) a)** Fill in the Blanks. (Solve any 5) [5]
- i) Profits earned by the subsidiary company before the date of acquisition by holding company are called as \_\_\_\_\_.  
(Capital profits, Revenue Profits, Net Profit)
  - ii) When a new company is formed to take over the business of a liquidating company it is called as \_\_\_\_\_.  
(Amalgamation, Absorption, External Reconstruction)
  - iii) Winding up of a company by an order of a Tribunal is called as \_\_\_\_\_.  
(Compulsory winding up, Winding up under the supervision of the court, Voluntary winding up).
  - iv) AS 21 stands for \_\_\_\_\_.  
(Amalgamation / Consolidated Financial Statements / Property Plant and Equipment).
  - v) \_\_\_\_\_ utilizes accounting, auditing and investigative skills to conduct an examination into the finances of an individual or business.  
(Forensic Accounting, Management Accounting, cost Accounting)
  - vi) In absorption, \_\_\_\_\_ account is credited with the amount of purchase consideration.  
(revaluation, realization, profit and loss)
  - vii) Every person who is liable to contribute towards the assets of the company on the event of its being wound up is called as \_\_\_\_\_.  
(Contributory, Creditor, Debtor)

P.T.O.

b) State whether the following statements are true or false. (Solve any 5) [5]

- i) If the value of 'investments in subsidiary' in the holding company is more than the book value of the net assets acquired, the difference is called as Capital Reserve on consolidation.
- ii) Minority Interest is the proportion of the subsidiary company's net assets / shareholders fund which belongs to the minority shareholders.
- iii) A company which is to be absorbed by another company after its liquidation is called as Vendor Company.
- iv) Reserves and profit and Loss account (credit balance) are debited to the Equity Shareholders' account.
- v) The liquidator is an official person who helps the court in the completion of the winding up procedure.
- vi) Creditors which are ordinary creditors but have a preference for payment over all other unsecured creditors are called preferential creditors.
- vii) Forensic accounting is utilized in litigation when quantification of damages is needed.

c) Match the following. [5]

Voluntary Liquidation by Members	Forensic Accounting
One liquidation, no formation	Solvency Certificate
Investigation of financial manipulation	Absorption
Rates, Taxes and Dues payable to the Government	Liability side of consolidated balance sheet
Minority Interest	Preferential Creditors

d) Write short notes on (any three) [15]

- i) Methods of Calculating Purchase Consideration
- ii) Order of payment in liquidation of a company
- iii) Cost of Control
- iv) Objectives of Forensic Accounting
- v) Key principles of Forensic Accounting

889

Q2) Hitesh Ltd. acquired Equity shares in Satish Ltd. On 1<sup>st</sup> April, 2022. [20]

Balance Sheet of Hitesh Ltd. and Satish Ltd. as on 31<sup>st</sup> March, 2023

Liabilities	Hitesh	Satish	Assets	Hitesh	Satish
	Ltd. (Rs.)	Ltd. (Rs.)		Ltd. (Rs.)	Ltd. (Rs.)
Issued, subscribed and paid up capital			Land & Buildings	2,00,000	40,000
Equity shares of Rs. 100 each fully paid	5,00,000	1,00,000	Plant and Machinery	3,00,000	60,000
General Reserve (as on 1st April, 2022)	1,00,000	40,000	Investments (800 equity shares at cost)	1,00,000	
Profit and Loss A/c	1,40,000	50,000	Stock	80,000	50,000
Creditors	60,000	10,000	Debtors	60,000	30,000
			Cash	60,000	20,000
	8,00,000	2,00,000		8,00,000	2,00,000

Additional Information:

- Sundry debtors of Hitesh Ltd. include Rs. 10,000 due from Satish Ltd.
- Stock of Satish Ltd. Includes goods purchased from Hitesh Ltd., for Rs. 40,000 on which Hitesh Ltd. Made a profit of 25% on sales.
- On 1<sup>st</sup> April, 2022 the profit and loss of Satish Ltd. Showed a credit balance of Rs. 10,000.

Prepare a consolidated balance sheet of Hitesh Ltd. and its subsidiary Satish Ltd. as on 31<sup>st</sup> March, 2023.

Q3) Firoz Ltd., Ahmedabad agreed to acquire the business of Prizm Ltd. Delhi as on 31<sup>st</sup> March, 2023. The balance sheet of Prizm Ltd. as on that date was as follows. [20]

Balance sheet of prizm Ltd. as on 31<sup>st</sup> March, 2023

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Share Capital		Goodwill	2,00,000
Authorized Capital 1,80,000 shares Rs. 10 each	18,00,000	Land & Buildings	6,00,000
		Plant & Machinery	6,80,000
		Stock	3,36,000



Issued, Subscribed and paid up capital 1,20,000 shares of Rs. 10 each	12,00,000	Sundry Debtors	72,000
General Reserve	3,40,000	Cash in Hand	12,000
Profit & Loss A/c	2,20,000	Cash at Bank	1,00,000
6% Debentures (secured)	2,00,000		
Sundry Creditors	40,000		
	20,00,000		20,00,000

Firoz Ltd. Has agreed to absorb Prizm Ltd. on the following Terms.

a) Purchase consideration was agreed as follows:

- i) Cash payment of Rs. 2.50 per share in Prizm Ltd.
- ii) Issue of 1,80,000 Equity shares of Rs. 10 each in Firoz Ltd. at Rs. 15 per share.
- iii) Issue of 2500, 8% debentures of Rs. 100 each at Rs. 96 per share to redeem 6% debentures at a premium of 20%

b) Assets of Prizm Ltd. were valued as follows.

Land and building at Rs. 12,00,000, Plant and Machinery at Rs. 12,00,000, Stock at Rs. 2,84,000 and Debtors to be valued after providing 5% reserve for doubtful debts.

c) The cost of liquidation was Rs. 10,000.

You are required to prepare statement showing purchase consideration, necessary ledger accounts in the books of Prizm Ltd and journal entries in the books of Firoz Ltd.

Q4) Viraj Ltd., Kanpur went into voluntary liquidation on 31<sup>st</sup> March 2023. Its balance sheet on the date of liquidation was as follows. [20]

The Balance sheet of viraj Ltd., Kanpur as on 31<sup>st</sup> March 2023

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
8,000, Equity Shares of Rs.100 each, Rs 80 paid	6,40,000	Good will	4,48,000
12,000, Equity Shares of Rs. 100 each, 70 paid	8,40,000	Land & Buildings	8,72,000
4,000 8% Preference Shares of Rs. 100 each, fully paid	4,00,000	Plant & Machinery	3,60,000
8% Debentures (having floating charge on all assets)	4,00,000	Furniture	40,000
Debentures interest Payable	16,000	Office Equipment	80,000
Sundry creditors	6,40,000	Stock	3,96,000
	29,36,000	Debtors	3,40,000
		Bills Receivables	88,000
		Cash in Hand	32,000
		Preliminary Expenses	80,000
		Profit & Loss account	2,00,000
			29,36,000

Additional Information:

- Preference dividend was in arrears for last three years.
  - Sundry creditors include a loan of Rs. 1,60,000 secured on the hypothecation of plant and machinery and preferential creditors Rs. 40,000
  - Liquidator realized the assets as follows:  
Land & Building Rs. 8,60,000, Plant and Machinery Rs. 2,00,000, Office Equipment Rs. 50,000, Furniture Rs. 34,000, Stock Rs. 2,80,000, Debtors Rs. 2,40,000, Bills Receivable Rs. 28,000.
  - Legal charges on liquidation were Rs. 4,000
  - Liquidation Expenses Rs. 10,400
  - Liquidator is entitled to pay remuneration Rs. 4,000 plus 2% on sale of assets and 4% on the amount distributed to unsecured creditors.
  - All amounts were paid on 1<sup>st</sup> July, 2023.
- Prepare liquidator's final statement of accounts.