

## Master of Commerce Examination: September/October - 2022 (Distance Education)

Day & Date	Semester	Subject Name	Time	Code	Marks
Saturday 24-09-2022	I (Fresh)	Corporate Accountancy	11:00 AM To 02:10 PM	110053	75

**Instructions: 1) Attempt any three out of five questions.  
2) Figures to right indicate marks.**

- Q.1** The following are the Balance sheets of H. Ltd. and its subsidiary S. Ltd. as on 31<sup>st</sup> December 2012 **25**  
Prepare Consolidated Balance Sheet. Also, make necessary working notes for the same.

### Summary Balance Sheet as on 31<sup>st</sup> December, 2012

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
Share Capital of Rs. 1 each	10,000	8,000	Buildings	4,000	
General Reserves	4,000	3,000	Plant	1,000	6,000
Bills Payable	2,000	1,000	Stock	4,000	6,000
Sundry Creditors	5,000	4,000	Shares in S. Ltd.	6,000	
Profit & Loss A/c	4,000	2,000	Debtors	5,000	3,000
			Bills Receivables	3,000	2,000
			Cash	2,000	1,000
	<b>25,000</b>	<b>18,000</b>		<b>25,000</b>	<b>18,000</b>

Debtors of H. Ltd. include Rs. 2,000 dues from S. Ltd. and Bills Payable of H. Ltd. included a bill of Rs. 500 accepted in favor of S. Ltd. A loan of Rs. 1,000 given by H. Ltd. to S. Ltd. was also included in the items of debtors and creditors respectively. Rs. 500 was transferred by S. Ltd. from Profit & Loss Account to Reserve out of the Current year's profit. Shares were purchased on 30<sup>th</sup> June 2012 at par.  
Prepare a Consolidated Balance Sheet.

- Q.2 Solve the following.**

- a)** The following are the extracts from the financial statements of M/s Dr. Reddy Ltd. as on 31<sup>st</sup> March 2001 and 2002 respectively. **15**

Particulars	31.03.2001	31.03.2002
Stock (Rs. 20,000 on 31.03.2000)	10,000	25,000
Debtors (Rs. 15,000 on 31.03.2000)	20,000	20,300
Bills Receivable (Rs. 8,000 on 31.03.2000)	10,000	5,000
Advances	2,000	-
Cash in hand	18,000	15,000
Creditors	25,000	30,000
Bills Payable	15,000	20,000
Bank Overdraft	-	2,000
9% Debentures	5,00,000	5,00,000
Sales of the year	3,50,000	3,00,000
Gross Profit	70,000	50,000

You are required to compute for both the previous years:

- 1) Current ratio
- 2) Liquid ratio
- 3) Stock Turnover ratio
- 4) Number of days outstanding of debtors
- 5) Stock Working Capital ratio and comment.

**b) Calculate from the following details furnished by Pardeshi Ltd.**

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- 1) Current ratio
  - 2) Liquid ratio
  - 3) Credit turnover and average credit period
  - 4) Debtor's Turnover ratio and average credit period
  - 5) Stock Turnover ratio
- Stock - Rs. 1,00,000 Debtors - Rs. 1,40,000 Cash - Rs. 60,000  
 Creditors - Rs. 1,60,000 Bank Overdraft - Rs. 30,000  
 Outstanding Expenses - Rs. 10,000 Total Purchase - Rs. 6,60,000  
 Cash Purchases - Rs. 20,000 Gross Profit - 33 1/3%.

**Q.3 The following data are extracted from the Balance Sheet of A. Ltd. as on 31<sup>st</sup> March 2021:**

**25**

Particulars	Amount
<b>Equity &amp; Liabilities</b>	
2000, 6% preference shares of Rs. 100 each	2,00,000
4000 equity shares of Rs. 100 each	4,00,000
Statement of Profit & Loss (Loss)	(-2,20,000)
5% Debentures	1,00,000
Bank Loan	50,000
Creditors	1,00,000
<b>Total</b>	<b>6,30,000</b>
<b>Assets</b>	
Buildings	3,00,000
Plant & Machinery	2,00,000
Goodwill	20,000
Stock	50,000
Debtors	40,000
Cash at Bank	20,000
<b>Total</b>	<b>6,30,000</b>

The Company adopted the following scheme of reconstruction:

- a) The intangible assets are to be eliminated.
- b) Expenses for reconstruction amounted to Rs. 2,000.
- c) The machinery is to be depreciated by 50%.
- d) The value of the building is to be increased by Rs. 50,000.
- e) The Debenture holder took over the stock and debtors in full satisfaction of their claims.
- f) The preference shares are to be reduced to Rs. 75 per share fully paid up and Equity shares to Rs. 40.

Pass Journal Entries and make Reconstruction A/c and Balance Sheet of A. Ltd. as on 31<sup>st</sup> March 2021.

**Q.4 Solve the following.**

- a) The capital of ABC Ltd. consists of 9% of Preference shares of Rs. 10 each, Rs. 3,00,000, Equity shares of Rs. 10 each, Rs. 8,0,0000. The profit after Tax is Rs. 2,70,000. Equity dividend is 20% and the market price of Equity shares is Rs. 40. You are required to calculate the following ratios and comment on them.

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- 1) Dividend Yield
- 2) Preference & Equity Dividend Cover
- 3) Earnings per share &
- 4) Price-Earnings ratio.

**b) Solve the following.****08**Summary Balance Sheet as on 31<sup>st</sup> March 2014

Liabilities	N. Ltd.	M. Ltd.	Assets	N. Ltd.	M. Ltd.
Share Capital in share of Rs. 1 each	12,000	5,000	Current Assets: Investment	16,000	8,000
Creditors	3,000	3,000	4000 shares in M. Ltd.	4,000	
	20,000	8,000		20,000	8,000

Prepare Consolidated Balance Sheet as on 31<sup>st</sup> March 2014.

- c) On the reconstruction of the Company, the following terms were agreed upon:

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- 1) The shareholders are to receive in lieu of their present holdings of Rs. 50,000 shares of Rs. 10 each of the following:
  - Fully paid equity shares of 2/5<sup>th</sup> of their holdings.
  - 5% preference shares fully paid to the extent of 1/5<sup>th</sup> of the above new equity shares.
  - 60,000, 6% second debentures.
- 2) An issue of Rs. 50,000, 5% debentures was made and allotted, payment has been received in cash.
- 3) The goodwill which stood at Rs. 3,00,000 was written down to Rs. 1,50,000.
- 4) The plant and machinery which stood at Rs. 1,00,000 were written down to Rs. 75,000.
- 5) The freehold and leasehold premises which stood at Rs. 1,00,000 were written down to Rs. 1,25,000.

Make Journal Entries in the books of the Company.

**Q.5 Solve the following.****25**

- a) Explain the benefits of Adopting IFRS for Indian Companies.
- b) State the process of IFRS adaptation.
- c) Explain the framework for Financial Statements.