Reg. No. | | | | | | | | | |

BCMCMC 354

Credit Based VI Semester B.Com. Degree Examination, May/June 2016
COMMERCE
Financial Accounting – VI

Time : 3 Hours Max. Marks : 120

***Instruction** : Give working note **wherever** necessary.*

SECTION – A

Answer **any four** questions. (4×6=24)

1. Write a note on Net Assets method of calculation of Purchase Consideration.

2. State the meaning and modes of liquidation of a Joint Stock Company.

3. Write a note on intercompany debts with examples in case of Holding Company Accounts.

4. The Unfortunate Ltd. went into voluntary liquidation when its liabilities were as under :

	₹
Secured Creditors	2,00,000
Preferential Creditors	40,000
Unsecured Creditors	5,00,000

The liquidator realized ₹ 2,50,000 from the securities held by secured creditors and ₹ 60,000 from other assets. Cash in hand amounted to ₹ 11,000.

The cost of liquidation amounted to ₹ 19,900 and liquidators remuneration was fixed at 3% on the amount realized (except cash) and 2% on the amount distributed to unsecured creditors.

Prepare Liquidators Final Statement of Account.

5. From the following Balance Sheet of Vanila Ltd., calculate the (a) Current Ratio (b) Debt-Equity Ratio and (c) Proprietary Ratio.

Liabilities	₹	**Assets**	₹
Share Capital	1,80,000	Fixed Assets	3,90,000
Reserve and Surplus	1,20,000	Stock	90,000
Secured Loans (long term)	2,10,000	Debtors	1,05,000
Creditors	90,000	Cash	15,000
	6,00,000		**6,00,000**

P.T.O.

6. The Deccan Chargers Ltd. is having the following paid up Share Capital

a) 2000 Preference Shares of ₹ 100 each ₹ 2,00,000

b) 4000 Equity Shares of ₹ 100 each ₹ 4,00,000

The resolution was passed to reduce the capital as under

a) Preference shares were reduced to ₹ 80 per share fully paid up

b) Equity shares were reduced to ₹ 50 per share fully paid up.

The balance in the Capital Reduction Account is used to write-off Goodw ₹ 80,000, Debit balance in P & L Account ₹ 1,50,000.

Pass required Journal entries.

SECTION – B

Answer **any four** questions. (4x

7. What is Ratio Analysis ? What are its advantages and limitations ?

8. Distinguish between amalgamation in the nature of purchase and amalgamat in the nature of merger.

9. The following is the Balance Sheet of Major Ltd. on 31st March 2016.

Liabilities	₹	Assets	₹
2000 shares of ₹ 10 each		Goodwill	4,000
fully paid	20,000	Fixed assets	16,500
Profit and Loss A/c	7,000	Current assets	19,500
Debentures	10,000		
Creditors	3,000		
	40,000		**40,000**

Minor Ltd. agreed to take over the assets of Major Ltd. (exclusive of one fi asset of ₹ 4,000 and cash ₹ 1,000 included in current assets) at 10% more t book value. It agreed to take over creditors also. The purchase price was t discharged by the issue of 2000 shares of ₹ 10 each at the market value of each and the balance in cash. Liquidation expenses amounted to ₹ 400.

Major Ltd. sold the fixed assets of ₹ 4,000 and realised the book value to pa its debentures and liquidation expenses.

You are required to prepare Realisation Account, Shareholders Account Debenture holders Account.

2

10. Following are the Balance Sheets of H Ltd. and its subsidiary S Ltd. drawn up at 31st March 2016. H Ltd. acquired shares in S Ltd. on 1st April 2015 on which date general reserve of 'S' Ltd. amounted to ₹ 20,000 and the Profit and Loss balance ₹ 40,000 (credit).

Liabilities	**H Ltd.**	**S Ltd.**	**Assets**	**H Ltd.**	**S Ltd.**
	₹	₹		₹	₹
Share capital			Property	2,00,000	–
Equity shares of			Plant	2,50,000	2,00,000
₹ 10 each	10,00,000	4,00,000	Shares in S Ltd.		
Reserve	1,00,000	20,000	(30000 shares of		
P and L A/c	1,50,000	60,000	₹ 10 each)	4,00,000	–
Creditors	1,50,000	40,000	Stock	1,50,000	2,00,000
			Debtors	2,00,000	20,000
			Bank	2,00,000	1,00,000
	14,00,000	**5,20,000**		**14,00,000**	**5,20,000**

Prepare the Consolidated Balance Sheet.

11. The following are the summarized Profit and Loss Account of Jyothi Ltd. for the year ending 31st March 2016 and the Balance Sheet as on that date.

		₹			₹
To Opening Stock		99,500	By Sales		8,50,000
To Purchases		5,45,250	By Closing Stock		1,49,000
To Direct Expenses		14,250			
To Gross Profit		3,40,000			
		9,99,000			**9,99,000**
To Operating Expenses			By Gross Profit		3,40,000
Selling Expenses	45,000				
Administration Exp.	1,50,000	1,95,000	By Non Operating Income		
To Non Operating Expenses			Interest	3,000	
			Profit on sale		
Loss on sale of assets		4,000	of Shares	6,000	9,000
To Net profit		1,50,000			
		3,49,000			**3,49,000**

3

Balance Sheet as on 31st March 2016

Liabilities	₹	Assets	₹
Share Capital	2,00,000	Buildings	1,50,000
Reserves	90,000	Machinery	80,000
Profit and Loss A/c	60,000	Stock	1,49,000
Current Liabilities	1,30,000	Debtors	71,000
		Bank	30,000
	4,80,000		**4,80,000**

Calculate (a) G.P. Ratio (b) Net Profit Ratio (c) Operating Profit Ratio (d) Operating Ratio (e) Current Ratio and (f) Acid Test Ratio.

12. Sinchana Ltd. had the following Balance Sheet as on 31st March 2016.

Liabilities	₹	Assets	₹
1500 8% Preference shares of ₹ 100 each	1,50,000	Goodwill	40,000
3000 Equity shares of ₹ 100 each	3,00,000	Buildings	2,00,000
9% Debentures	1,00,000	Patents	70,000
Creditors	35,000	Stock	1,00,000
		Debtors	80,000
		Profit and Loss A/c	95,000
	5,85,000		**5,85,000**

The following scheme of reconstruction was adopted :

a) 8% Preference shares were to be reduced to a share of ₹ 50 each.

b) Equity shares were to be reduced to a share of ₹ 40 each.

c) Debenture holders have agreed to accept 800, 10% Debentures of ₹ 10[illegible] each in full satisfaction of their claims.

d) All the fictitious assets including Goodwill and Patents were to be eliminate[illegible]

e) Buildings to be reduced by 20% and stock by 25%.

f) A provision of 5% on Debtors for doubtful debts was to be created.

Pass the Journal entries and prepare Reconstruction Account after the reco[illegible] struction has been carried out.

SECTION – C

Answer **any two** questions. **(2×24=48)**

13. The summarised Balance Sheet of Alfa Ltd. as on 31st March 2016 being the date of voluntary winding up is as under.

Liabilities	₹	**Assets**	₹
12% Cumulative Preference shares of ₹ 100 each	10,00,000	Buildings	3,86,000
5000 Equity shares of ₹ 100 each, ₹ 60 paid up	3,00,000	Machinery	8,21,000
5000 Equity shares of ₹ 100 each, ₹ 50 paid up	2,50,000	Stock in trade	1,84,000
15% Debentures	4,00,000	Book Debts	13,37,000
Preferential Creditors	1,05,000	P & L A/c	3,72,000
Bank O.D.	3,03,000		
Trade Creditors	7,42,000		
	31,00,000		**31,00,000**

Preference Dividend is in arrears for two years and as per articles, it is payable in the event of Company's winding up. By 31st March 2016 the assets realised were as follows :

	₹
Buildings	9,84,000
Stock	1,63,000
Machinery	7,12,000
Book Debts	11,91,000

Expenses of liquidation are ₹ 54,000. The remuneration to the liquidator is 3% of the amounts realised from the assets, 2% on the amount paid to unsecured creditors. Income tax payable on liquidation is ₹ 44,500.

Assuming that the final payments are made on 31st August 2016, prepare the Liquidator's Final Statement of Account.

14. The following are the Balance Sheets as on 31-12-2015 of X Ltd. and Y Ltd.

Liabilities	X Ltd.	Y Ltd.	Assets	X Ltd.	Y Ltd.
	₹	₹		₹	₹
Equity share capital			Land and Buildings	30,000	–
(₹ 100 per share)	1,00,000	60,000	Plant and Machinery	1,10,000	50,000
6% Debenture of			Stock	16,000	8,000
₹ 10 each	20,000	–	Debtors	14,000	9,000
Reserve Fund	34,000	–	Cash	3,000	1,000
Dividend					
Equalisation Fund	4,000	–			
Employee's					
Provident Fund	3,000	–			
Trade creditors	10,000	8,000			
Profit and Loss A/c	2,000	–			
	1,73,000	**68,000**		**1,73,000**	**68,000**

The two companies agree to amalgamate and form a new company called Z Ltd. which takes over assets and liabilities of both the companies. The authorised share capital of 'Z' Ltd. is ₹ 10,00,000 consisting of 100000 Equity shares of ₹ 10 each.

The assets of X Ltd. are taken over at a reduced valuation of 10% with the exception of Land and Buildings which are accepted at book value.

Both the companies are to receive 5% of the net valuation of their respective business as goodwill.

The entire purchase price is to be paid by Z Ltd. in fully paid shares. In return for debentures in X Ltd., debentures of the same amount and denomination are to be issued by 'Z' Ltd.

Pass Journal entries in the books of X Ltd. and Y Ltd. and also prepare the Opening Balance Sheet of 'Z' Ltd.

15. Moon Ltd. acquired 12000 shares in Star Ltd. for ₹ 1,70,000 on 1st July 2015. The Balance Sheets of two companies on 31-3-2016 were as follows.

	Moon Ltd. ₹	Star Ltd. ₹		Moon Ltd. ₹	Star Ltd. ₹
Share capital :			Goodwill	3,00,000	70,000
(Shares of ₹ 10			Land & Building	4,00,000	1,00,000
each)	10,00,000	2,00,000	Plant & Machinery	5,00,000	1,00,000
General Reserve	4,20,000	1,50,000	Stock	2,00,000	40,000
P & L Account	2,60,000	85,000	Book Debts	3,00,000	85,000
Sundry Creditors	1,90,000	42,000	Investments	1,70,000	–
Bills Payable	80,000	60,000	Loan to Moon Ltd.	–	50,000
Loan from Star Ltd.	50,000	–	Bill Receivable	50,000	30,000
			Cash and Bank	80,000	62,000
	20,00,000	**5,37,000**		**20,00,000**	**5,37,000**

On 1st April 2015 the Profit and Loss Account of Star Ltd. stood at ₹ 40,000 out of which a dividend of 15% on the capital of ₹ 2,00,000 was paid in September 2015.

Bills payable of Star Ltd. represent bills issued in favour of Moon Ltd. which company still held ₹ 40,000 of the bills accepted by Star Ltd. The entire Closing Stock of Star Ltd. represents goods supplied by Moon Ltd. at cost plus 20%.

Prepare the Consolidated Balance Sheet of two companies as on 31-3-2016

16. The assets and liabilities position of Bhavana Co. Ltd. on 31st March 2016, was as follows.

Liabilities	₹	Assets	₹
Authorised capital : 80000		Goodwill	20,000
Equity shares of ₹ 10 each	8,00,000	Land & Building	1,60,000
2000, 9% Preference shares		Plant & Machinery	1,20,000
of ₹ 100 each	2,00,000	Investments	24,000
Issued and paid up capital :		Stock	54,000
40000 Equity shares of ₹ 10		Debtors	1,18,000
each, ₹ 7.50 per share paid up	3,00,000	Cash in hand	6,000
2000, 9% Preference shares		Profit & Loss A/c	1,42,800
of ₹ 100 each fully paid up	2,00,000		

7

Unsecured loans	80,000		
Trade creditors	48,000		
Bank overdraft	16,800		
	6,44,800		**6,44,800**

Note : a) Dividend on Preference shares are in arrears for two years.

b) No provision has been made for sales tax liability of ₹ 9,600.

Following scheme of reconstruction has been prepared and sanctioned.

i) Uncalled capital is to be called up in full and Equity shares are to be reduced to ₹ 5 per share.

ii) Sales tax liability of ₹ 9,000 is to be paid immediately.

iii) Land and buildings are to be shown in the Balance Sheet at full market value of ₹ 2,20,000 and goodwill is to be written off.

iv) Trade creditors have consented to forego 25% of their liability on a condition that 25% of the net liability is to be paid immediately and the balance is to be paid within one year.

v) Investments are to be taken over by bank in full settlement of the overdraft balance.

vi) Preference shareholders have agreed to give up their right for the two years, dividend and accept twelve fully paid equity shares of ₹ 5 each for each fully paid preference shares.

You are required to (a) pass Journal entries to record the above transactions and (b) draw up a fresh Balance Sheet after giving effect to the scheme of reconstruction.

8

Reg. No. | | | | | | | | | |

BCMCMC 260

Credit Based IV Semester B.Com. Degree Examination, May/June 2016
(2015 – 16 Batch Onwards)
COMMERCE
Financial Accounting – IV

Time : 3 Hours Max. Marks : 120

SECTION – A

Answer **any four** of the following : **(4×6=24)**

1. What is royalty ? Briefly explain different forms of royalty.

2. What do you mean by invoice price ? Give adjusting entries in the books of Head Office under debtor system in branch accounts.

3. A company leased a colliery on 1 January 2013 at a minimum rent of Rs. 40,000 per year, merging into a royalty of Rs. 10 per ton with a right to recoup short working over the first three years of the lease. The outputs of the colliery for the first three years were :

Year :	2013	2014	2015
Output :	3,000	3,500	5,000

Show Minimum rent A/c, short working A/c in the books of company.

4. Krishna Ltd. Mangalore, invoices goods to its Navunda branch at cost. The branch sells the goods only for cash. From the following information, prepare Branch Account for the year ending 31-03-2016.

Stock on 1/04/2015	15,500	Cash sales		96,000
Petty cash 1/04/2015	1,500	Cash remitted to branch for :		
Stock on 31/03/2016	21,000	Salary	6,000	
Petty cash 31/03/2016	3,200	Rent	3,600	
Goods sent to branch	64,400	Petty cash	2,400	12,000
Goods returned to branch	5,600			

P.T.O.

9

5. From the following particulars of Sagar Ltd., prepare Departmental Trading an Profit and Loss Account for the year ending 31-03-2015.

	Dept. A	**Dept. B**
	Rs.	**Rs.**
Opening stock	30,000	40,000
Purchases	5,50,000	6,60,000
Wages	1,50,000	1,80,000
Sales	8,00,000	10,00,000
Closing stock	40,000	50,000

General expenses incurred for both departments were Rs. 90,000. Provid depreciation at 10% on Machinery (Book value on 01.04.2014 Rs. 75,000) use in Department B only.

6. Rakesh underwrites the new issues of SONATA Ltd., to the extent of 20,00 shares of Rs. 10 each. The agreed commission was 5% payable as to 60% i cash and the rest in fully paid share. The public subscribed 8,000 shares and th balance had to be taken up by Rakesh.

Show journal entries for the above.

SECTION – B

Answer **any four** of the following : **(4×1**

7. Mr. Pramod is a Scientist. He holds the patent of a new type of electronic watc Hind Watch Co., obtained a license from him to manufacture and sell the watc on following terms :

   i) Hind Watch Co., to pay a royalty of Rs. 10 for every watch produced with minimum payment of Rs. 30,000 per year.

   ii) Excess of minimum payment over actual royalty is recoverable during th two years, subsequent to the year in which excess is paid. The details sale and stock are as follows :

Year	**Watches Sold**	**Watches in Stock at the end**
2012	900	200
2013	2,500	500
2014	5,200	1,000
2015	5,400	600

Prepare analytical table, Royalty A/c and Short working Account in the books Hind Watch Co.

10

8. From the following particulars of Shubha Ltd., prepare Departmental Trading and Profit and Loss Account for the year ending 31-03-2015, after adjusting the unrealized profits, if any.

	Dept. X	Dept. Y
	Rs.	Rs.
Opening stock	25,000	20,000
Purchases	4,50,000	7,78,000
Sales	6,40,000	9,60,000

General expenses incurred for both departments were Rs. 75,000.

Other information :

i) Closing stock of Dept. X is Rs. 27,000 (including goods received from Dept. Y for Rs. 9,000 at cost)

ii) Closing stock of Dept. Y is Rs. 30,000 (including goods received from Dept. X for Rs. 8,000 at cost)

iii) Opening stock of Dept. X and Dept. Y includes goods of the value of Rs. 3,000 and Rs. 2,000 received from Dept. Y and Dept. X respectively at cost.

The gross profit is uniform year to year.

9. Ambika Ltd. Operates a branch at Mandya. Goods are invoiced to the branch at cost plus 25%. From the following particulars, prepare Mandya Branch A/c in the books of Head Office :

	Rs.
Balances on 1-04-2014 :	
Branch Stock at invoice price	1,50,000
Petty Cash	5,000
Branch Debtors	85,000
Furniture	20,000
Cash sales	5,60,000
Total sales	8,80,000
Cash from debtors	2,85,000
Goods sent to Branch	8,00,000
Goods returned by branch	10,000
Goods returned by debtors	4,000
Discount allowed	2,500
Petty expenses	3,600

11

Expenses paid by Head Office :

Rent	24,000	
Salary	42,000	66,000

Branch stock on 31-03-2015
(at invoice price) 1,20,000

It is required to write of depreciation at 10% p.a.

10. Mumbai branch sent the following trial balance to its head office at Delhi as on 31-03-2015 :

Particulars	**Debit**	**Credit**
Stock on 01-04-2015	2,050	–
Debtors and Creditor	11,600	9,000
Cash in hand	6,650	–
Furniture	2,100	–
Goods from head office	39,000	–
Purchases and sales	61,450	1,15,000
Wages	5,900	–
Trade expenses	5,250	–
Goods returned to head office	–	1,850
Head office account	–	7,750
Discuss received	–	400
	1,34,000	**1,34,000**

The stock on 31-03-2015 was Rs. 5,800.

Pass journal entries to incorporate the above figures in the head office books.

11. Visaka Industries Ltd., issued 10,000 equity shares of Rs. 10 each at a premium of Rs. 1 per share. The whole issue was underwritten by underwriters M, N and O as follows :

M – 5000 shares (Firm underwriting 2000 shares)

N – 3000 shares (Firm underwriting 1000 shares)

O – 2000 shares (Firm underwriting 500 shares)

Applications were received for 7500 shares of which marked applications were :

M – 2500 shares

N – 1500 shares

O – 1000 shares

The underwriters were entitled to a commission of 5%. Calculate each underwriter's liability and pass journal entries.

12

12. Konkan traders, Mangaluru, opened a branch at Pune to which goods are sent at selling price which is cost plus 33 ⅓ %. The following relate to the branch for the year 2015. Prepare ledger accounts under stock and debtors system :

Goods sent to branch (selling price)		1,00,000
Cash sales during the year		45,000
Credit sales during the year		35,000
Cash received from debtors		27,500
Discount allowed to debtors		1,000
Bad debts written off		250
Remittance to branch for :		
Rent	2,000	
Salary	2,500	
Other Expense	500	5,000

SECTION – C

Answer **any two** of the following : **(2×24=48)**

13. Hanuman Ltd., patentees of a new type of electrical stoves, on 1-1-2012 issued license to Ram Traders for the manufacture and sale of stoves. On the same day Ram Traders issued a sub license to Lakshman Traders for the same purpose.

The license provides for a royalty of Rs. 10 per stove sold subject to minimum rent of Rs. 75,000 p.a. with a right to recoup the short workings of any year within two subsequent years only. The sub license provided a royalty of Rs. 15 per stove manufactured subject to a minimum rent of Rs. 30,000 p.a. with the right to recoup the short workings of any year in the following year only.

The following information is available

Year	**Ram Traders**	**Lakshman Traders**	
	[Sales Units]	**[Sales Units]**	**[Closing Stock]**
2012	5,000	1,200	400
2013	6,000	1,600	600
2014	7,000	2,700	300
2015	8,000	3,000	200

Prepare necessary account in the books of Ram Traders.

13

14. Elegant Enterprises invoices goods to its branch at Navunda at a profit of 20% on invoice price. From the following information, give journal entries and ledger accounts in the books of Head office under stock and debtor system.

		Rs.
Stock on 1.04.2014 (at invoice price)		1,20,000
Stock on 31.03.2015 (at invoice price)		1,50,000
Debtors on 01.04.2014		60,000
Goods sent to branch at invoice price		6,00,000
Goods returned to branch at invoice price		30,000
Goods returned from debtors		20,000
Cash received from debtors		2,92,000
Discount allowed to debtors		8,000
Cash sales		2,14,000
Credit sales		3,40,000
Deficit in goods at branch at invoice price		6,000
Cash sent to branch for :		
Salary	40,000	
Rent	20,000	
Sundry expenses	6,000	66,000

15. The following trial balances has been extracted from the books of M/s Samrudhi Traders Mangaluru. You are required to prepare Departmental Trading and Profit and Loss Account and Balance Sheet for the year ended 31-03-2015.

Trial Balance as on 31-03-2015

	Dr. Rs.	Cr. Rs.
Stock on 01-04-2014		
A Dept.	11400	–
B Dept.	9,800	–
Purchases		
A Dept.	39,600	–
B Dept.	37,400	–
Sales		
A Dept.	–	74,000
B Dept.	–	66,300

14

Interdepartmental transfers		
A Dept.	–	2,500
B Dept.	2,500	–
Return Inwards		
A Dept.	3,500	–
B Dept.	2,800	–
Rent and rates	18,300	–
Sundry expenses	7,400	–
Wages and Salaries	16,500	–
Advertising and catalogue	8,700	–
Dividend on shares in B Ltd.	–	1,050
Shares in B Ltd.	23,000	–
Carriage inward	2,400	–
Furniture	15,000	–
Provision for bad debts	–	750
Debtors	49,200	–
Creditors	–	29,740
Capital	–	1,00,000
Drawings	20,000	–
Cash at Bank	6,840	–
	2,74,340	**2,74,340**

Additional information :

i) Write off bad debts Rs. 1,200 and increase the provision for bad debts to 5% of book debts.

ii) Sundry Expenses outstanding Rs. 400.

iii) The catalogues in hand were valued at Rs. 600.

iv) Interdepartmental transfers were made at cost price.

v) Depreciation at 10% per annum on furniture.

vi) The stock at 31-03-2015 Dept. A Rs. 29,600, Dept. B Rs. 17,000.

vii) The expenses to be allocated as follows : Dept. A 2/3, Dept. B 1/3.

15

16. Following is the Trial Balance of Chennai Branch of Madhura Ltd., as on 31st March 2015 :

Particulars	Debit Rs.	Credit Rs.
Stock on 1-4-2014	1,64,000	–
Purchases	2,56,600	–
Wages	1,30,700	–
Manufacturing Expenses	68,300	–
Rent (11 months)	33,000	–
Salaries	1,20,000	–
General Expenses	31,000	–
Sales Returns	5,000	–
Goods from Head Office	1,44,000	–
Cash in Hand	10,000	–
Debtors	80,100	–
Creditors	–	54,100
Sales	–	6,99,000
Head Office A/c	–	2,80,000
Discount earned	–	3,000
Purchases Returns	–	6,600
	10,42,700	**10,42,700**

Closing stock at branch is valued at Rs. 2,87,000. The head office maintained Machinery A/c and furniture A/c of branch. In head office books branch machinery stood at Rs. 5,00,000 and branch furniture stood at Rs. 30,000. Depreciation is to be allowed at 15% on machinery and 10% on furniture.

Outstanding rent for the month of March 2015 at branch is Rs. 3,000. The branch has remitted Rs. 80,000 on 31-3-2015 to head office but it was not received by the head office till the date.

Prepare Chennai Branch Trading and Profit and Loss A/c, Chennai Branch A/c and pass journal entries to incorporate above items in the books of head office.

16

Reg. No. | | | | | | | | |

BCMCMC 261

Credit Based IV Semester B.Com. Degree Examination, May/June 2016
(Semester Scheme)
COMMERCE
Cost and Management Accounting – II
(2015-16 Batch Onwards)

Time : 3 Hours Max. Marks : 120

***Instruction** : Give working notes **wherever** necessary.*

SECTION – A

Answer **any four** of the following questions. **(4×6=24)**

1. Define and distinguish allocation and apportionment.

2. What are the criteria for apportionment of factory overheads to cost centres ?

3. State the advantages of integrated system of accounting.

4. Profit as per cost accounts was ₹ 30,500. Reconcile the following items and find out profit as per financial books.

	₹
a) Office overheads overabsorbed	1,100
b) Income tax paid	9,000
c) Interest on investment	17,500
d) Manufacturing overheads underabsorbed	1,300
e) Transfer fees	800
f) Goodwill written off	3,000

5. The following figures have been extracted from the books of a company.

Factory overheads	₹ 6,000
Direct labour hours	1,500
Machine hours	12,000

The following information relates to Job No. 101.

Materials	₹ 1,200
Direct labour cost	₹ 650
Direct labour hours	265
Machine hours	250

P.T.O.

17

You are required to :

a) Calculate factory overhead rates under two methods.

b) Find out the factory cost of Job No. 101 in each case.

6. From the following data compute machine hours for a year.
Normal working days in a year 365. There are 3 days holiday at Deepawali, 2 days at Holi and 2 days at Christmas, exclusive of Sundays. The machine works 8 hours a day and 4 hours on Saturdays. Machine works at 90% of the capacity throughout the year.

SECTION – B

Answer **any four** of the following questions. **(4×12=**

7. Classify the overheads on the basis of functions and behaviour.

8. Explain material cost and labour cost methods of absorbing overheads with their advantages.

9. The following expenses have been incurred in respect of a shop having four identical machines.

	₹
Rent and rates	6,000 p.a.
Power consumed by the shop at 10 paise per unit	4,800 p.a
Repairs	1,000 p.a.
Lighting	800 p.a.
Shop Supervisor's salary	600 p.m.
Lubricants etc.	100 p.m.
Depreciation per machine	600 p.a.

There are two attendants in the shop each getting ₹ 60 per month. Each machine consumes 10 units of power per hour. Calculate the machine hour rate.

18

10. Bharath Manufacturing Co. Ltd. has four production departments I, II, III and IV and two service departments, viz : transport and power supply. The particulars of expenses of the respective departments are as follows :

Production Departments :

	₹
I	1,000
II	900
III	800
IV	700

Service Departments :

	₹
Transport	550
Power supply	380

The service department expenses are charged out on a percentage basis as given below :

	Production Depts.				Transport	Power supply
	I	II	III	IV		
Transport	10%	30%	20%	20%	–	20%
Power Supply	30%	20%	30%	10%	10%	–

Using the above particulars, apportion the service department expenses to various departments on simultaneous equations method.

11. Pass the necessary Journal entries for the following transactions under non-integrated system of accounting.

	₹
Materials bought on credit	35,000
Wages paid	69,000
Materials issued to production	30,000
Materials issued for repairs in factory	5,000
Direct wages allocated to production	62,000

19

Unproductive wages of the factory	7,000
Factory overheads incurred	74,000
Factory overheads absorbed	70,000
Office and administration overhead incurred	35,800
Office and administration overhead absorbed	40,000
Selling and distribution overheads paid	26,000
Selling and distribution overheads absorbed	24,000

12. From the following figures, prepare a Reconciliation Statement.

	₹
Net profit as per cost records	1,72,400
Works overhead under recovered in cost books	3,120
Administration overhead recovered in excess	1,700
Depreciation charged in Financial books	11,200
Depreciation charged in cost books	12,500
Interest received, but not in cost books	8,000
Obsolescence loss charged in financial books	5,700
Income tax provided in financial books	40,300
Bank interest credited in financial books	750
Depreciation of stock charged in financial books	6,750
Stores adjustment credited in financial books	475
Goodwill written off	5,000
Transfer to general reserve	23,755

20

SECTION – C

Answer **any two** questions. **(2×24=48)**

13. From the following information write up necessary accounts in General Ledger of a factory when Cost and Financial Accounts are integrated. Also find out profit.

Ledger balances as on 1-4-2015 :

	₹
Sundry Debtors	20,000
Sundry Creditors	30,000
Bank O/D	40,000
Stock of Raw Materials	50,000

Transactions during the year :

	₹
Materials purchased	80,000
Materials issued to production	1,00,000
Indirect materials issued	4,000
Direct wages incurred	95,000
Direct wages charged to production	93,000
Manufacturing expenses incurred	87,500
Manufacturing expenses charged to production	93,000
Selling expenses	10,000
Finished production at cost	1,91,000
Sales	2,86,000
Closing stock of finished goods	20,000
Payments to Creditors	85,000
Receipts from Debtors	3,00,000

21

14. The following data were obtained from the books of Light Engineering Company for the half year ended 30th September. Calculate the departmental overhead rates for each of the production departments, assuming that the overheads are recovered as a percentage of direct wages :

		Production Departments			Service Departments	
		A	B	C	X	Y
Direct wages	₹	7,000	6,000	5,000	1,000	1,000
Direct Materials	₹	3,000	2,500	2,500	1,500	1,000
Employees	Numbers	200	150	150	50	50
Electricity	KWh	8,000	6,000	6,000	3,000	3,000
Light points	Numbers	10	15	15	5	5
Asset value ('000)	₹	50	30	20	10	10
Area occupied	(Sq. yard)	800	600	600	200	100

The expenses for 6 months were :

	₹
Stores overhead	400
Motive power	1,500
Electric lighting	200
Labour welfare	3,000
Depreciation	6,000
Repairs and maintenance	1,200
General overheads	10,000
Rent and taxes	600

Apportion the expenses of department X in the ratio of 4 : 4 : 3 and that of department Y in proportion to direct wages, to department A, B and C respectively.

22

15. SV Ltd. has furnished you the following information from the financial books for the year ended 30th June :

Profit and Loss Account

	₹		₹
To Opening Stock :			
(500 units at ₹ 35 each)	17,500	By Sales	7,17,500
To Materials used	2,60,000	(10250 units)	
To Direct Wages	1,50,000	By Closing Stock :	12,500
To Gross Profit	3,02,500	(250 units at ₹ 50 each)	
	7,30,000		**7,30,000**
To Factory overheads	94,750	By Gross Profit	3,02,500
To Administration overheads	1,06,000	By Interest	250
To Selling expenses	55,000	By Rent	10,000
To Bad debts	4,000		
To Preliminary expenses	5,000		
To Net Profit	48,000		
	3,12,750		**3,12,750**

The cost sheet shows that factory overheads are absorbed at 60% of labour cost and administration overheads at 20% of factory cost. Selling expenses are charged at ₹ 6 per unit.

The opening stock of finished goods are valued at ₹ 45 per unit.

You are required to prepare :

a) A cost sheet for the year ended 30th June.

b) Reconciliation Statement.

16. What do you mean by Control Account ? What are its advantages ? Explain various Control Accounts maintained under non-integrated system.

23

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Reg. No. | | | | | | | | |

BCMCMC 357

Credit Based VI Semester B.Com. Degree Examination, May/June 2016
(Credit Based Semester Scheme)
COMMERCE
Business Taxation – IV (Elective)

Time : 3 Hours Max. Marks : 120

Instruction : *Provide working notes* ***wherever*** *necessary.*

SECTION – A

Answer **any four** of the following : (4×6=24)

1. Write a note on 'Schedules' under KVAT Act.

2. How cost of transportation, insurance and loading and unloading charges are treated while calculating assessable value for Customs Duty Purposes.

3. Explain the general exemption to small service providers.

4. The gross turnover of a registered dealer for the quarter ending 31st Dec. 2015 is ₹ 9,75,000. From the following information compute his taxable turnover under the CST Act, 1956.

		₹
i)	Sale price of exempted goods	1,50,000
ii)	Export from India	2,50,000
iii)	Sale in the state	3,00,000
iv)	Goods returned under inter-state trade (out of tax rate 14.5%) after 6 months	14,800
v)	Rates of tax on Inter-State sales : ₹ 1,73,000 @ 14.5% ₹ 1,02,000 @ 2%.	

P.T.O.

24

5. ABC Ltd., has supplied a machine to a buyer for door delivery at an all inclusive price of ₹ 14,45,000. The price includes central excise duty at 12.5% and sales tax @ 5.5%. The Company had incurred ₹ 15,000 as cost of transportation and ₹. 7,500 towards transit insurance.

   Calculate the Assessable value under Central Excise Act.

6. Gross value of services provided by an outdoor caterer is ₹ 15,25,000. Out of this, home delivery of food is ₹ 35,000. He is entitled for an abatement of 50%. Find out value of taxable service and service tax payable for December, 2015, assuming that service tax has not been separately collected.

SECTION – B

Answer **any four** of the following : **(4×12**

7. Explain the principles for determining the Inter-State sale or purchase under CST Act.

8. Briefly explain the basis for levy of excise duty.

9. Explain the following services :

   a) Mandap Keepers

   b) Outdoor catering.

10. Hanuman Motors imported a machine worth $ 10,000. However the following expenses are not included in it :

    i) Packing charges $ 400

    ii) Transportation charges by Air

    iii) Insurance premium

    iv) Exchange rate of CBEC 1$ = ₹ 66

    Compute Assessable value and determine customs duty payable.

    Rates : BCD 10%, SAD 4%, education cess 3% and Excise duty for similar goods 12.5%.

25

11. Calculate the total turnover, taxable turnover, input tax, output tax and net tax payable under KVAT. Sale and purchase exclude tax.

 i) Sale of vegetables (1 Schedule) ₹ 30,000 (purchased for ₹ 20,000 from growers in Hassan)

 ii) Sale of unscheduled goods (purchased for ₹ 10,00,000) ₹ 12,50,000.

 iii) Purchase of II schedule goods ₹ 4,00,000.

 iv) Sale of II Schedule goods ₹ 5,80,000.

 v) Export to Japan (III Schedule) ₹ 1,80,000.

 vi) Purchase of goods from unregistered dealers in Mysore (III Schedule) ₹ 3,50,000 out of this purchase, goods worth ₹ 25,000 were returned within 3 months.

 vii) Sale of goods from the above purchases to a dealer in Bangalore ₹ 4,00,000. Out of this sale goods worth ₹ 20,000 were returned within 4 months.

12. Calculate the service tax liability of Brilliant Coaching Centre, Shimoga, for Dec. 2015, from the following details :

	₹
a) Admission fees, tuition fees, test fees collected	26,80,000
b) Fees collected for Postal Coaching	2,30,000
c) Fees collected for English Speaking Course	1,00,000
d) Fees collected for training in music and dance	50,000
e) Tuition fees collected for coaching 8th and 9th standard	25,000
f) Tuition fees collected by Brilliant Degree College recognised by Govt. of Karnataka (a sister concern of assessee)	24,60,000
g) Coaching charges for MBA entrance collected by Brilliant Degree College	2,50,000
h) Cost of study materials freely supplied (above ₹ 5,30,000 includes text books ₹ 80,000)	5,30,000
i) Cost of paper used to prepare study material	2,20,000

Service tax has not been separately collected.

SECTION – C

Answer **any two** of the following : (2×24

13. From the following particulars calculate total turnover, taxable turnover and KVAT payable by a registered dealer of Mysore.

1) Purchased goods from registered dealers in Udupi (III Schedule) ₹ 5,00,000 of these, goods worth ₹ 4,00,000 were sold in Mulky.
2) Sale of cement (V Schedule) to registered dealers in Sagar ₹ 5,00,000. Ce was purchased from a factory in Gulbarga for ₹ 4,00,000. Sales return by S dealers ₹ 50,000 within 5 months.
3) Sale of milk (I Schedule) ₹ 25,000, purchased for ₹ 15,000 from Co-ope Society.
4) Purchase of III Schedule goods from unregistered dealer in Karnataka ₹ 1,75,000. Out of this purchase, goods worth ₹ 10,000 were returned 4 months.
5) Sale of goods from the above purchases to a dealer of Kundapur ₹ 2,15,00 of these sales, goods worth ₹ 15,000 were returned by the purchaser in the month.
6) Sale of goods to a registered dealer of Mumbai ₹ 3,00,000 against FOR These goods were purchased from a registered dealer in Bangalore for ₹ 2,25,000 (unscheduled).
7) Goods sold to unregistered dealers in Shimoga ₹ 2,00,000 (III Schedule). These goods were purchased from registered dealers in Kerala for ₹ 1,75,
8) Sale of II Schedule goods in Mangalore for ₹ 2,50,000 from the purchases in Chennai for ₹ 3,00,000.
9) Export of goods to Newyork ₹ 3,00,000.
10) Transfer of goods to branch at Salem (Tamil Nadu) with FORM F ₹ 1,00,0
11) Transfer of goods to branch at Bangalore ₹ 2,00,000.

All the above prices are exclusive of tax.

27

14. Calculate total turnover, taxable turnover and central Sales tax payable by a registered dealer of Bangalore. (Tax is included in sales).

1) Sale of declared goods to unregistered dealer of Assam (KVAT 5%) ₹ 3,15,000

2) Sale of undeclared goods to registered dealers of Kerala (KVAT 14.5% ₹ 2,29,000.

3) Sale of goods to Govt. of Bihar (exempt under KVAT) ₹ 5,00,000.

4) Declared goods purchased from a registered dealer in Goa ₹ 2,80,000. But wh the goods were in transit they were sold to a registered dealer of Cochin (Keral with Form C by transfer of documents of title to goods for ₹ 3,20,000 (KVAT 5.5%

5) Sale of declared goods to a registered dealer of Orissa with form C ₹ 4,24,00 He returned goods worth ₹ 40,000 after 4 months.

6) Goods worth ₹ 3,60,000 were sent to his agent in Andhra Pradesh. But while t goods were in transit, they were sold to a registered dealer in Orissa with 'C, transfer of documents of title to goods for ₹ 4,08,000 (KVAT 5.5%).

7) Declared goods worth ₹ 3,15,000 were transferred to their branch at Tamil Na without F FORM.

8) Transfer of goods to Mumbai branch against Form F ₹ 2,80,000 (KVAT 5.5%).

9) Export sale to Japan ₹ 12,00,000.

10) Sale of goods to a registered dealer in Mysore ₹ 2,20,000 (KVAT 14.5%).

15. a) A manufacturer has prepared an invoice as under

	₹
1) Price of goods (Excluding excise duty)	7,50,
2) Advertisement charges	50,
3) Marketing and selling organisation charges	25
4) Design and development charges	40
5) Royalty	45

2-8

6) Testing charges 4,000

7) Commission 15,000

8) Servicing charges 40,000

9) Outward handling charges 10,000

10) Outward freight and insurance 22,000

11) KVAT rate 14.5%

12) Discount allowed at 10% on price of goods.

If the rate of central excise duty is 12.5%, how much amount he should charge to the customer as duty. Find the price payable by the customer.

b) BPL Limited manufactured 3000 Fridges. In this connection the following information is available :

1) Retial price of the Fridges ₹ 15,000. It includes excise duty.

2) Sold ₹ 1,800 Fridges to wholesalers. Discount allowed at 20% on Maximu retail price.

3) Fridges sold in retail 500

4) The balance 700 Fridges not removed from factory.

5) The company purchased inputs for manufacture of Fridges ₹ 40 lakh. It includ basic excise duty ₹ 5 lakh.

6) The closing stock of inputs is ₹ 8 lakh.

7) The Company is liable to pay basic excise duty at 12.5%.

8) Rate of abatement is 40%.

Determine the excise duty payable.

29

16. Reliable Industries Ltd., imported a machine from Europe. From the following information, determine the Assessable value and the customs duty payable.

1) Cost of Machine 30,000 Euros. It does not include the following.
2) Packing charges 200 Euros.
3) The importer had sent some spare parts to the exporter. It was used in manufacturing the machine ₹ 2,20,000.
4) Design an development expenses incurred outside India 5,000 Euros.
5) Commission paid to the broker of exporter who arranged the deal 300 Euros.
6) Technical fees paid to exporter after import of machine 4,000 Euros.
7) Transportation charges 1,200 Euros.
8) Insurance premium paid in India 500 Euros.
9) Transportation and insurance charges from port to factory ₹ 10,000.
10) Amount paid to an employee of exporter for assembling the machine in India ₹ 15,000.
11) Exchange rate declared by the board 1 Euro = ₹ 80.
12) Exchange rate declared by RBI 1 Euro = ₹ 82.
13) Rate of Basic Customs Duty is 10%.
14) Rate of Central Excise Duty on such machine manufactured in India is 12.5%.
15) SAD @ 4% and Education cess @ 3% are also leviable.

30

Reg. No. | | | | | | | | | |

BCMCMC 259

Credit Based IV Semester B.Com. Degree Examination, May/June 2016
(2015-16 Batch Onwards, Regular Scheme)
COMMERCE (Economics)
International Trade and Finance – II

Time : 3 Hours　　　　Max. Marks : 80

SECTION – A
ವಿಭಾಗ – ಎ

Answer **any four** questions : **(4×4=16)**

ಯಾವುದಾದರೂ ನಾಲ್ಕು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿರಿ :

1. Write a note on meaning and growth of multi-national corporations.
ಬಹುರಾಷ್ಟ್ರೀಯ ಸಂಸ್ಥೆಗಳ ಅರ್ಥ ಮತ್ತು ಬೆಳವಣಿಗೆಗಳ ಬಗ್ಗೆ ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.

2. What is foreign exchange market ? What are its features ?
ವಿದೇಶಿ ವಿನಿಮಯ ಮಾರುಕಟ್ಟೆ ಎಂದರೇನು ? ಅದರ ಲಕ್ಷಣಗಳೇನು ?

3. Write a note on correspondent banking.
ಬಾತ್ಮೀದಾರ ಬ್ಯಾಂಕಿಂಗ್ ಬಗ್ಗೆ ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.

4. What are NOSTRO, VOSTRO and LORO accounts ?
ನಾಸ್ಟ್ರೋ, ವೋಸ್ಟ್ರೋ ಮತ್ತು ಲೋರೋ ಖಾತೆಗಳು ಎಂದರೇನು ?

5. Write a note on direct quotation of foreign exchange rates.
ವಿದೇಶಿ ವಿನಿಮಯ ದರದ ನೇರ ಉಲ್ಲೇಖನಾ ವಿಧಾನದ ಕುರಿತು ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.

6. Write a note on cross rates.
ಛೇದಕ ದರದ ಬಗ್ಗೆ ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.

SECTION – B
ವಿಭಾಗ – ಬಿ

Answer **any four** questions : **(4×8=32)**

ಯಾವುದಾದರೂ ನಾಲ್ಕು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ :

7. Explain the types of international capital movements.
ಅಂತರರಾಷ್ಟ್ರೀಯ ಬಂಡವಾಳ ಚಲನೆಯ ವಿಧಗಳನ್ನು ವಿವರಿಸಿ.

P.T.O.

8. What are the causes of fluctuations in the foreign exchange rates ?
ವಿದೇಶಿ ವಿನಿಮಯ ದರಗಳ ಏರಿಳಿತಗಳಿಗೆ ಕಾರಣಗಳಾವುವು ?

9. What is 'FEDAI' ? Explain the role and functions of 'FEDAI'.
'ಫೆಡಾಯಿ' ಎಂದರೇನು ? ಅದರ ಪಾತ್ರ ಮತ್ತು ಕಾರ್ಯಗಳನ್ನು ವಿವರಿಸಿ.

10. Explain the meaning, types and facilities available to NRI accounts.
ಅನಿವಾಸಿ ಭಾರತೀಯರ ಖಾತೆಗಳ ಅರ್ಥ, ವಿಧಗಳು ಮತ್ತು ಖಾತೆದಾರರಿಗೆ ದೊರೆಯುವ ಸವಲತ್ತುಗಳನ್ನು ವಿವರಿಸಿ.

11. Explain the balance of payment theory of determination of foreign exchange rate.
ವಿದೇಶಿ ವಿನಿಮಯ ದರ ನಿರ್ಧಾರದ ಪಾವತಿಶೇಷ ಸಿದ್ಧಾಂತವನ್ನು ವಿವರಿಸಿ.

12. Explain the meaning and features of forward exchange market.
ಮುಂದಣ ವಿನಿಮಯ ಮಾರುಕಟ್ಟೆಯ ಅರ್ಥ ಮತ್ತು ಲಕ್ಷಣಗಳನ್ನು ವಿವರಿಸಿ.

SECTION – C
ವಿಭಾಗ – ಸಿ

Answer **any two** of the following questions : **(2×16=32)**
ಕೆಳಗಿನ ಯಾವುದಾದರೂ **ಎರಡು** ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ :

13. Explain the purchasing power parity theory of determination of foreign exchange rate. What are its limitations ?
ವಿದೇಶಿ ವಿನಿಮಯ ದರ ನಿರ್ಧಾರದ ಕೊಳ್ಳುವ ಶಕ್ತಿಯ ಸಮತಾ ಸಿದ್ಧಾಂತವನ್ನು ವಿವರಿಸಿ. ಅದರ ಮಿತಿಗಳಾವುವು ?

14. Explain the meaning, merits and demerits of fixed and flexible exchange rate.
ಸ್ಥಿರ ಮತ್ತು ಅಸ್ಥಿರ ವಿನಿಮಯ ದರಗಳ ಅರ್ಥ, ಒಳಿತು ಮತ್ತು ಕೆಡುಕುಗಳನ್ನು ವಿವರಿಸಿ.

15. Who are the participants in the foreign exchange market ? Explain the functions of the foreign exchange market.
ವಿದೇಶಿ ವಿನಿಮಯ ಮಾರುಕಟ್ಟೆಯಲ್ಲಿ ಪಾಲ್ಗೊಳ್ಳುವವರು ಯಾರು ? ವಿದೇಶಿ ವಿನಿಮಯ ಮಾರುಕಟ್ಟೆಯ ಕಾರ್ಯಗಳನ್ನು ವಿವರಿಸಿ.

16. Explain the organisation and functioning of the foreign exchange department of a Bank.
ಒಂದು ಬ್ಯಾಂಕ್‌ನ ವಿದೇಶಿ ವಿನಿಮಯ ವಿಭಾಗದ ಸಂಘಟನೆ ಮತ್ತು ಕಾರ್ಯವಿಧಾನಗಳನ್ನು ವಿವರಿಸಿ.

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32

Reg. No. | | | | | | | | | |

BCMCMC 354

Credit Based VI Semester B.Com. Degree Examination, May/June 2016
COMMERCE
Financial Accounting – VI

Time : 3 Hours | Max. Marks : 120

***Instruction**: Give working note **wherever** necessary.*

SECTION – A

Answer **any four** questions. (4×6=24)

1. Write a note on Net Assets method of calculation of Purchase Consideration.

2. State the meaning and modes of liquidation of a Joint Stock Company.

3. Write a note on intercompany debts with examples in case of Holding Company Accounts.

4. The Unfortunate Ltd. went into voluntary liquidation when its liabilities were as under :

	₹
Secured Creditors	2,00,000
Preferential Creditors	40,000
Unsecured Creditors	5,00,000

The liquidator realized ₹ 2,50,000 from the securities held by secured creditors and ₹ 60,000 from other assets. Cash in hand amounted to ₹ 11,000.

The cost of liquidation amounted to ₹ 19,900 and liquidators remuneration was fixed at 3% on the amount realized (except cash) and 2% on the amount distributed to unsecured creditors.

Prepare Liquidators Final Statement of Account.

5. From the following Balance Sheet of Vanila Ltd., calculate the (a) Current Ratio (b) Debt-Equity Ratio and (c) Proprietary Ratio.

Liabilities	₹	**Assets**	₹
Share Capital	1,80,000	Fixed Assets	3,90,000
Reserve and Surplus	1,20,000	Stock	90,000
Secured Loans (long term)	2,10,000	Debtors	1,05,000
Creditors	90,000	Cash	15,000
	6,00,000		**6,00,000**

P.T.O.

33

6. The Deccan Chargers Ltd. is having the following paid up Share Capital
   a) 2000 Preference Shares of ₹ 100 each ₹ 2,00,000
   b) 4000 Equity Shares of ₹ 100 each ₹ 4,00,000

   The resolution was passed to reduce the capital as under
   a) Preference shares were reduced to ₹ 80 per share fully paid up
   b) Equity shares were reduced to ₹ 50 per share fully paid up.

   The balance in the Capital Reduction Account is used to write-off Goodwill ₹ 80,000, Debit balance in P & L Account ₹ 1,50,000.

   Pass required Journal entries.

SECTION – B

Answer **any four** questions. (4×12=4

7. What is Ratio Analysis ? What are its advantages and limitations ?
8. Distinguish between amalgamation in the nature of purchase and amalgamation in the nature of merger.
9. The following is the Balance Sheet of Major Ltd. on 31st March 2016.

Liabilities	₹	Assets	₹
2000 shares of ₹ 10 each fully paid	20,000	Goodwill	4,000
		Fixed assets	16,500
Profit and Loss A/c	7,000	Current assets	19,500
Debentures	10,000		
Creditors	3,000		
	40,000		**40,000**

   Minor Ltd. agreed to take over the assets of Major Ltd. (exclusive of one fixed asset of ₹ 4,000 and cash ₹ 1,000 included in current assets) at 10% more than book value. It agreed to take over creditors also. The purchase price was to be discharged by the issue of 2000 shares of ₹ 10 each at the market value of ₹ 15 each and the balance in cash. Liquidation expenses amounted to ₹ 400.

   Major Ltd. sold the fixed assets of ₹ 4,000 and realised the book value to pay of its debentures and liquidation expenses.

   You are required to prepare Realisation Account, Shareholders Account anc Debenture holders Account.

34

10. Following are the Balance Sheets of H Ltd. and its subsidiary S Ltd. drawn up at 31st March 2016. H Ltd. acquired shares in S Ltd. on 1st April 2015 on which date general reserve of 'S' Ltd. amounted to ₹ 20,000 and the Profit and Loss balance ₹ 40,000 (credit).

Liabilities	**H Ltd.**	**S Ltd.**	**Assets**	**H Ltd.**	**S Ltd.**
	₹	₹		₹	₹
Share capital			Property	2,00,000	–
Equity shares of			Plant	2,50,000	2,00,000
₹ 10 each	10,00,000	4,00,000	Shares in S Ltd.		
Reserve	1,00,000	20,000	(30000 shares of		
P and L A/c	1,50,000	60,000	₹ 10 each)	4,00,000	–
Creditors	1,50,000	40,000	Stock	1,50,000	2,00,000
			Debtors	2,00,000	20,000
			Bank	2,00,000	1,00,000
	14,00,000	**5,20,000**		**14,00,000**	**5,20,000**

Prepare the Consolidated Balance Sheet.

11. The following are the summarized Profit and Loss Account of Jyothi Ltd. for the year ending 31st March 2016 and the Balance Sheet as on that date.

		₹			₹
To Opening Stock		99,500	By Sales		8,50,000
To Purchases		5,45,250	By Closing Stock		1,49,000
To Direct Expenses		14,250			
To Gross Profit		3,40,000			
		9,99,000			**9,99,000**
To Operating Expenses			By Gross Profit		3,40,000
Selling Expenses	45,000				
Administration Exp.	1,50,000	1,95,000	By Non Operating Income		
To Non Operating Expenses			Interest	3,000	
			Profit on sale		
Loss on sale of assets		4,000	of Shares	6,000	9,000
To Net profit		1,50,000			
		3,49,000			**3,49,000**

Balance Sheet as on 31st March 2016

Liabilities	₹	Assets	₹
Share Capital	2,00,000	Buildings	1,50,000
Reserves	90,000	Machinery	80,000
Profit and Loss A/c	60,000	Stock	1,49,000
Current Liabilities	1,30,000	Debtors	71,000
		Bank	30,000
	4,80,000		**4,80,000**

Calculate (a) G.P. Ratio (b) Net Profit Ratio (c) Operating Profit Ratio (d) Operating Ratio (e) Current Ratio and (f) Acid Test Ratio.

12. Sinchana Ltd. had the following Balance Sheet as on 31st March 2016.

Liabilities	₹	Assets	₹
1500 8% Preference shares of		Goodwill	40,000
₹ 100 each	1,50,000	Buildings	2,00,000
3000 Equity shares of ₹ 100		Patents	70,000
each	3,00,000	Stock	1,00,000
9% Debentures	1,00,000	Debtors	80,000
Creditors	35,000	Profit and Loss A/c	95,000
	5,85,000		**5,85,000**

The following scheme of reconstruction was adopted :

a) 8% Preference shares were to be reduced to a share of ₹ 50 each.

b) Equity shares were to be reduced to a share of ₹ 40 each.

c) Debenture holders have agreed to accept 800, 10% Debentures of ₹ 100 each in full satisfaction of their claims.

d) All the fictitious assets including Goodwill and Patents were to be eliminated.

e) Buildings to be reduced by 20% and stock by 25%.

f) A provision of 5% on Debtors for doubtful debts was to be created.

Pass the Journal entries and prepare Reconstruction Account after the reconstruction has been carried out.

SECTION – C

Answer **any two** questions. **(2×24=48)**

13. The summarised Balance Sheet of Alfa Ltd. as on 31st March 2016 being the date of voluntary winding up is as under.

Liabilities	₹	**Assets**	₹
12% Cumulative Preference shares of ₹ 100 each	10,00,000	Buildings	3,86,000
5000 Equity shares of ₹ 100 each, ₹ 60 paid up	3,00,000	Machinery	8,21,000
5000 Equity shares of ₹ 100 each, ₹ 50 paid up	2,50,000	Stock in trade	1,84,000
15% Debentures	4,00,000	Book Debts	13,37,000
Preferential Creditors	1,05,000	P & L A/c	3,72,000
Bank O.D.	3,03,000		
Trade Creditors	7,42,000		
	31,00,000		**31,00,000**

Preference Dividend is in arrears for two years and as per articles, it is payable in the event of Company's winding up. By 31st March 2016 the assets realised were as follows :

	₹
Buildings	9,84,000
Stock	1,63,000
Machinery	7,12,000
Book Debts	11,91,000

Expenses of liquidation are ₹ 54,000. The remuneration to the liquidator is 3% of the amounts realised from the assets, 2% on the amount paid to unsecured creditors. Income tax payable on liquidation is ₹ 44,500.

Assuming that the final payments are made on 31st August 2016, prepare the Liquidator's Final Statement of Account.

37

14. The following are the Balance Sheets as on 31-12-2015 of X Ltd. and Y Ltd.

Liabilities	X Ltd.	Y Ltd.	Assets	X Ltd.	Y Ltd.
	₹	₹		₹	₹
Equity share capital			Land and Buildings	30,000	–
(₹ 100 per share)	1,00,000	60,000	Plant and Machinery	1,10,000	50,000
6% Debenture of			Stock	16,000	8,000
₹ 10 each	20,000	–	Debtors	14,000	9,000
Reserve Fund	34,000	–	Cash	3,000	1,000
Dividend					
Equalisation Fund	4,000	–			
Employee's					
Provident Fund	3,000	–			
Trade creditors	10,000	8,000			
Profit and Loss A/c	2,000	–			
	1,73,000	**68,000**		**1,73,000**	**68,000**

The two companies agree to amalgamate and form a new company called Z Ltd. which takes over assets and liabilities of both the companies. The authorised share capital of 'Z' Ltd. is ₹ 10,00,000 consisting of 100000 Equity shares of ₹ 10 each.

The assets of X Ltd. are taken over at a reduced valuation of 10% with the exception of Land and Buildings which are accepted at book value.

Both the companies are to receive 5% of the net valuation of their respective business as goodwill.

The entire purchase price is to be paid by Z Ltd. in fully paid shares. In return for debentures in X Ltd., debentures of the same amount and denomination are to be issued by 'Z' Ltd.

Pass Journal entries in the books of X Ltd. and Y Ltd. and also prepare the Opening Balance Sheet of 'Z' Ltd.

38

15. Moon Ltd. acquired 12000 shares in Star Ltd. for ₹ 1,70,000 on 1st July 2015. The Balance Sheets of two companies on 31-3-2016 were as follows.

	Moon Ltd.	Star Ltd.		Moon Ltd.	Star Ltd.
	₹	₹		₹	₹
Share capital : (Shares of ₹ 10 each)	10,00,000	2,00,000	Goodwill	3,00,000	70,000
			Land & Building	4,00,000	1,00,000
			Plant & Machinery	5,00,000	1,00,000
General Reserve	4,20,000	1,50,000	Stock	2,00,000	40,000
P & L Account	2,60,000	85,000	Book Debts	3,00,000	85,000
Sundry Creditors	1,90,000	42,000	Investments	1,70,000	–
Bills Payable	80,000	60,000	Loan to Moon Ltd.	–	50,000
Loan from Star Ltd.	50,000	–	Bill Receivable	50,000	30,000
			Cash and Bank	80,000	62,000
	20,00,000	**5,37,000**		**20,00,000**	**5,37,000**

On 1st April 2015 the Profit and Loss Account of Star Ltd. stood at ₹ 40,000 out of which a dividend of 15% on the capital of ₹ 2,00,000 was paid in September 2015.

Bills payable of Star Ltd. represent bills issued in favour of Moon Ltd. which company still held ₹ 40,000 of the bills accepted by Star Ltd. The entire Closing Stock of Star Ltd. represents goods supplied by Moon Ltd. at cost plus 20%.

Prepare the Consolidated Balance Sheet of two companies as on 31-3-2016

16. The assets and liabilities position of Bhavana Co. Ltd. on 31st March 2016, was as follows.

Liabilities	₹	**Assets**	₹
Authorised capital : 80000 Equity shares of ₹ 10 each	8,00,000	Goodwill	20,000
		Land & Building	1,60,000
2000, 9% Preference shares of ₹ 100 each	2,00,000	Plant & Machinery	1,20,000
		Investments	24,000
Issued and paid up capital :		Stock	54,000
40000 Equity shares of ₹ 10 each, ₹ 7.50 per share paid up	3,00,000	Debtors	1,18,000
		Cash in hand	6,000
2000, 9% Preference shares of ₹ 100 each fully paid up	2,00,000	Profit & Loss A/c	1,42,800

Unsecured loans	80,000	
Trade creditors	48,000	
Bank overdraft	16,800	
	6,44,800	**6,44,800**

Note : a) Dividend on Preference shares are in arrears for two years.

b) No provision has been made for sales tax liability of ₹ 9,600.

Following scheme of reconstruction has been prepared and sanctioned.

i) Uncalled capital is to be called up in full and Equity shares are to be reduced to ₹ 5 per share.

ii) Sales tax liability of ₹ 9,000 is to be paid immediately.

iii) Land and buildings are to be shown in the Balance Sheet at full market value of ₹ 2,20,000 and goodwill is to be written off.

iv) Trade creditors have consented to forego 25% of their liability on a condition that 25% of the net liability is to be paid immediately and the balance is to be paid within one year.

v) Investments are to be taken over by bank in full settlement of the overdraft balance.

vi) Preference shareholders have agreed to give up their right for the two years, dividend and accept twelve fully paid equity shares of ₹ 5 each for each fully paid preference shares.

You are required to (a) pass Journal entries to record the above transactions and (b) draw up a fresh Balance Sheet after giving effect to the scheme of reconstruction.

40