GOA UNIVERSITY

T.Y.B.Com. (NEP) (Semester - V)
Subject: Financial Accounting

Paper Title: Advance Corporate Accounting **Paper Code: CFA 301**

Duration: 2:00 Hours **Total Marks: 80**

Instructions:
i) Answer all Questions.
ii) Question no. Q2 to Q5 have internal choice.
iii) Each Question carries 16 marks.
iv) All Working notes to form part of the answer.

Q1 Answer the following: **(8x2marks=16 Marks)**

a) How are Contingent Liabilities presented? Give one example.

b) Classify the items under main head and sub head as per Schedule III of Companies Act 2013: i) Interest Accured on Reliance bonds ii) Unpaid Dividend

c) Explain the term "Marked Application".

d) Mention any two advantages of firm underwriting to a company.

e) What do you mean by liquidation of a company? Mention two modes of winding up of a company.

f) State two examples of preferential payments under Companies Act, 2013.

g) What is redemption of debentures? State any two methods of redeeming debentures

h) What is meant by Sinking Fund Method of Redemption of Debentures?

Q2A Swiss Company Ltd. was registered with a nominal capital of ₹5,00,000 divided into equity shares of ₹100 each. The following Trial Balance is extracted from the books as on 31st March, 2025: **12 Marks**

Particulars	Amount Dr.(₹)	Particulars	Amount Cr. (₹)
Buildings	2,90,000	Sales	5,20,000
Machinery	1,00,000	Salaries Outstanding	2,000
Opening Stock (1.4.2024)	1,20,000	Provision for Bad Debts (1-4-2024)	3,000
Purchases	2,40,000	Share Capital	2,60,000
Salaries	60,000	General Reserve	40,000

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Directors Fees	10,000	Profit and Loss A/c (1-4-2024)	25,000
Rent	26,000	Trade Creditors	92,000
Depreciation	20,000	Provision for Depreciation on Buildings	50,000
Bad Debts	6,000	Provision for Depreciation on Office Machinery	55,000
Interest accrued on Investment	2,000	14% Debentures	2,00,000
Investment in Deb. of ₹100 each	1,20,000	Interest on Debentures accrued but not due	14,000
Debenture Interest	28,000	Interest on Investment	12,000
Loose Tools	23,000	Unpaid Dividend	5,000
Advance Tax	60,000		
Sundry Expenses	18,000		
Trade Debtors	1,25,000		
Bank	30,000		
	12,78,000		**12,78,000**

You are required to prepare Statement of Profit and Loss Account for the year ended 31st March 2025 as per Schedule III of companies Act 2013 after taking into consideration following adjustments:

i. Stock as on 31st March 2025 valued at ₹90,000.
ii. Provide for bad and doubtful debts @ 4% on Debtors.
iii. Make provision for Income Tax @ 30%.
iv. Depreciation expenses include: ₹8,000 on Buildings and ₹12,000 on Machinery.
v. The directors recommend a dividend @25% after balance sheet date.
vi. Transfer 10% of the net profits to general reserve.

OR

Q2B Following is the trial balance of Madgaon Co. Ltd. As on 31st March 2025 **12 Marks**

Particulars	Debit ₹	Credit ₹
4,00,000 equity shares ₹10/- each		40,00,000
12% Debentures		30,00,000
Profit and loss A/c (balance as on 01/04/2024)		2,62,500
Bills payable		3,70,000
Creditors		4,00,000
Sales		41,50,000
General reserve		2,50,000
Provision for doubtful debts		35,000
Premises	30,72,000	
Plant and machinery	33,00,000	
Opening stock of finished goods	7,50,000	

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Debtors	8,70,000	
Goodwill	2,50,000	
Cash and bank balance	4,81,500	
Bills Receivable	3,92,500	
Purchase of finished goods	18,50,000	
Share issue expenses	50,000	
Salaries	9,79,800	
General expenses	68,350	
Advertisement expenses	2,02,250	
Bad debts	21,100	
Interest on debentures	1,80,000	
	1,24,67,500	**1,24,67,500**

Additional information :

1. Authorized capital of the company is 5,00,000 equity shares of ₹ 10 /- each
2. Write off Share issue expenses fully.
3. Stock of finished goods as on 31st March 2025 is ₹ 9,50,000.
4. Create provision for doubtful debts @5% on debtors .
5. Provide ₹1,80,000 for income tax.
6. Depreciate plant & machinery @ 15% p.a.-
7. The Net Profit of the Company after all adjustments is Rs 1,35,000.

From the above information prepare Balance Sheet as on 31st March 2025 as per Schedule III of companies Act 2013.

Q2C Discuss how Trade Receivables are disclosed in the Balance Sheet as per Schedule III of companies Act 2013. **4 Marks**

Q3A Fabulous Ltd. issued 2,50,000 equity shares of ₹ 10 each at par. 70,000 shares were issued to the promoters and the balance offered to the public was underwritten by three underwriters P, Q and R in the ratio of 2:3:4 with firm underwriting of 5,000, 6,000 and 7,000 shares each respectively. Total subscription received 1,38,800 shares including marked application and excluding firm underwriting. **12 Marks**
Marked applications were as follows:
P - 30,000; Q -35,000; and R -45,000.
Unmarked and surplus applications to be distributed in gross liability ratio.
Ascertain the liability of each underwriter, assuming that the benefit of firm underwriting is not given to individual underwriter.

Q3B Mahindra Ltd. issued 600 equity shares ₹ 100 each and entered into an underwriting agreement with Star and Co. who agreed to underwrite the whole issue at a commission of 4%. The public applied only for 500 shares, hence the balance was taken up by the underwriters. Assuming that all the amount has been received in full. **4 Marks**
Pass entries in the books of the company for:
i)Allotment of shares to public and underwriter

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ii) Commission due to under writer
iii) Net cash paid/received by underwriter.

OR

Q3C Write a note on Underwriting Commission on shares and debentures. **4 Marks**

Q4A Bad Luck Ltd. went in for liquidation on 31st March 2025.The Statement of assets and liabilities of the company as at 31.03.2025 is given below: **12 Marks**

Liabilities	Amount Rs.	Assets	Amount Rs.
2,000 Equity shares of Rs 100 each	2,00,000	Land and Building	2,00,000
3,000 Equity shares of Rs 100 each, Rs 50 paid	1,50,000	Plant and Machinery	2,20,000
1,000 6% Preference shares of Rs 100 each	1,00,000	Stock	1,00,000
6% Mortgage Debentures (floating charge on all assets)	1,00,000	Sundry Debtors	1,00,000
Other Loan (Mortgage on Land and Building)	1,00,000	Cash balance	30,000
Income Tax payable	10,000	Profit & Loss (Dr)	1,00,000
Unsecured Creditors	90,000		
	7,50,000		**7,50,000**

The preference dividends were in arrears for three years. The arrears are payable on liquidation.

The assets were realized as follows:

Particulars	Amount (Rs)
Land and Building	2,40,000
Plant and Machinery	1,80,000
Stock	70,000
Sundry Debtors	60,000

The expenses of liquidation amounted to Rs 8,000. The liquidator is entitled to a commission of 2% on all assets realized and 3% on amounts distributed to unsecured creditors. All payments were made on 30th September 2025.
Prepare Liquidators Final Statement of Account.

Q4B

Explain how assets are classified in the Statement of Affairs **4 Marks**

OR

Q4C

A company goes into liquidation. The following details are given: **4 Marks**

1. Outstanding Wages (for 3 months) – ₹25,000
2. Taxes payable to Government – ₹15,000
3. Unsecured Creditors – ₹1,50,000
4. Liquidator's Remuneration – 3% of assets realized
5. Assets realized – ₹2,50,000

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Calculate :
(a) the total Preferential Creditor.
(b) Calculate Liquidator's Remuneration.

Q5A On 1 January 2022, Zenith Ltd. issued 15,000 10% redeemable debentures of ₹100 each at 2% discount, redeemable at 5% premium on 31 December 2024. The company transfers ₹2,50,000 annually to a Sinking Fund. Amounts are invested in 10% Government Bonds in multiples of ₹100 at par. At the end of the third year the Bonds are sold at Rs.5,25,000. Prepare the Debenture Redemption Fund Account and Debenture Redemption Fund Investments Account for the three years. **12 Marks**

Q5B Sleep Company Ltd. gave notice of its intention to redeem its outstanding 50,000, 10% Debentures of ₹100 each at a premium of 5% and offered the holders option to accept 12% Cumulative Preference Shares of ₹20 each at ₹25 per share. To have their holdings redeemed for cash accordingly, 25,000 debenture holders accepted this proposal. **4 Marks**

Pass the Journal Entries in the books of the company to record only the above transactions.

OR

Q5C Briefly explain Redemption of debentures by own Debenture method. **4 Marks**

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