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IV Semester B.Com. Examination, May/June 2014
(2013-14 and Onwards) (New Syllabus)

COMMERCE

Paper – 4.3 : Advanced Corporate Accounting

Time : 3 Hours

Max. Marks : 100

Instruction : Answer should be written **completely** either in **English** or **Kannada**.

SECTION – A

1. Answer **any 10** of the following. **Each** question carries **2** marks. (10×2=20)
- Who is a liquidator ?
 - What is Capital Reduction A/c ?
 - How do you treat post-acquisition profits of a subsidiary Co. in Holding Co. A/cs ?
 - State any four objectives of amalgamation of Cos.
 - What is social accounting ?
 - Name the two types of amalgamation of companies.
 - What is minority interest ?
 - Who are contributories ?
 - Write any two examples for preferential creditors.
 - What is intangible asset ? Give example.
 - What is internal reconstruction ?
 - How do you treat the excess of net assets over purchase price of the business taken over ?



SECTION – B

- Answer **any four** of the following. **Each** question carries **8** marks. (4×8=32)
- What is Human Resource Accounting ? Explain the different methods of Human Resource Accounting.
 - A Co. Ltd. went into voluntary liquidation with the following liabilities.
Secured creditors ₹ 40,000 (security realised by the liquidator ₹ 50,000)
Preferential creditors ₹ 12,000
Unsecured creditors ₹ 61,000
Liquidation expenses ₹ 500
The liquidator is entitled to a remuneration of 3% on amount realised and 1½% on amount paid to unsecured creditors other than preferential creditors.
The remaining assets realised ₹ 52,000. Prepare Liquidators Statement of A/c.

P.T.O.



4. The share capital of X Ltd., consists of the following :

- 1) 10000, 6% preference shares of ₹100 each.
- 2) 50000 equity shares of ₹ 10 each.

The shares were fully paidup. The Co. has accumulated losses to the extent of ₹ 3,50,000, preliminary expenses of ₹ 20,000 and fixed assets are over valued to the extent of ₹ 4,00,000.

The scheme of capital reduction permits to write off overvalue of fixed assets, losses and expenses. Under this scheme 6% preference shares are to be converted into 7½% preference shares of ₹ 60 each and equity shares are converted into shares of ₹ 2 each.

Pass necessary journal entries.

5. Balance Sheet of M. Ltd. show the following on 31-3-2012 :

100000 equity shares of ₹ 10 each fully paid ₹ 10,00,000

50000 5% preference shares of ₹10 each fully paid ₹ 5,00,000, 6% debentures ₹ 5,00,000

N Ltd. acquired M Ltd. on the same date and agreed to pay the followings :

- a) 50000 equity shares of ₹ 10 @ ₹ 12 each, 30000, 8% preference shares of ₹ 10 each and 7% debentures to the extent of ₹ 2,00,000 to the equity shareholders of M. Ltd.
- b) 30000 equity shares of Rs.10 @ ₹12 each and 20000, 8% preference shares of ₹10 each to the 5% preference shareholders of M Ltd.

Calculate Purchase Consideration.

6. Moon Ltd. acquired 50000 equity shares of Rs. 10 each in King Ltd. on 31-12-2012. Their assets and liabilities as on 31-3-2013 were :

Liabilities	Moon Ltd. ₹	King Ltd. ₹	Assets	Moon Ltd. ₹	King Ltd. ₹
Share capital					
shares of ₹ 10 each	10,00,000	6,00,000	Sundry assets	8,60,000	8,00,000
General Reserve			Investments		
on 31-3-2012	2,00,000	90,000	in shares of		
Profit for the year	1,00,000	60,000	King Ltd.	5,40,000	—
Creditors	1,00,000	50,000			
	14,00,000	8,00,000		14,00,000	8,00,000

Calculate cost of control and minority interest.



SECTION – C

Answer **any 3** questions. **Each** question carries **16** marks.

(3×16=48)

7. Badluck Co. went into voluntary liquidation on 31-3-2013. The position of the Co. on that date was :

Liabilities	Amount ₹	Assets	Amount ₹
5000 6% cumulative preference shares of ₹ 100 each	5,00,000	Land and building	2,50,000
2500 equity shares of ₹ 100 ₹ 75 paid up	1,87,500	Plant and machinery	6,25,000
7500 equity shares of ₹100 each ₹ 60 paid up	4,50,000	Patents	1,00,000
5% mortgage debentures	2,50,000	Stock	1,37,500
O/S debenture interest	12,500	Drs.	2,75,000
Creditors	3,62,500	Bank	75,000
		P and L a/c	3,00,000
	17,62,500		17,62,500

The liquidator is entitled to a commission of 3% on all assets realised except bank and 2% on amount distributed to unsecured creditors.

Creditors include ₹ 17,500 for Income Tax and a loan of ₹ 1,25,000 secured by land and building. Preference dividend was in arrears for 2 years. The assets were realised as follows :

Land and Building Rs. 3,00,000, Machinery ₹ 5,00,000.

Patents ₹ 75,000, Stock ₹ 1,50,000, Debtors 2,00,000.

Expenses of liquidation amounted to ₹ 27,250.

Prepare Liquidators Final Statement of A/c.

8. Raj Ltd. acquired 40000 equity shares of ₹10 each in Kumar Ltd. on 31-3-2012. The following is the financial position of two companies as on 31-03-2013.

Liabilities	Raj Ltd. ₹	Kumar Ltd. ₹	Assets	Raj Ltd. ₹	Kumar Ltd. ₹
Equity shares of ₹ 10 each	10,00,000	5,00,000	Land and Building	2,00,000	1,50,000
General Reserve (31-3-12)	1,00,000	1,00,000	Plant and Machinery	3,00,000	3,00,000
P and L A/c (31-3-12)	50,000	30,000	Stock	75,000	50,000



Profit for the year	60,000	40,000	Debtors	50,000	60,000
Creditors	70,000	50,000	Investments in		
Bills Payable	10,000	5,000	shares of Kumar		
			Ltd.	5,00,000	—
			B/R	10,000	5,000
			Bank	1,55,000	1,60,000
	12,90,000	7,25,000		12,90,000	7,25,000

Additional information :

- B/R of Raj Ltd. includes ₹ 3,000 bills accepted by Kumar Ltd.
- Sundry debtors of Raj Ltd. includes ₹ 10,000 due by Kumar Ltd.
- Stock of Kumar Ltd. includes goods purchased from Raj Ltd. for ₹ 30,000, which were sold by Raj Ltd. at a profit of 25% on cost.

Prepare a Consolidated Balance Sheet.

9. Following is the state of Affairs of Usha Ltd. as on 31-3-13.

Liabilities	₹	Assets	₹
10000 shares of ₹ 10 each	1,00,000	Goodwill	10,000
Bank O/d	15,425	Building	20,500
S. Creditors	15,000	Machinery	50,850
		Stock	10,275
		Debtors	15,000
		Cash	1,500
		P and L A/c	20,800
		Preliminary expenses	1,500
	1,30,425		1,30,425

The company adopted the following scheme of internal reconstruction :

- Reduce the present value of shares to ₹ 5 each fully paid.
- The company to issue 6500 equity shares of ₹ 5 each fully paid and pay off bank overdraft.
- Sundry creditors agreed to forego 20% of their claims as the company decided to pay them cash immediately for the balance.
- Reconstruction expenses amounted to ₹ 1,000
- The directors found that the machinery is overvalued by ₹ 10,000. They also decided to write off intangible assets and P and L a/c completely.

Pass Journal Entries and prepare Reconstructed Balance Sheet.



10. The following is the financial position of X Ltd. and Y Ltd. on 31-3-12 :

Liabilities	X Ltd. ₹	Y Ltd. ₹	Assets	X Ltd. ₹	Y Ltd. ₹
Equity shares of ₹ 100 each	1,00,000	60,000	Land and Building	30,000	—
6% debentures of ₹ 10 each	20,000	—	Plant and Machinery	1,10,000	50,000
Reserve fund	34,000	—	Stock	16,000	8,000
Dividend equalisation fund	4,000	—	Debtors	14,000	9,000
Employee's P.F.	3,000	—	Cash	3,000	1,000
Creditors	10,000	8,000			
P and L A/c	2,000	—			
	1,73,000	68,000		1,73,000	68,000

The two companies agreed to amalgamate to form a new company called Z Ltd.

The authorized capital of Z Ltd. is 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 Building which are accepted at bookvalue.

Both the companies to receive 5% of the 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.

Calculate the Purchase Consideration and prepare Opening Balance Sheet of Z Ltd.