



IV Semester B.Com. Examination, May/June 2018
(CBCS) (2015 – 16 & Onwards) (Semester Scheme) (F + R)
COMMERCE
Paper – 4.3 : Advanced Corporate Accounting

Time : 3 Hours

Max. Marks : 70

Instructions : Answers should be written **completely** either in **English** or in **Kannada**.

SECTION – A

1. Answer **any five** sub question of the following. Each sub question carries **two** marks. **(5×2=10)**
- a) Mention any four types of Preference shares.
 - b) Define purchase consideration.
 - c) What is Human Resources Accounting ?
 - d) What are the function of a liquidator ?
 - e) What is Capital Reduction Account ?
 - f) Distinguish between amalgamation and absorption.
 - g) Give the meaning of Preferential creditors.

SECTION – B

Answer **any three** of the following. Each question carries **six** marks. **(3×6=18)**

2. Explain the need for Environmental Accounting.
3. On the reconstruction of a company, the following terms were agreed upon.
The share holders to receive in place of their present holding (namely 50000 Equity shares of ₹ 50 each). The share holders to receive the following.
 - a) Fully paid Equity shares of $\frac{2}{5}$ th of their present holdings.
 - b) 5% Preference shares fully paid to the extent of $\frac{1}{5}$ th of the above New Equity Shares.
 - c) ₹ 60,000 in Debentures.

Prepare the Capital Reduction Account.

P.T.O.



4. The following is the Balance Sheet of 'A' Co. Ltd. as on 31-3-18.

Liabilities	₹	Assets	₹
Share capital		Land and Buildings	2,00,000
Shares of ₹ 10 each	3,00,000	Machinery	1,00,000
Creditors	60,000	Furniture	10,000
BOD	40,000	Debtors	20,000
		Stock	20,000
		Cash in hand and at Bank	50,000
	4,00,000		4,00,000

The above company was liquidated and all assets and liabilities were sold to 'B' Co. Ltd. for a total purchase consideration of Rs. 4,00,000 which was to be paid in

- a) Cash ₹ 1,00,000 and
- b) 20000 Equity shares of ₹ 10 each at a premium of ₹ 5 per share.

Pass opening entries in the books of 'B' Co. Ltd. assuming that ₹ 20,000 realisation expenses were paid by purchasing company.

5. Unlucky Ltd. went into voluntary liquidation. Its assets realised by ₹ 2,10,000 excluding the amount realised by the sale of securities held by secured creditors. From the following prepare liquidators final statement of Account.

Secured creditors ₹ 17,500 (Security realised ₹ 20,000), preferential creditors ₹ 3,000, unsecured creditors ₹ 1,00,000, debentures (having floating charges on assets) ₹ 1,25,000

liquidation expenses ₹ 2,500

liquidator remuneration is 3% on amount paid to unsecured creditors.

6. A company had 10,000, 6% Redeemable preference shares of ₹ 100 each fully paid. These shares were due for redemption on 31-3-2018 at a premium of 10%. To carry out the redemption the company issued 2500 equity shares of ₹ 100 each at a premium of 7.5%. The company had a balance of ₹ 50,000 in securities premium account and ₹ 9,75,000 in Profit and Loss A/c. Pass necessary Journal Entries.



SECTION - C

Answer **any three** of the following. Each question carries **fourteen** marks. (3×14=42)

7. The following is the summarised Balance Sheet of ABC Ltd. as on 31-3-2018.

Liabilities	₹	₹	Assets	₹
10% Redeemable preference shares of ₹ 100 each	1,00,000		Sundry Assets	8,10,000
(-) calls in arrears	<u>1,000</u>	99,000	Cash at Bank	10,000
50,000 E.S. of ₹ 10 each fully paid			Investments	80,000
General reserve		5,00,000		
Capital reserve		1,00,000		
Creditors		50,000		
		1,51,000		
		9,00,000		9,00,000

For the purpose of redemption of preference shares the company made a fresh issue of 4,500 Equity shares of ₹ 10 each at a premium of 10%. The issue was taken up and paid for in full. The money on calls in-arrears was duly received in full.

The investments were sold for ₹ 75,000

The preference shares were redeemed at a premium of 10%.

Write journal Entries and prepare balance sheet after redemption.

8. Balance sheet of Farewell Ltd. as on 31-3-2018 was

Liabilities	₹	₹	Assets	₹
2,000 preference shares of ₹ 100 each	2,00,000		G/w	15,000
4000 Equity shares of ₹ 100 each	4,00,000		Land & Buildings	2,00,000
8% Mortgage debentures	1,00,000		Plant	3,00,000
Bank loan	50,000		Stock	50,000
Sundry creditors	1,00,000		Debtors	20,000
			Cash	20,000
			P&L A/c	2,45,000
		8,50,000		8,50,000

The following scheme of internal reconstruction was approved by the court.

a) Preference shares are to be reduced to ₹ 50 per share fully paid.

b) Equity shares are to be reduced to ₹ 25 each fully paid.



- c) 8% Debentures holders to take over stock and debtors in full settlement of their amount.
- d) Cost of reconstruction ₹ 15,000.
- e) Eliminate Goodwill and Profit and Loss A/c completely.
- f) Plant value is reduced to 50% of its present value.

Journalise the Entries for the above scheme of internal reconstruction and prepare reconstructed Balance Sheet.

9. Following is the Balance Sheet of Rama Ltd. on 31-3-2018.

Liabilities	₹	Assets	₹
Share Capital		Buildings	1,50,000
30,000 shares of ₹ 10 each		Machinery	1,00,000
fully paid	3,00,000	Stock	35,000
General Reserve	10,000	Debtors	70,000
Profit and Loss A/c	20,000	Bank	5,000
Su. Creditors	50,000	Preliminary expenses	20,000
	3,80,000		3,80,000

Leela Ltd. acquired the business of Rama Ltd. and agreed to take over the assets except the debtors and cash but took over no liabilities. However agree to pay sundry creditors out of the collections of su. debtors which amounted to ₹ 65,000.

Leela Ltd. discharged the purchase consideration by allotment of 10 Equity shares for every 20 shares held in Rama Ltd. of ₹ 10 each at a market price of ₹ 20 each and ₹ 5 in cash for every shares in Rama Ltd. and the expenses of liquidation amounted ₹ 5,000. Show necessary ledger accounts to close the books of Rama Ltd. and prepare Balance Sheet in the book of Leela Ltd. after acquisition.

10. On 1-4-2018 'X' Ltd. and Y Ltd. were amalgamated into 'Z' Ltd. on the basis of the following Balance Sheet.

Liabilities	X Ltd.	Y Ltd.	Assets	X Ltd.	Y Ltd.
Paid-up capital	44,800	35,000	Goodwill	16,000	6,400
Creditors	1,000	1,200	Buildings	10,000	12,000
Reserve	1,600	2,400	Plant	8,200	2,000
P & L A/c	2,200	800	Stock	8,400	6,600
			Debtors	4,600	8,000
			Cash	2,400	4,400
	49,600	39,400		49,600	39,400



Additional Particulars :

- a) Buildings of both companies to be written off by 10%.
- b) Provide 5% RBDD on debtors of both the companies.
- c) Goodwill to be valued at ₹ 9,300 and ₹ 3,000.
- d) The entire amount of purchase consideration was discharged by the allotment of shares.
- e) 'Z' Ltd. agrees to take over the remaining assets and liabilities at book value .
- f) 'Z' paid liquidation expences ₹ 5,000 and 4,000 respectively as part of purchase consideration.

Prepare necessary Ledger A/c's in the books of X Ltd. & Y Ltd.

11. Boss Company Ltd. went into voluntary liquidation on 31-3-2018 on which date dividends on preference shares were in arrears for 3 years. Following is the position of the company.

Share Capital :

6,000 Equity Shares of ₹ 100 each, ₹ 50 per share paid up Rs. 3,00,000
3,000 6% preference shares of ₹ 100 each fully paid ₹ 3,00,000.

Liabilities :

Secured loans against machinery ₹ 30,000
Unsecured creditors ₹ 70,000
Bills payable ₹ 40,000
Preferential creditors ₹ 8,100

Assets realised :

Machinery ₹ 70,000
Other Assets ₹ 3,44,000

The liquidation expenses and legal expenses amounted to ₹ 3,000 and ₹ 1,000 respectively. The liquidator is entitled to a remuneration of ₹ 12,000 and a commission at 5% on the amount paid to the preference share holders as capital and dividend and 5% on the total amount of assets realised and also collected by him.

Prepare liquidators final statement of account.