



MS – 439

IV Semester B.Com. Examination, May 2016
(2013 – 14 and Onwards) (Repeaters)

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

Answer any ten of the following. Each question carries two marks. (10×2=20)

1. a) State any two objectives of amalgamation.
- b) What is meant by net assets method ?
- c) Give the meaning of internal reconstruction.
- d) Who is a liquidator ?
- e) What is capital profit ?
- f) What is reduction of capital ?
- g) What is capital reserve ?
- h) Mention the methods of winding up of companies.
- i) What is a subsidiary company ?
- j) What is Human Resources Accounting ?
- k) Give the meaning of intangible assets.
- l) What do you mean by unrealised profit ?

P.T.O.



SECTION - B

Answer any four questions. Each question carries eight marks.

(4×8=32)

2. Explain the need for Environmental Accounting.
3. Calculate purchase consideration and pass opening entries in the books of purchasing company.

Total assets at book value Rs. 10,00,000.

Assets taken at agreed values Rs. 8,50,000

Total liabilities Rs. 4,00,000

Liabilities not taken over Rs. 1,00,000.

Purchase consideration to be discharged in equity shares of Rs. 10 each.

4. On 31-3-2016 the B/S of 'A' Ltd. and Subsidiary 'B' Ltd. stood as follows.

| Liabilities | A Ltd. | B Ltd. | Assets | A Ltd. | B Ltd. |
|----------------------|-----------------|-----------------|--------------------|-----------------|-----------------|
| | Rs. | Rs. | | Rs. | Rs. |
| Equity share capital | 3,00,000 | 75,000 | Fixed assets | 2,06,250 | 37,500 |
| Reserve 1-4-2015 | 56,250 | 26,250 | Shares in 'B' Ltd. | 1,05,000 | - |
| P & L A/c 1-4-2015 | 33,750 | 20,625 | Current assets | 1,23,750 | 1,14,375 |
| Creditors | 45,000 | 30,000 | | | |
| | 4,35,000 | 1,51,875 | | 4,35,000 | 1,51,875 |

'A' Ltd. acquired 75% of shares of 'B' Ltd. on 31-7-2015.

'B' Ltd. earned profit of Rs. 16,875 for the year ended 31-3-2016.

Find out Minority Interest.



5. S Co. went into liquidation on 1-1-2015. The liquidations whose remuneration is 3% on all assets realised and 2% on amount distributed to shareholders (preference and equity) realised all assets for Rs. 10,00,000.

Expenses of liquidation Rs. 18,000.

Unsecured creditors Rs. 1,36,000 (including salary and wages outstanding Rs. 12,000)

10,000 6% preference shares of Rs. 30 each, Rs. 3,00,000, 20000 equity shares of Rs. 10 each, Rs. 9 per share called up and paid up Rs. 1,80,000.

General reserve Rs. 2,40,000

Profit and Loss A/c Rs. 40,000

Under Articles of Association of the company, the preference shares have the

right to receive $\frac{1^{\text{rd}}}{3}$ of the surplus after repaying the equity share capital.

Prepare Liquidators Final Statement of A/c.

6. M Co. Ltd. made arrangements for its reconstruction. The shareholders had agreed to receive the following in exchange for 50,000 shares of Rs. 10 each held by them.

a) Fully paid equity shares to the extent of $\frac{2^{\text{th}}}{5}$ of their present holding.

b) 5% preference shares to the extent of $\frac{1^{\text{th}}}{5}$ of the above equity shares.

c) 6% debentures of Rs. 60,000

Further, the company issued debentures of Rs. 50,000 to the public and company received the cash. Goodwill of Rs. 3,00,000 was written down to Rs. 1,50,000, machinery to be reduced from Rs. 1,00,000 to Rs. 75,000 the Leasehold property which stood at Rs. 1,50,000 was written down to Rs. 1,25,000.

Give journal entries to the above.



SECTION - C

Answer any three questions. Each question carries sixteen marks. (3×16=48)

7. Following are the Balance Sheet of 'C' Ltd. and 'D' Ltd. as at 31-3-2016.

| Liabilities | C Ltd. | | D Ltd. | | Assets | C Ltd. | | D Ltd. | |
|--|----------|----------|--------|-----|---------------------|-----------------|-----------------|--------|-----|
| | Rs. | Rs. | Rs. | Rs. | | Rs. | Rs. | Rs. | Rs. |
| Equity share capital (15000 shares) | 1,50,000 | 1,50,000 | | | Land and Building | 1,00,000 | 1,50,000 | | |
| Reserves and surplus | 50,000 | 1,00,000 | | | Plant and machinery | 1,50,000 | 1,25,000 | | |
| 12% debentures | 1,00,000 | 1,00,000 | | | Stock | 75,000 | 75,000 | | |
| Creditors | 60,000 | 60,000 | | | Debtors | 25,000 | 50,000 | | |
| | | | | | Cash | 10,000 | 10,000 | | |
| | | | | | | 3,60,000 | 4,10,000 | | |
| | | | | | | | | | |
| | | | | | | 3,60,000 | 4,10,000 | | |

Above companies amalgamate their business and form a new company called 'DC Ltd.'. The assets of both the companies are valued as follows:

Fixed assets 25% more

Stock 15% less and

Debtors 10% less

The purchase consideration is discharged by the issue to both companies sufficient number of equity shares of Rs. 10 each in DC Ltd. at an agreed value of Rs. 12.50 per share.

Prepare necessary Ledger A/c s in the books of C Ltd. and D Ltd.



8. Balance Sheet of Lakshmi Ltd. as at 31-3-2016 was as follows.

| Liabilities | Rs. | Assets | Rs. |
|------------------------|------------------|-------------------|------------------|
| Share capital : | | Goodwill | 30,000 |
| 4000 preference shares | | Freehold premises | 4,00,000 |
| of Rs. 100 each | 4,00,000 | Plant | 6,00,000 |
| 8000 Eq. shares of | | Stock | 1,00,000 |
| Rs. 100 each | 8,00,000 | Debtors | 80,000 |
| 5% mortgage debentures | 2,00,000 | P and L A/c | 4,90,000 |
| Bank overdraft | 1,00,000 | | |
| Creditors | 2,00,000 | | |
| | 17,00,000 | | 17,00,000 |

The following scheme was approved by the court for the company.

- 1) Preference shares to be reduced to Rs. 75 per share and equity shares to Rs. 37.50 per share.
- 2) Debenture holders to take over stock and debentures in full satisfaction of the amount due to them.
- 3) Goodwill to be eliminated completely.
- 4) Freehold premises to be depreciated by 50%.
- 5) Plant to be appreciated by Rs. 1,00,000.

Give journal entries and prepare the Revised Balance Sheet.



9. Unhealthy Company went into voluntary liquidation on 31-3-2016. The position of the Co. on that date was as follows.

| Liabilities | Rs. | Assets | Rs. |
|--|------------------|---------------------|------------------|
| 5000 6% cumulative preference shares of Rs. 100 each | 5,00,000 | Land and Building | 2,50,000 |
| 2500 equity shares of Rs. 100, Rs. 75 paid up | 1,87,500 | Plant and Machinery | 6,25,000 |
| 7500 equity shares of Rs. 100 each, Rs. 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 | Debtors | 2,75,000 |
| Creditors | 3,62,500 | Bank | 75,000 |
| | | P & 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. Creditor include Rs. 17,500 for income tax and a loan of Rs. 1,25,000 secured by Land and Building preference dividend was in arrears for two years the assets were realised as follows.

Land and buildings Rs. 3,00,000, machinery Rs. 5,00,000 patents Rs. 75,000 stock Rs. 1,50,000, debtors Rs. 2,00,000 expenses of liquidation amounted to Rs. 27,250.

Prepare Liquidator Final Statement of A/c.



10. From the following B/S of Aruna Limited and its subsidiary Kumari Limited. Prepare Consolidated B/S as on 31-3-2016.

| Liabilities | Aruna | Kumari | Assets | Aruna | Kumari |
|-------------------------|------------------|-----------------|--------------|------------------|-----------------|
| | Ltd. | Ltd. | | Ltd. | Ltd. |
| | Rs. | Rs. | | Rs. | Rs. |
| Equity share capital of | | | Goodwill | - | 20,000 |
| Rs. 5 each | 10,00,000 | 2,00,000 | Building | 2,00,000 | 70,000 |
| General Reserve | 1,00,000 | 40,000 | Machinery | 6,00,000 | 1,20,000 |
| P & L A/c | 50,000 | 64,000 | Shares in | | |
| Creditors | 90,000 | 24,000 | Kumari Ltd. | 1,70,000 | - |
| Bills payable | 60,000 | 12,000 | Stock | 2,00,000 | 60,000 |
| | | | Debtors | 1,20,000 | 24,000 |
| | | | B/R | - | 36,000 |
| | | | Cash in hand | 10,000 | 10,000 |
| | 13,00,000 | 3,40,000 | | 13,00,000 | 3,40,000 |

The Aruna Ltd. purchased 30,000 shares in Kumari Ltd. on 30-9-2015. The Balance in general reserve and P and L A/c of Kumari Ltd. stood at Rs. 12,000 and Rs. 8,000 respectively. On 1-4-2015. The B/R of Kumari Ltd. Rs. 18,000 is accepted by Aruna Ltd. The debtors of Kumari Ltd. Rs. 4,000 due from Aruna Ltd. The stock of Kumari Ltd. includes goods purchased from Aruna Ltd. for Rs. 20,000 which are invoiced by Aruna Ltd. at a profit of 25% on cost.