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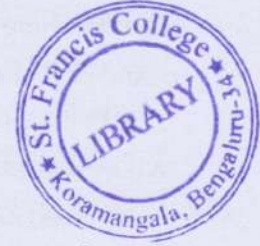
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III Semester B.Com(Hons) Degree Examination, March/April - 2021**COMMERCE****Corporate Accounting-II****(CBCS Scheme Freshers 2019-20)****Paper - 3.5****Time : 3 Hours****Maximum Marks : 70****Instructions to Candidates :***All the answers to be written in English only.***SECTION - A**

1. Answer any **FIVE** each question carries **2** marks.

(5×2=10)

- Mention any two functions of a liquidator.
- What is Green Accounting?
- Give the meaning of insider trading.
- What is meant by purchase consideration?
- When does a company resort to internal reconstruction?
- Give four examples of preferential creditors.
- What are the different types of amalgamation?

**SECTION - B**

Answer any **THREE** of the following. Each question carries **5** marks.

(3×5=15)

2. The following particulars relate to Sanath Ltd., which went into voluntary liquidation.

Preferential creditors Rs. 40,000

Unsecured creditors other than preferential creditors Rs. 3,20,000

Debenture holders Rs. 1,00,000

Assets Realized Rs. 3,96,500

Liquidation expenses Rs. 10,000

You are required to prepare liquidator's Final statement of account allowing for his remuneration at 2% on assets realized and 2% on amount distributed to unsecured creditors including preferential creditors.

P.T.O.



3. The following is the Balance Sheet of Sai Ltd. as on 31-3-2011:

Liabilities	Amount	Assets	Amount
Share Capital:		Good will	70,000
4,000 Eq. shares of Rs. 100 each	4,00,000	Land & Buildings	1,50,000
8% Pref. Shares of Rs. 100 each	3,00,000	Plant & Machinery	3,50,000
40% Debentures	3,00,000	Patents	20,000
Sundry Creditors	2,00,000	stock	3,20,000
Profit prior to incorporation	10,000	Cash at bank	5,000
		Preliminary expenses	21,000
		Profit and Loss A/c	2,74,000
Total	12,10,000	Total	12,10,000

The following scheme of reconstruction was approved:

- 8% pref. shares be converted into 9% pref. share, the amount being reduced by 30%
- Equity share be reduced to fully paid share of Rs. 50 each.
- Land & Building be appreciated by 20%
- The Debenture Holders are agreeable to have their claims reduced by 20%.
- All intangible assets including patents written off.

Pass the Journal entries in the books of Sai Ltd.

4. The Balance Sheet of Digvijay Ltd. on 31st March, 2013 was as under:

Liabilities	Amount	Assets	Amount
Share Capital:		Land and Building	4,00,000
75000 equity shares of Rs.20 each fully paid	1,50,000	Plant and machinery	2,56,000
		Sundry debtors	1,60,000
10% debentures	4,00,000	Debenture fund investment	80,000
Outstanding debenture interest	40,000	Cash	4,000
Sundry creditors	1,20,000	Preliminary expenses	20,000
General reserve	80,000		
Debenture redemption fund	80,000		
Profit account	50,000		
	9,20,000		9,20,000



Sumanth Ltd. absorbs Digvijay Ltd. on the following terms:

- a) Sumanth Ltd. to take over sundry creditors.
 - b) It will also take over land and buildings, Plant and Machinery and investments a 120% of book values, sundry debtors at 90% of book values and goodwill at Rs. 70,800.
 - c) Liability to debentures including interest to be met by issue of Rs. 5,00,000, 15% debentures by Sumanth Ltd.
5. Explain the different methods of valuation of Human resource accounting?

SECTION - C

Answer any **THREE** of the following. Each question carries **FIFTEEN** marks:

(3×15=45)

6. Robert Ltd sells its business to albert Ltd on 31.3.2015. On that date, its Balance sheet was:

Liabilities	Rs.	Assets	Rs.
2000 shares of Rs. 100 each	2,00,000	Good will	50,000
Debentures	1,00,000	Premises	1,50,000
Trade creditors	30,000	Plant	83,000
Reserve Fund	50,000	Stock	39,500
Profit & Loss account	20,000	Debtors	27,500
		Cash	50,000
	4,00,000		4,00,000

Albert Ltd agreed to take over the assets (exclusive of cash and Goodwill) at 10% less than the book value, to pay Rs. 75,000 for Goodwill and to take over debentures.

The purchase consideration was too discharged by the allotment of 1,500 shares of Rs. 100 each at a premium of Rs. 10 per share and balance in cash. Cost of liquidation amounted to Rs. 3,000 met by the purchasing company. Show the necessary accounts in the books of Robert Ltd. Pass the necessary Journal Entries in the books of Albert Ltd.



7. Pavan Ltd. went into voluntary liquidation on 31st march 2015. The following is the balance sheet as on that date:

Liabilities	Amount	Assets	Amount
Share Capital:		Freehold properties	5,80,000
6000, 5% cumulative preference	6,00,000		
Shares of Rs. 100 full paid			
50,000 equity shares of Rs. 10 each			
fully called 5,00,000	4,75,000		
Less: calls in arrears 25,000			
Share premium account	50,000	plant	2,89,000
5% debentures	1,00,000	Motor vehicle	57,500
Interest on Outstanding debentures	2,500	Stock	1,86,000
Bank overdraft	58,000	Debtors	74,000
Creditors (Including preferential	1,15,000	Profit/loss account	2,14,000
creditors Rs. 15,000			
Total	14,00,500	Total	14,00,500

The preference dividends are in arrears from 1st April 2011. The company's Articles provide for the payment of premium of Rs. 12.50 per share along with any arrears of dividend to the cumulative preference shareholders in the event of liquidation of the company and payable in priority to the equity shareholders.

The bank O/D was guaranteed by the directors who duly implemented their guarantee.

Liquidator realized the assets:

Property	Rs. 7,00,000;
Plant	Rs. 2,40,000;
Motor Vehicles	Rs. 50,000;
Stock	Rs. 1,50,000;
Debtors	Rs. 60,000.

The calls in arrears were duly collected by him.

The trade creditors agreed to receive 5% less than their claims. The cost of liquidation Rs. 2,750. The liquidator's remuneration was 2.5% on the total amount realized and 1% on the amount paid to unsecured creditors. Prepare the liquidators Final statement of Account, indicating the amount repaid on each equity share by the liquidator.



8. Following is the balance sheet of Raghu Ltd as on 31.03.2015

Liabilities	Rs.	Assets	Rs.
13% Cumulative preference shares of Rs. 100 each	1,00,000	Fixed Assets	15,00,000
Equity share of Rs. 10	7,00,000	Current Assets	35,00,000
8% Debentures	3,00,000	Profit/loss A/C	3,00,000
Current Liabilities	39,00,000		
Provision for tax	3,00,000		
	<u>53,00,000</u>		<u>53,00,000</u>

The following scheme of reconstruction was adopted:

- Fixed assets are to be written down by 33.33% current assets are to be revalued at 27,00,000
- Preference share hold forgo their right of arrears of dividend which are in arrears for 3 years
- The taxation liabilities is settled at Rs. 4,00,000
- One of the creditor of the company to whom the company owes Rs. 25,00,000 decides to forgo 50% of its claim is allotted 1,00,000 equity shares of Rs. 5 each in part satisfaction of the balance of its claim.
- The rate of interest on debenture increased to 11%. The debenture holders surrender their existing debentures of Rs. 100 each & exchange the same for fresh debenture of Rs. 75 each.
- All existing equity shares are reduced to Rs. 5 each.
- All preference shares reduced to Rs. 75 each.

Journalize the following and prepare new reconstructed balance sheet.

9. a) The paid up capital of a company is 5,00,000 and it includes 2000, 5% cumulative preference shares of Rs. 100 each and 30,000 equity shares of Rs. 10 each.

Because of heavy losses the company has decided to reduce the burden of its capital and has secured the following permission:

- Reduction in the value of patents by 70,000; machinery by 17,000; equipment's by 2,000.



- Cancellation of the balance of loss of 1,98,000 shown on the profit/loss account
- Writing down the balance of R&D expenditure account using the balance remaining in the capital reduction account (the research expenditure is shown in the balance sheet at 79,000)

The approved scheme of capital reduction is as follows:

- In exchange for every five, 5% preference shares issue of three, 4% preference shares of Rs. 100 each and 20 ordinary shares of Rs. 2 each.
 - Issue of one equity share of Rs. 2 in payment of arrears of preference share dividend of Rs. 10: the total arrears of preference dividend are 30,000. The dividend is not yet declared
 - Issue of one new equity share of Rs. 2 in exchange for every five ordinary shares. Draft journal entries.
- b) ABC Ltd went into voluntary liquidation on 1-4-2000 as its mines reach such a state of depletion that it became too costly for further minerals. The liquidators whose remuneration is 3% on realization and 2% on distribution to shareholders all the assets are realized.

Following is the position of the company on liquidation as on 31-3-2000.

- Cash on realization of assets Rs. 5,00,000
- Expenses of liquidation Rs. 7,000
- Unsecured creditors Rs. 68,000
- 5000 6% cumulative preference shares of Rs. 30 each fully paid 1,50,000
- 10000 equity shares of Rs. 10 each 1,00,000.
- General reserve as at 31-3-2000=1,24,000



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- Profit and loss account credit balance as on 31-3-2000=20,000
- Preferential creditors = 9,000
- Dividend on preference shares have been paid up to 31-3-2000 and automatically become payable when profits are available.

Prepare liquidator final statement of accounts.
