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IV Semester B.Com./LSCM/T&T/A&F/IAS Degree Examination,

September - 2023

COMMERCE

Advanced Corporate Accounting

(CBCS NEP Scheme Freshers Regular)

Time : 2½ Hours

Maximum Marks : 60

Instructions to Candidates:

Answer should be written completely in english only.

SECTION - A

Answer any **Five** Sub questions. Each Sub question carries 2 marks.

(5×2=10)

1. a) What are cumulative preference shares?
- b) State any two conditions for Redemption of preference shares.
- c) Give the meaning of purchase consideration.
- d) Mention two forms of internal Reconstruction.
- e) Who are secured creditors?
- f) Mention the methods of Redemption of Debentures.

(OR)

What is a Business Combination?

- g) What are own debentures?

(OR)

What are Minority Interest?



SECTION - B

Answer any **Four** questions. Each question carries 5 marks.

(4×5=20)

2. A company had 10,000, 6% Redeemable preference shares of Rs. 100 each fully paid. These shares were due for redemption on 31-3-2023 at a premium of 10%. To carry out the redemption the Company issues 2500 equity shares of Rs. 100 each at a premium of 7.5%. The company had a balance of Rs. 50,000 in securities premium account and Rs. 9,75,000 in Profit and Loss A/c. Pass necessary Journal entries.

[P.T.O.]

3. Calculate Purchase consideration to be discharged by A Ltd to B Ltd from the following.
- The assets of B Ltd are valued at Rs. 1,00,000.
 - The liabilities of B Ltd. are valued at Rs. 40,000.
 - Rs. 20,000 cash is paid to the share holder of B Ltd.
 - The balance of purchase consideration is discharged by issue of shares of Rs. 10 each at 20 per share.

4. Balance sheet of Bharath Ltd. Stood as follows on 31-03-2023.

| Liabilities | Rs. | Assets | Rs. |
|-------------------------------|------------------|---------------------|------------------|
| 19,000 shares of Rs. 100 each | 19,00,000 | Land and Building | 1,00,000 |
| | | Machinery | 2,60,000 |
| Debentures | 1,00,000 | Furniture | 20,000 |
| Creditors | 1,00,000 | Stock | 3,70,000 |
| | | Debtors | 1,80,000 |
| | | Goodwill | 2,00,000 |
| | | Profit and Loss A/c | 9,70,000 |
| | <u>21,00,000</u> | | <u>21,00,000</u> |

The company is to be reconstructed as follows:

- Shares of Rs. 100 are to be reduced to an equal number of fully paid shares of Rs. 40 each.
 - To Issue 1000 new shares of Rs. 40 each as fully paid up to debenture holders in full settlement.
 - The amount available is to be utilised in writing off the goodwill and profit and loss A/c and the balance in writing down the value of Machinery.
 - Authorised capital of the company is 20,000 share of Rs. 100 each.
Give the necessary Journal entries.
5. Unlucky Ltd went into voluntary liquidation. Its assets realised by Rs. 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 Rs. 17,500 (Security realised Rs. 20,000), preferential creditors Rs. 3,000, unsecured creditors Rs. 1,00,000, debentures (having floating charge on assets) Rs. 1,25,000, liquidation expenses Rs. 3,000. Liquidator remuneration is 3% on amount paid to unsecured creditors.
6. On 1st January 2023 Manoj products Ltd. issued debentures for Rs. 1,00,000 redeemable at par at the end of 5 years and it was resolved that a sinking fund should be formed and invested in government securities. Show Sinking fund ledger Account for 5 years. Assuming that the interest rate was 5% and investments were realised at a loss of Rs. 300 at the end of 5 years. The Sinking fund table shows that Rs. 0.180975 invested at the end of each year at 5%. Compound interest will produce Rs. 1 at the end of 5 years.

(OR)

Mahi Ltd acquired 60% shares of since Sonu Ltd on 1.7.2022. the following information is available as on 31.3.2023.

- Share capital 1,00,000 equity shares of Rs. 10 each
- General reserve as on 1.4.2022 Rs. 80,000
- P and L A/c balance (Cr.) on 1.4.2022 Rs. 60,000
- Net Profit for the year ended 31.03.2023 Rs. 1,00,000

Calculate Non - Controlling cost.

SECTION - C

Answer any Two questions. Each question carries 12 marks.

(2×12=24)

7. S Ltd was absorbed by M Ltd on 31.03.2023 on which date the Balance sheet of S Ltd was as follows.

| Liabilities | Rs. | Assets | Rs. |
|-----------------------------|------------------|----------------|------------------|
| Equity share capital | 6,00,000 | Building | 4,00,000 |
| 5% Preference share capital | 4,00,000 | Plant | 2,00,000 |
| Sundry Creditors | 1,50,000 | Current Assets | 2,00,000 |
| | | P and LA/c | 3,50,000 |
| | <u>11,50,000</u> | | <u>11,50,000</u> |

M Ltd took over buildings at Rs. 3,00,000 Plant at Rs. 1,40,000 and stock at Rs. 60,000. The purchase consideration is to be satisfied by the issue of 8% preference shares of Rs. 100 each and Equity shares of Rs. 10 each in 3:2 ratio

The preference share holders are to be settled in fully by the allotment of new preference shares. Sundry debtors realised Rs. 1,50,000 and Rs. 1,10,000 was paid to sundry creditors in full settlement (There were no other current assets) Cost of liquidation Rs. 10,000. Prepare necessary ledger accounts in the books of S Ltd and Balance sheet in the books of M Ltd.

8. Given below is the Balance sheet of Vishal Ltd as on 31.03.2023.

| Liabilities | Rs. | Assets | Rs. |
|---|-----------------|----------------------|-----------------|
| 10,000, 8% preference Shares of Rs. 10 each | 1,00,000 | Goodwill | 2,00,000 |
| 10,000 equity shares of Rs. 10 each | 1,00,000 | Building | 8,000 |
| Creditors | 36,000 | Plant | 10,000 |
| B.O.D. | 40,000 | Debtors | 2,400 |
| | | Stock | 44,000 |
| | | Preliminary expenses | 6,000 |
| | | P & L A/c | 5,000 |
| | | Cash | 600 |
| | <u>2,76,000</u> | | <u>2,76,000</u> |

[P.T.O.]

The following scheme of reconstruction was adopted.

- Rs. 10 preference shares were to be reduced to an equal number of fully paid shares of Rs.8 each
- Rs. 10 equity shares were to be reduced to an equal number of fully paid shares of Rs. 5 each.
- Creditors agreed to Forego Rs. 16,000
- The amount available was to be utilised to the nominal assets and the balance of any to be written off from Goodwill.

Pass Journal Entries and prepare the reconstructed Balance sheet.

9. Unsound company went into liquidation on 1.4.2023. The liquidator is entitled to remuneration of 3% on realization of Assets and 2% on the total final amount distributed to all shareholders. The following was the position as on 31.03.2023.

| | Rs. |
|---|----------|
| Assets realised (including assets given as security) | 5,00,000 |
| Liquidation expenses | 9,000 |
| Creditors (Including salaries and wages due, treated as Preferential Rs. 6,000 and loan of Rs. 25,000 for which Assets offered as security realised Rs. 18,000) | 68,000 |
| 5,000 , 6% preference shares of Rs. 30 each (Dividend paid up to 31.03.2022). | 1,50,000 |
| 10,000 Equity shares of Rs. 10 each, Rs. 9 paid up | 90,000 |
| General Reserve | 1,20,000 |
| Profit and Loss A/c balance | 20,000 |

Under the articles of Association the preference shareholders have the right to receive

$\frac{1}{3}$ of the surplus remaining after repayment of the equity share capital and any arrears of preference Dividend. Prepare the liquidators Final statement of Account showing necessary calculations and workings.

SECTION - D

Answer any One question. Each question carries 6 marks.

(1×6=6)

- Calculation of Purchase consideration under Netpayment method with preference shares , equity shares and cash with imaginary figures.
- Prepare liquidators final statement of Account with imaginary figures.