



DCBC401

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**IV Semester B.Com.(Regular)/LSCM/ T&T/ A&F/ IAS Degree Examination,
June/July - 2025**

COMMERCE

**Advanced Corporate Accounting
(NEP Scheme F+R 2021-22 Onwards)**

Paper : 4.1

Time : 2½ Hours

Maximum Marks : 60

Instructions to Candidates:

Answers should be written completely in English only.

SECTION - A

Answer any FIVE of the following questions. Each question carries 2 marks.

(5×2=10)

1. a. Mention any Four types of Preference shares.
- b. What do you mean redemption of debentures?
- c. Give the transfer entry for redemption of preference share at premium.
- d. Give the meaning of purchase consideration.
- e. What is capital reduction Account?
- f. Give the meaning of Liquidation.
- g. What are Preferential Creditors?

SECTION - B

Answer any FOUR of the following questions. Each question carries 5 marks.

(4×5=20)

2. The following details are extracted from the Balance sheet of Arvind company Ltd. as on 31-03-2025.
 - Preference share capital, 5,000 shares of Rs.100 each on which Rs. 90 per share was paid Rs. 4,50,000.
 - Profits and loss Account Rs. 4,00,000.
 - Reserve Fund Account Rs. 3,00,000.
 - Capital Reserve Account Rs. 1,00,000.
 - Share Premium Account Rs. 50,000.
 - Investment Rs. 6,00,000.
 - Cash at Bank Rs. 2,50,000.

[P.T.O.]



The preference shares were redeemed as on the above date at a Premium of 20% Reserve fund is to be utilized to the minimum extent. Investments were sold to the extent required. You are required to pass necessary Journal entries.

3. A Company issued 10,000 Debentures of Rs. 100 each at par on 1/1/2020 redeemable at par on 31/12/2024. A sinking fund was established for the Purpose. It was expected that investment would earn 5% interest. Sinking fund table shows that Rs. 0.1,80,975 amounts to Rs.1 at the end of 5 years at 5% on 31/12/2024 the investments realized Rs. 7,80,000. The debentures were duly redeemed prepare sinking fund A/c for Four years.
4. Bhoomika Ltd. is taken over by Chaitra Ltd. on the following terms:
- The assets and liabilities of Bhoomika Ltd, shall be valued at Rs. 30,00,000 and Rs. 10,00,000 Respectively.
 - Rs. 5,000 shall be paid in cash and the balance of consideration shall be discharged by issue of shares of Rs. 10 each at a premium of 50%.

Show the calculation of Purchase Consideration.

5. Chandru Ltd., resorted to internal reconstruction. The scheme is as under:
- 80,000 equity shares of Rs. 10 each fully paid, to be converted into 40,000 equity share of Rs. 5 each fully paid.
 - 4,000 12% preference shares of Rs. 100 each fully paid to be converted into 40,000 equity shares of Rs. 5 each fully paid.
 - 600, 15% debentures of Rs. 1,000 each to be discharged by the issue of 80,000 equity shares of Rs.5 each fully paid.
 - The amount so available be appropriated to write off the following: P and LA/c debit balance Rs. 4,00,000, Goodwill Rs. 2,00,000 and plant and Machinery Rs.1,50,000 pass necessary Journal entries in the books of Chandru Ltd.
6. The following Particulars relate to Prasad 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.



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SECTION - C

Answer any TWO of the following questions. Each question carries Twelve marks.
(2×12=24)

7. ABC Ltd. sells its business to XYZ Ltd. on 31/3/2025. on that date its Balance sheet was:

Balance Sheet

Liabilities	Amount	Assets	Amount
2,000 shares of Rs. 100 each	2,00,000	Goodwill	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 and loss A/c	20,000	Debtors	27,500
		Cash	50,000
	4,00,000		4,00,000

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

The purchase consideration was to be discharged by the allotment of 1500 shares of Rs. 100 each at a premium of Rs.10 per share and the balance in cash.

Cost of liquidation amounted to Rs. 3,000 met by ABC Ltd. Show the necessary A/c's in the books of ABC Ltd., and prepare opening Balance sheet of XYZ Ltd.

8. Balance sheet of Farewell Ltd. as on 31/3/2025 was:

Liabilities	Amount	Assets	Amount
2000 preference Shares of Rs. 100 each	2,00,000	Goodwill	15,000
4000 Equity shares of Rs.100 each	4,00,000	Land and Building	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 and LA/c	2,45,000
	8,50,000		8,50,000

[P.T.O.]



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

- a) Preference Shares are to be reduced to Rs.50 per share fully paid.
- b) Equity shares are to be reduced to Rs. 25 each fully paid.
- c) 8% debentures holders to take over stock and debtors in full settlement of their amount.
- d) Cost of reconstruction Rs. 15,000.
- e) Eliminate Goodwill and Pand L A/c completely.
- f) Plant value is to be reduced to 50% of its present value.

Pass the Journal entries for the above scheme of internal reconstruction and prepare reconstruction Balance sheet.

9. Boss Company Ltd. went into voluntary liquidation on 31/3/2025 on which date dividends on preference shares were in arrears for 3 years. Following is the position of the Company.

Share capital:

6000, Equity shares of Rs.100 each, Rs. 50 per share paid up Rs. 3,00,000.
3000, 6% Preference shares of Rs. 100 each fully paid Rs. 3,00,000.

Liabilities:

Secured loans against machinery Rs. 30,000.
Unsecured creditors Rs. 70,000.
Bills Payable Rs.40,000.
Preferential creditors Rs. 8,100.

Assets realized:

Machinery Rs. 70,000.
Other assets Rs. 3,44,000

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

Prepare liquidator's final statement A/c.

SECTION - D

Answer any One of the following questions. Each question carries 6 marks.

(1×6=6)

10. List out any six legal provisions in respect of internal reconstruction.
11. Calculate Purchase consideration with imaginary figures under Net asset Method.