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NP – 288

IV Semester B.Com. (Tourism and Travel Mgt.)
Examination, Aug./Sept. 2023
(NEP Scheme)

4.1 : ADVANCED CORPORATE ACCOUNTING

Time : 2½ Hours

Max. Marks : 60

Instruction : Answer in **English**.



SECTION – A

I. Answer **any six** of the following. **Each** question carries **2** marks. **(6×2=12)**

- 1) a) Who is a liquidator ?
- b) What is meant by redemption of preference shares ?
- c) How do you calculate purchase consideration under net asset method ?
- d) Give the meaning of internal reconstruction.
- e) Mention any two examples of statutory reserves.
- f) What is environmental accounting ?
- g) State any two features of inflation accounting.
- h) What is accounting standards ?

SECTION – B

II. Answer **any three** of the following. **Each** question carries **4** marks. **(3×4=12)**

2) Omkar Ltd. went into voluntary liquidation on 31-3-2022. The other information were as follows :

- * Unsecured creditors was ₹ 4,00,000 including ₹ 50,000 preferential claim.
- * Secured creditors which is secured on plant and machinery stood at ₹ 2,00,000.

P.T.O.



- * Cash in hand was ₹ 10,000. The liquidator realized P and M for ₹ 1,50,000 and other assets realized was ₹ 1,00,000.
- * The liquidation expenses amounted to ₹ 10,000.
- * The liquidators remuneration was fixed at 4% on the amount realized including cash balance and 2% on amount distributed to unsecured creditors including preferential creditors.

You are required to prepare liquidator's final statement of account.

- 3) Briefly explain the need for international accounting standards.
- 4) Sachin Co. Ltd. redeemed its 10,000 PS of ₹ 100 each at a premium of 10%. Though the company had sufficient balance in the reserve fund the company decided to make fresh issue of 6,000 equity share of ₹ 100 each at a premium of 25% for their purpose. You are required to pass necessary journal entries.
- 5) Madhu Ltd. is taken over by Coorg Ltd. on the following terms :
The asset and liabilities of Coorg Ltd. shall be valued at ₹ 30,00,000 and ₹ 10,00,000 respectively. ₹ 5,000 shall be paid in cash and the balance of consideration shall be discharged by issue of shares of ₹ 10 each at a premium of 50%. Calculate purchase consideration.
- 6) The following is the Balance Sheet of Sharath Motors Ltd. as on 31-03-2023.

Liabilities	₹	Assets	₹
13% Cumulative preference		Fixed assets	15,00,000
shares of ₹ 100 each	1,00,000	Current assets	35,00,000
Equity shares of ₹ 10 each	7,00,000	Profit and loss A/c	3,00,000

8% debentures	3,00,000	
Current liabilities	39,00,000	
Provisions for taxation	3,00,000	
	53,00,000	53,00,000

The following scheme of reconstruction was adopted.

- 1) All existing equity shares reduced to ₹ 5 each.
 - 2) All preference shares reduced to ₹ 75 each.
- Pass necessary Journal entries.

SECTION – C

III. Answer **any three** of the following. **Each** question carries **12** marks. **(3×12=36)**

7) Given below is the Balance Sheet of Rao Ltd. as on 31-3-2023 :

Liabilities	₹	Assets	₹
10,000, 8% preference shares of ₹ 10 each	1,00,000	Goodwill	2,00,000
10,000 equity shares of ₹ 10 each	1,00,000	Buildings	8,000
Creditors	36,000	Plant	10,000
Bank overdraft	40,000	Debtors	2,400
		Stock	44,000
		Preliminary expenses	6,000
		P and L A/c	5,000
		Cash	600
	2,76,000		2,76,000



The following scheme of internal reconstruction was adopted.

- a) ₹ 10 pref. shares were to be reduced to an equal number of fully paid shares of ₹ 8 each.
- b) ₹ 10 equity shares were to be reduced to an equal number of fully paid shares of ₹ 5 each.
- c) Creditors agreed to forego ₹ 16,000.
- d) The amount available to be utilized to write off nominal assets and the balance if any to be written off from goodwill.

Pass necessary Journal entries and prepare the reconstructed Balance Sheet.

8) The following is the Balance Sheet of Jyothi Ltd. as on 31-3-2023.

Liabilities	₹	Assets	₹
20,000 – 8% redeemable		Fixed assets	8,00,000
pref. shares of ₹ 10 each	2,00,000	Investment	2,00,000
40,000 – 7% redeemable		Stock	80,000
Pref. shares of ₹ 10 each		Debtors	1,20,000
₹ 5 paid up	2,00,000	Bank	4,00,000
40,000 equity shares of			
₹ 10 each fully paid	4,00,000		
Securities Premium	1,60,000		
General reserve	1,20,000		



Capital reserve	1,40,000	
Profit and loss A/c	1,80,000	
Current liabilities	2,00,000	
	16,00,000	16,00,000

On 1-4-2023 the company redeemed both the pref. shares at a premium of 10%. In order to pay off the pref. shareholders, the company issued 50,000 equity shares of ₹ 10 each at 5% premium. Pass Journal entries and prepare Balance Sheet.

9) The following was the Balance Sheet of Darshan Ltd. as on 31-3-2023 when it was wound up voluntarily.

Liabilities	₹	Assets	₹
25,000 equity shares of ₹ 10 each	2,50,000	Plant and machinery	2,00,000
1,000 – 6% cumulative pref. shares of ₹ 100 each	1,00,000	Furniture	500
7% debentures	50,000	Investments	25,000
Trade creditors	1,50,000	Stock	25,000
Cash creditors	24,000	Debtors	1,00,000
Other outstanding creditors	1,000	Cash	600
		P and L A/c	2,23,900
	5,75,000		5,75,000

Preference dividend are in arrears for one year debenture interest is also due for one year. All the outstanding creditors are preferential. The assets realised as follows :

Plant and machinery ₹ 1,40,000, Furniture ₹ 200, Debtors ₹ 75,000. The stock and investment realised nothing liquidation expenses ₹ 1,000.

Liquidators commission – 4% on assets realised and 2% on unsecured creditors.

Prepare the liquidators statement of account.



10) Following are the Balance Sheet of A Ltd. and B Ltd. as on 31-3-2023.

Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
	Amount (₹)	Amount (₹)		Amount (₹)	Amount (₹)
Equity share capital (30,000 shares)	3,00,000	3,00,000	Land and building P and M Stock	2,00,000	3,00,000
Reserves and surplus	1,00,000	2,00,000	Debtors Cash	50,000	1,00,000
12% Debenture	2,00,000	2,00,000		20,000	20,000
Creditors	1,20,000	1,20,000			
	7,20,000	8,20,000		7,20,000	8,20,000

Above companies amalgamate their business and form a new company called 'C' Ltd. The assets of both 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 ₹ 10 each in C Ltd. at an agreed value of ₹ 12.50 per share.

Prepare necessary Ledger A/c in the books of A Ltd. and B Ltd.