



45 : 10
IV Semester B.Com. Examination, May 2016
(Prior to 2013-2014) (Repeaters)
COMMERCE

Paper – 4.3 : Corporate Accounting – II
(100 Marks – 2012-13 Only)
(90 Marks – Prior to 2012 -13)

Time : 3 Hours

Max. Marks : 100/90

Instruction: Answers should be written **completely** in **English** or in **Kannada**.

Section D is compulsory for 2012-13 batch.

SECTION – A

1. Answer **any ten** of the following. **Each** question carries **two** marks. (10×2=20)
- a) Give any two examples of trade liabilities.
 - b) What is meant by external reconstruction ?
 - c) State the types of voluntary winding up.
 - d) What is purchase consideration ?
 - e) Who is a liquidator ?
 - f) Mention any two examples of statutory reserves.
 - g) Who are secured creditors ?
 - h) What is Capital Reduction Account ?
 - i) Write any two differences between Amalgamation and Absorption.
 - j) What are accounting standards ?
 - k) What is Amalgamation ?
 - l) Give the meaning of freehold property.



SECTION – B

Answer any five questions. Each question carries 5 marks.

(5×5=25)

2. Distinguish between internal reconstruction and external reconstruction of companies.
3. State functions of liquidator.
4. Write the journal entries for settlement of purchase consideration in the books of purchasing company from following details. Purchase consideration ₹ 5,00,000, settled by issue of equity shares of ₹ 100 each at a premium of 25%.
5. Calculate the purchase consideration :
 - a) Total assets at book value is ₹ 1,25,000
 - b) Assets taken over at 10% less than book value
 - c) Total liabilities ₹ 50,000
 - d) Liabilities not taken over ₹ 12,500
 - e) Liquidation expenses ₹ 2,500 is to be borne by the purchasing company.
6. A Ltd., and B Ltd., agree to amalgamate and form a new Com., called C Ltd., The Balance Sheet on the date of amalgamation is as under :

Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
Share capital	25,000	35,000	Fixed assets	30,000	45,000
Reserve	42,500	25,000	Stock	15,000	27,500
Creditors	10,000	22,500	Debtors	20,000	32,500
Bank loan	—	22,500	Cash	12,500	—
	77,500	1,05,000		77,500	1,05,000

Calculate Purchase Consideration.



7. Balance Sheet of White Ltd., as on 31-3-2015 was as follows :

Liabilities	₹	Assets	₹
4000 Pref. shares		Goodwill	3,000
of ₹ 10 each	40,000	Plant	60,000
8000 E. shares of		Stock	10,000
₹ 10 each	80,000	Debtors	8,000
Bank loan	10,000	P/L A/c	49,000
	1,30,000		1,30,000

Journalise the below entries :

- 1) Pref. shares are to be reduced to ₹ 5 each fully paid
- 2) E. shares are to be reduced to ₹ 2.5 each fully paid
- 3) Eliminate goodwill and P/L A/c completely
- 4) Plant value is reduced to 50% of present value.

8. Calculate the amount of Purchase Consideration

- a) Cash payment of ₹ 50,000
- b) Issue of 80000 E. shares of ₹ 10 each fully paid at ₹ 15 per share
- c) Issue of 50000 shares of ₹ 10 each. ₹ 6 per share paid up
- d) Issue of 30000 debentures of ₹ 10 each at a discount of 10%.

9. From the following details, calculate liquidators remuneration :

- a) Balance of cash after preferential creditors ₹ 2,10,000
- b) Other unsecured creditor ₹ 2,50,000
- c) Liquidators remuneration 5% on the amount paid to other unsecured creditor.



SECTION – C

Answer **any three** questions. **Each** question carries **fifteen** marks.

(3×15=45)

10. Given below is the Balance Sheet of Indian Gold Mines Ltd., K.G.F. as on 31-3-2015.

Liabilities	₹	Assets	₹
10000 8% Pref. shares of ₹ 10 each	1,00,000	Goodwill	2,00,000
10000 E. shares of ₹ 10 each	1,00,000	Buildings	8,000
Creditors	36,000	Plant	10,000
Bank o/d	40,000	Debtors	2,400
		Stock	44,000
		Preliminary exp.	6,000
		P/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 was to be utilised to writeoff nominal assets and the balance if any to be writtenoff from Goodwill.

Pass Journal Entries and prepare the reconstructed Balance Sheet.

11. Reena Ltd., went into voluntary liquidation with the following liabilities :

- a) Secured creditors ₹ 2,00,000
- b) Preferential creditors ₹ 6,000
- c) Other unsecured creditors ₹ 3,00,000



Bank loan	15,000	Stock	91,410
Bills payable	10,000	S. Debtors	1,09,100
		Bank	3,590
		P/L A/c	2,00,000
	10,55,000		10,55,000

The following is the scheme of reconstruction :

- i) The New Com., to take over assets of the Old Company and not the liabilities.
- ii) Capital of the New Com., is to consist of 500000 shares of ₹ 5 each.
- iii) The New Co., is to issue 280000 shares of ₹ 5 each, credited with ₹ 2.50 per share as paid up to the Old Com., and to pay to it ₹ 1,00,000 in cash by way of purchase consideration.
- iv) The balance of ₹ 2.50 per share payable by the members of the New Co., is duly received.

Show the necessary ledger accounts in the books of Z Co., Ltd., and the Balance Sheet of Z New Co., Ltd.

14. On 1-4-2015 Tinu Ltd., and Sonu Ltd. were amalgamated into Reenu Ltd., on the basis of the following Balance Sheet.

Liabilities	Tinu Ltd.	Sonu Ltd.	Assets	Tinu Ltd.	Sonu Ltd.
Paid-up capital	44,800	35,000	Goodwill	16,000	6,400
Creditors	1,000	1,200	Buildings	10,000	12,000
Reserve	1,600	2,400	Plant	8,200	2,000
P/L A/c	2,200	800	Stock	8,400	6,600
			Debtors	4,600	8,000
			Cash	2,400	4,400
	49,600	39,400		49,600	39,400

