



SA – 761

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IV Semester B.Com. Examination, April/May 2015
(Prior to 2013-14) (Repeaters)
(100 Marks 2012-13 Only) (90 Marks Prior to 2012-13)
COMMERCE
Paper – 4.3 : Corporate Accounting – II

Time : 3 Hours

Max. Marks : 100/90

Instruction: Answer should be written completely either in **English** or **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)
- Mention the methods of accounting for amalgamation.
 - Give any two examples for statutory reserve.
 - State different methods of calculating purchase consideration.
 - Distinguish between amalgamation and absorption.
 - What is meant by external reconstruction ?
 - State different types of winding up of companies.
 - Who is liquidator ?
 - What is the journal entry for liquidation expenses paid by transferor company ?
 - Who are secured creditors ?
 - State any two objectives of amalgamation of companies.
 - What do you mean by intangible assets ? Give an example.
 - Give any two examples for trade liabilities.

P.T.O.



SECTION – B

Answer **any five** questions. **Each** question carries **five** marks.

(5×5=25)

2. 'S' Co. Ltd. and 'D' Co. Ltd. agree to amalgamate and form a new company called 'SD' Co. Ltd. The Balance Sheet on the date of amalgamation is as under.

Liabilities	'S' Ltd.	'D' Ltd.
Share capital	50,000	70,000
Reserve	85,000	50,000
Creditors	20,000	45,000
Bank loan	–	45,000
	1,55,000	2,10,000
Assets	'S' Ltd.	'D' Ltd.
Fixed assets	60,000	90,000
Stock	30,000	55,000
Debtors	40,000	65,000
Cash	25,000	–
	1,55,000	2,10,000

Calculate purchase consideration.

3. Calculate the amount of preferential creditors from the following information.

* Income tax payable Rs. 20,000.

* Salaries and remuneration payable to 10 workers Rs. 10,000 p.m. for the last three months.

* Compensation under workmen's Compensation Act, 1928 in respect of the death of an employee Rs. 20,000.

* Amount due to an employee from a provident fund for the welfare of an employee maintained by the company Rs. 10,000.



4. GRT Ltd. went into voluntary liquidation on 31-3-2014 when the state of affairs was as follows.

Unsecured creditors was Rs. 2,00,000 including Rs. 25,000 preferential claim. Secured creditors, secured on plant and machinery, stood at Rs. 1,00,000. Cash in hand was Rs. 5,000.

The liquidator realised plant and machinery for Rs. 75,000 and other assets realised Rs. 50,000. The liquidation expenses came to Rs. 5,000 and the liquidators remuneration was fixed at 4% of the amount realised including cash balance and 2% of the amount distributed to unsecured creditors including preferential creditors. Prepare liquidators final statement of account.

5. The Balance Sheet of XYZ Ltd. on 31-3-2014 was as follows :

Liabilities	Rs.	Assets	Rs.
<u>Authorised capital</u>		Good will	35,000
3000 shares of Rs. 100 each	3,00,000	Buildings	40,000
<u>Issued capital</u>		Plant	75,000
1000 shares of Rs. 100 each		Stock	25,000
fully paid	1,00,000	Debtors	21,500
200, 5%, debentures of Rs. 500		Cash	1,250
each	1,00,000	Preliminary expenses	2,250
Sundry creditors	25,000	Accumulated losses	50,000
Bills payable	2,500		
Bank overdraft	22,500		
	2,50,000		2,50,000

The following scheme of reconstruction was adopted :

- 1) The paid up value of each shares to be reduced to Rs. 50.
- 2) 5% debentures to be converted into 100, 7 $\frac{1}{2}$ % debentures of Rs. 500 each.
- 3) Assets were revalued as under. Buildings Rs. 36,000, Plant Rs. 70,000, Stock Rs. 22,500, Debtors subject to reserve for bad debts Rs. 1,250.
- 4) Creditors agree to for go $\frac{1}{4}$ of the amount due to them in return for shares for the balance.
- 5) Good will and other fictitious assets to be written off entirely.

Give the necessary journal entries.



6. Pass opening journal entries for purchase consideration due and discharge of purchase consideration in the books of transferee co. from the following details.
Purchase consideration Rs. 2,00,000 which is to be discharged by the issue of 15000 equity shares of Rs. 10 each and the balance in cash.
7. Distinguish between pooling of interest method and purchase method in case of amalgamation.
8. Give the journal entries for realisation expenses payable by purchasing company in the books of transferor and transferee co.
9. State the grounds for compulsory winding up of company.

SECTION – C

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

(3×15=45)

10. On 1-4-2014 Alfa Ltd. and Beta Ltd. were amalgamated into Gama Ltd. on the basis of the following Balance Sheet.

Liabilities	Alfa Ltd.	Beta Ltd.		Alfa Ltd.	Beta Ltd.
Paid-up capital	4,48,000	3,50,000	Good will	1,60,000	64,000
Creditors	10,000	12,000	Buildings	1,00,000	1,20,000
Reserve	16,000	24,000	Plant	82,000	20,000
Profit and loss A/c	22,000	8,000	Stock	84,000	66,000
			Debtors	46,000	80,000
			Cash	24,000	44,000
	4,96,000	3,94,000		4,96,000	3,94,000

Additional Particulars :

- a) Buildings of both companies to be written down by 10%
- b) Provide 5% RBDD on debtors of both the companies
- c) Goodwill to be valued at Rs. 93,000 and Rs. 30,000
- d) The entire amount of purchase consideration was discharged by the allotment of equity shares
- e) Games Ltd. agrees to take over the remaining assets and liabilities at book values.

Prepare necessary ledger accounts in the books of Alfa Ltd. and Beta Ltd.



11. Hamsa company after a series of heavy losses resolve to go into voluntary liquidation and to reconstruct by means of a new company under the name New Hamsa Company. On the date of reconstruction the Balance Sheet of Hamsa Company as follows :

Liabilities	Rs.	Assets	Rs.
Share capital		Buildings	7,85,000
4,00,000 shares of Rs. 5 each	20,00,000	Plant and machinery	4,78,000
Sundry creditors	60,410	Motor lorry	38,800
Bank loan	30,000	Stock	1,82,820
Bills payable	20,000	Debtors	2,18,200
		Bank	7,590
		Profit and loss A/c	4,00,000
	21,10,410		21,10,410

The following is the scheme of reconstruction :

- a) The new company is to take over the assets of old company and not the liabilities.
- b) Capital of new company is to consist of 5,00,000 shares of Rs. 5 each.
- c) The new company is to issue 5,60,000 shares of Rs. 5 each credited with Rs. 2.50 per share as paid up to the old company and to pay to it 2,00,000 in cash by way of purchase consideration.
- d) The balance of Rs. 2.50 per share payable by the members of the new company is duly received.

Record the ledger account in the books of Hamsa Company and Balance Sheet in the books New Hamsa Co.

12. On 31-3-2014 the Balance Sheet of C. Ltd. was as follows :

Liabilities	Rs.	Assets	Rs.
25,000 equity shares		Good will	12,500
of Rs. 10 each	2,50,000	Other fixed assets	87,500
General reserve	1,25,000	Bank	25,000
Current liabilities	75,000	Other current assets	3,25,000
	4,50,000		4,50,000



C Ltd. is to be absorbed by 'D' Ltd. on following terms :

- a) 'D' Ltd. to take over the assets (excluding bank) and the liabilities at 10% less than book values.
- b) The consideration is to be discharged by 'D' Ltd. in the form of equity shares of Rs. 10 per share at a premium of Rs. 5 per share.

Show ledger accounts in the books of 'C' Ltd. and opening journal entries in the books of 'D' Ltd.

13. The company adopted the following scheme of internal reconstruction :

- a) Reduce the present value of shares to Rs. 5 each fully paid.
- b) The company to issue 13000 equity shares of Rs. 5 each fully paid and pay off the BOD.
- c) Sundry creditors agreed to for go 20% of their claims as the company decided to pay them cash immediately for the balance.
- d) Reconstruction expenses amounted to Rs. 2,000.
- e) The directors found that the machinery is overvalued by Rs. 20,000. They also decided to write off intangible assets and P and L A/c company following is the Balance Sheet of Asha Ltd. as on 31-3-2014

Liabilities	Rs.	Assets	Rs.
Share capital		Good will	20,000
20,000 equity shares of		Land and Buildings	41,000
Rs. 10 each	2,00,000	Plant and machinery	1,01,700
Bank overdraft (BOD)	30,850	Stock	20,550
S. Creditors	30,000	Debtors	30,000
		Cash	3,000
		P and L A/c	41,600
		Preliminary expenses	3,000
	2,60,850		2,60,850

Pass journal entries and prepare reconstructed Balance Sheet.

14. From the following details prepare liquidators final statement of account.

Assets :

Land and Buildings	Rs. 12,00,000
Plant and machinery	Rs. 7,20,000
Furniture	Rs. 2,40,000
Stock and debtors	Rs. 1,60,000
Cash	Rs. 20,000

Liabilities :

Debentures	16,00,000
Creditors	9,20,000

The assets other than land and buildings realised 10% less. Land and building realised 25% more liquidation expenses Rs. 10,000. Liquidators remuneration 2% on assets realised except cash and 3% on amount distributed to unsecured creditors.

SECTION – D

(1×10=10)

Compulsory question (2012-13) :

15. MN company Ltd. went into voluntary liquidation on 1-4-2014. The liquidators who remuneration is 3% on assets realised and 2% on distribution to shareholders. Following being the position of the company as at 31-3-2014.

	Rs.
Cash on realisation of assets	5,00,000
Expenses of liquidation	7,000
Unsecured creditors	68,000
5000, 6% cumulative preference shares of Rs. 30 each fully paid	1,50,000
10000 equity shares of Rs. 10 each fully paid	1,00,000
General reserve as at 31-3-2014	1,24,000
Profit and loss A/c (Cr.) on 31-3-2014	20,000

Dividend on preference shares have been paid up to 31-3-2014

Prepare liquidators final statement of account.