Roll No:
Date: __/__/____

St. Claret College

Autonomous, Bengaluru

UG END SEMESTER EXAMINATION-MAY 2026
BCOM IV SEMESTER
BC 4125 ADVANCE CORPORATE ACCOUNTING

TIME: 3 hours. 25 **MAX. MARKS: 80**

This paper contains FIVE printed pages and FOUR parts

Instructions:
1. **Verify and ensure that the question paper is completely printed.**
2. **Any discrepancies or questions about the exam paper must be reported to the COE within 1 hour after the examination.**
3. **Students must check the course title and course code before answering the questions.**

PART-A

Answer ALL questions. Each answer carries ONE mark. **[10 x1=10]**

1. If the security value is less than the secured creditor's claim, the balance is treated as:
   a) Preferential claim
   b) Capital loss
   c) Unsecured claim
   d) Contingent liability

2. In liquidation, preferential creditors are paid
   a) After unsecured creditors
   b) Before unsecured creditors but after secured creditors
   c) Before secured creditors
   d) Only after equity shareholders

3. Reduction of share capital requires approval of:
   a) Board of Directors only
   b) SEBI only
   c) National Company Law Tribunal (NCLT)
   d) Registrar of Companies only

4. Accumulated losses are usually written off against:
   a) Creditors
   b) Debentures
   c) Capital and reserves
   d) Cash balance

5. In amalgamation, the purchase consideration may be discharged by:
   a) Issue of shares only
   b) Cash only
   c) Debentures only
   d) Shares, cash, or other securities

6. Which of the following is NOT a condition for amalgamation in the nature of merger?
   a) All assets and liabilities are taken over
   b) Shareholders holding 90% equity become shareholders of transferee company
   c) Consideration is discharged only by equity shares
   d) Business of transferor company is discontinued immediately

7. In absorption, the purchase consideration is paid by
   a) Transferor company
   b) Government
   c) Transferee company
   d) Creditors

8. In a demerger, the resulting company issues shares to
   a) Creditors of demerged company
   b) Government
   c) Shareholders of demerged company
   d) Debenture holders only

9. A company must constitute a CSR Committee if its net worth is
   a) ₹100 crore or more
   b) ₹200 crore or more
   c) ₹500 crore or more
   d) ₹1,000 crore or more

10. The minimum CSR expenditure is:
   a) 1% of net profit
   b) 2% of average net profits of last 3 years
   c) 5% of turnover
   d) 10% of net worth

PART-B

Answer any THREE questions. Each answer carries EIGHT marks. **[3 x 8=24]**

11. Shrujan ltd went into liquidation on 31/03/2025. Following information is available with the liquidator. Creditor amount to Rs 75,660 of which 8,000 are preferential, 6% debentures having a floating charge on the assets of the company amounted to Rs 80,000. Debentures to be paid interest up to 30/09/2025. The assets realized as follows:

    Stock – 84,000
    Plant & Machinery – 60,600
    Cash in hand stood at Rs 500.
    Debentures were paid off on 30/09/2025 with interest. Liquidators expenses amounting to Rs 1902 and he is given a remuneration 3% on the amount realized and 2% on amount distributed to unsecured creditors excluding preferential creditors.
    Prepare liquidator final statement of account.

12. The paid-up capital of Johan Ltd. is Rs.5, 00,000 and it includes 2,000, 5% cumulative preference shares of Rs.100each and 30,000 Equity Shares of Rs.10 each.
    Because of heavy losses, the company has decided to reduce the burden of its capital and has secured the required permission.

    Reduction in the value of patents by Rs.70, 000, Machinery by Rs 17, 000 and Equipment by Rs.2, 000.
    Cancellation of the balance of loss of Rs.1, 98,000 shown on the profit and loss account.
    Writing down the balance of Research Expenditure Account by using the balance remaining in the capital Reduction Account (the Research Expenditure is shown in the Balance Sheet as Rs.79,000)
    The approved scheme of Capital reduction is as follows:
    - In exchange for every five 5% Preference Shares, issue of three 4% Preference Shares of Rs.100 each and 20 ordinary shares of Rs.2 each.
    - Issue of one equity share of Rs.2 each in payment of arrears of Preference Shares dividend of Rs.10 (the total arrears of Preference dividend is Rs.30, 000. The dividend has not yet been declared).
    - Issue of one new equity share of Rs.2 each in exchange for every five old ordinary shares.

    Draft suitable Journal entries.

13.**a)** Define *Statutory Reserve* and give any two examples.
   b) From the following information, calculate the *Purchase Consideration* using the Net Payment Method:
   Govind Ltd. takes over the business of Sachin Ltd. and agrees to discharge the purchase consideration as follows:

- ₹3,00,000 in cash
- Issue of 20,000 equity shares of ₹10 each at a premium of ₹2 per share
- Issue of 5,000 10% debentures of ₹100 each at par to Sachin ltd.

Calculate the total purchase consideration.

14. What is acquisition. Explain different types of acquisition.
15. Define CSR. List any six activities permitted under Schedule VII.

PART-C

Answer any THREE questions. Each answer carries TWELVE marks. **[3 x12=36]**

16. The state of affairs of Eunice Co. Ltd on 31-03-2025 was as follows:

Liabilities	Amount	Assets	Amount
20,000 Equity shares of Rs.10 each	2, 00,000	Goodwill	80,000
15,000, 7% Preference		Buildings	1, 75,000
of Rs.10 each	1, 50,000	Machinery	3, 25, 000
13,000 5% preference shares of Rs.10	65,000	Patents	54,000
each, Rs.5 paid		Furniture	15,000
5% debentures	1, 50,000	Investments	75,000
8% Debentures	3, 00,000	Sundry Debtors	4, 15,000
Sundry creditors	4, 50,000	Cash	2,000
Debenture interest due	19,500	Bank	18,000
		Profit and loss a/c	175,500
	13, 34,500		13, 34,500

The following scheme of capital reduction was submitted and approved by the court:

a) Equity Shares of Rs.10 each were to be reduced to shares of Rs.5 each.
b) 7% Preference Shares of Rs.10 each fully paid were to be reduced to 6% preference shares of Rs.10 each, Rs.6 per share paid.
c) 5% preference shares of Rs.10 each, Rs.5 paid up were to be reduced to 4 ½ % preference shares of Rs.10 each, Rs.3 per share paid up.

The Debenture holders agreed to forego the interest due to them. The company in the meantime recovered as damages a sum of Rs.74, 000 from a third party and it was decided to use this amount also to write off the Capital losses. The reconstruction expenses come to Rs.7, 250.

Give Journal Entries to record the above and draw the reconstructed balance Sheet.

17. Prem co went into voluntary liquidation on 31/03/2025 on which date the position of the company was as follows

4000 preference shares of Rs 10 each, 10,000 A Equity shares of Rs 10 each 9 paid. 10,000 B equity shares of Rs 10 each Rs 8 per share paid up. Under the AOA the preference shares have priority as to the repayment of capital over the equity shares. Fixed assets realized Rs 36,000. Current assets realized Rs 20,000. The liquidator called on 10,000 B equity shares to pay Rs 1 each which was duly paid expect 400 shares of which was irrecoverable. The cost of liquidation expenses amounted to Rs 3,300. Preferential creditors Rs 200, Secured C/R 2000, unsecured C/R- 12,000. Liquidator remuneration is 12% on amt paid to secured and unsecured creditors.

18. Balance Sheets of Shiv Ltd. and Shakti Ltd. are as Under:

Liabilities	**Shiv Ltd. Rs.**	**Shakti Ltd. Rs.**	**Assets**	**Shiv Ltd. Rs.**	**Shakti Ltd. Rs.**
Share Capital :			Land & Building	5,00,000	6,00,000
Equity Share Capital of Rs. 100 each fully paid up	5,00,000	7,50,000	Machinery	4,00,000	2,50,000
Security Premium	1,00,000	-	Investments	1,00,000	50,000
P & L A/c.	2,00,000	-	Stock	70,000	50,000
12% Debentures	3,00,000	3,00,000	Debtors	1,00,000	1,30,000
Creditors	75,000	1,15,000	Cash Balance	30,000	40,000
Bank Overdraft	-	50,000	Share Discount	-	30,000
O/s Debenture Interest	25,000	35,000	Profit & Loss A/c.	-	1,00,000
	12,00,000	**12,50,000**		**12,00,000**	**12,50,000**

Pass Necessary Journal entries in the Books of Shiv-Shakti Ltd. and also prepare its Balance Sheet under amalgamation method.

19. Following is the b/s of small Ltd., as on 31.3.2025

Liabilities	Amount	Assets		Amount
12,000, 6% preference share of Rs 10 each	1,20,000	Good will		1,00,000
		Buildings		1,10,000
Equity shares of Rs 10 each	80,000	plant		90,000
Debenture	1,00,000	Stock		83,000
Creditors	82,000	Debtors	70,000	
General reserve	84,000	*Less:* reserve	3,500	66,500
P&L account	20,000	Bills receivable		4,000
		Cash		32,500
	4,86,000			**4,86,000**

A new company called Big Ltd. Was floated to purchase the business of the above concern. All the assets except cash and creditors were to be transferred to the new venture.

The purchase price was:

1. The allotment of eleven 5% preference share of Rs 10 each fully paid for each ten preference shares.
2. Twenty equity shares of Rs 10 each credited at Rs 9 fully paid for each 16 equity shares held.
3. Sufficient debentures to enable the existing debenture holders to be satisfied at a premium of 5% on their holding by the issue of debentures in the new company.

The expenses of winding up of small Ltd. Were Rs7, 500. Show the ledger accounts in the books of small Ltd. And the journal entries in the books of the transferee company. Under business purchase method.

20. Explain the applicability and obligations of Corporate Social Responsibility under Section 135 of the Companies Act, 2013.

PART-D

21. Analyze the case and answer the questions. **[1 x10 =10]**

GreenTech Ltd. is a renewable energy company with the following net profits:

- Year 1: ₹4 crore
- Year 2: ₹6 crore
- Year 3: ₹10 crore

During the current financial year, the company incurred the following expenditures:

- ₹8 lakh on installing solar panels in government schools
- ₹5 lakh on healthcare camps in rural areas
- ₹3 lakh on employee training and development
- ₹2 lakh donated to Prime Minister's National Relief Fund

Questions:

1. Calculate the CSR obligation of GreenTech Ltd. as per Section 135 of the Companies Act, 2013. *(6 Marks)*

2. Identify which of the above expenditures qualify as CSR activities with reasons. *(4 Marks)*

****