



MS – 439

44 A

IV Semester B.Com. Examination, May 2016  
(2013 – 14 and Onwards) (Repeaters)

COMMERCE

Paper – 4.3 : Advanced Corporate Accounting

Time : 3 Hours

Max. Marks : 100

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

SECTION – A

Answer **any ten** of the following. **Each** question carries **two** marks.

(10×2=20)

1. a) State any two objectives of amalgamation.
- b) What is meant by net assets method ?
- c) Give the meaning of internal reconstruction.
- d) Who is a liquidator ?
- e) What is capital profit ?
- f) What is reduction of capital ?
- g) What is capital reserve ?
- h) Mention the methods of winding up of companies.
- i) What is a subsidiary company ?
- j) What is Human Resources Accounting ?
- k) Give the meaning of intangible assets.
- l) What do you mean by unrealised profit ?

P.T.O.



## SECTION – B

Answer **any four** questions. **Each** question carries **eight** marks.

(4×8=32)

2. Explain the need for Environmental Accounting.
3. Calculate purchase consideration and pass opening entries in the books of purchasing company.

Total assets at book value Rs. 10,00,000.

Assets taken at agreed values Rs. 8,50,000

Total liabilities Rs. 4,00,000

Liabilities not taken over Rs. 1,00,000.

Purchase consideration to be discharged in equity shares of Rs. 10 each.

4. On 31-3-2016 the B/S of 'A' Ltd. and Subsidiary 'B' Ltd. stood as follows.

<b>Liabilities</b>	<b>A Ltd.</b>	<b>B Ltd.</b>	<b>Assets</b>	<b>A Ltd.</b>	<b>B Ltd.</b>
	<b>Rs.</b>	<b>Rs.</b>		<b>Rs.</b>	<b>Rs.</b>
Equity share capital	3,00,000	75,000	Fixed assets	2,06,250	37,500
Reserve 1-4-2015	56,250	26,250	Shares in 'B' Ltd.	1,05,000	-
P & L A/c 1-4-2015	33,750	20,625	Current assets	1,23,750	1,14,375
Creditors	45,000	30,000			
	<b>4,35,000</b>	<b>1,51,875</b>		<b>4,35,000</b>	<b>1,51,875</b>

'A' Ltd. acquired 75% of shares of 'B' Ltd. on 31-7-2015.

'B' Ltd. earned profit of Rs. 16,875 for the year ended 31-3-2016.

Find out Minority Interest.



5. S Co. went into liquidation on 1-1-2015. The liquidations whose remuneration is 3% on all assets realised and 2% on amount distributed to shareholders (preference and equity) realised all assets for Rs. 10,00,000.

Expenses of liquidation Rs. 18,000.

Unsecured creditors Rs. 1,36,000 (including salary and wages outstanding Rs. 12,000)

10,000 6% preference shares of Rs. 30 each, Rs. 3,00,000, 20000 equity shares of Rs. 10 each, Rs. 9 per share called up and paid up Rs. 1,80,000.

General reserve Rs. 2,40,000

Profit and Loss A/c Rs. 40,000

Under Articles of Association of the company, the preference shares have the

right to receive  $\frac{1^{\text{rd}}}{3}$  of the surplus after repaying the equity share capital.

Prepare Liquidators Final Statement of A/c.

6. M Co. Ltd. made arrangements for its reconstruction. The shareholders had agreed to receive the following in exchange for 50,000 shares of Rs. 10 each held by them.

a) Fully paid equity shares to the extent of  $\frac{2^{\text{th}}}{5}$  of their present holding.

b) 5% preference shares to the extent of  $\frac{1^{\text{th}}}{5}$  of the above equity shares.

c) 6% debentures of Rs. 60,000

Further, the company issued debentures of Rs. 50,000 to the public and company received the cash. Goodwill of Rs. 3,00,000 was written down to Rs. 1,50,000, machinery to be reduced from Rs. 1,00,000 to Rs. 75,000 the Leasehold property which stood at Rs. 1,50,000 was written down to Rs. 1,25,000.

Give journal entries to the above.



## SECTION – C

Answer any three questions. Each question carries sixteen marks. (3×16=48)

7. Following are the Balance Sheet of 'C' Ltd. and 'D' Ltd. as at 31-3-2016.

Liabilities	C Ltd.	D Ltd.	Assets	C Ltd.	D Ltd.
	Rs.	Rs.		Rs.	Rs.
Equity share capital (15000 shares)	1,50,000	1,50,000	Land and Building	1,00,000	1,50,000
			Plant and machinery	1,50,000	1,25,000
Reserves and surplus	50,000	1,00,000	Stock	75,000	75,000
12% debentures	1,00,000	1,00,000	Debtors	25,000	50,000
Creditors	60,000	60,000	Cash	10,000	10,000
	<b>3,60,000</b>	<b>4,10,000</b>		<b>3,60,000</b>	<b>4,10,000</b>

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

Prepare necessary Ledger A/c s in the books of C Ltd. and D Ltd.



8. Balance Sheet of Lakshmi Ltd. as at 31-3-2016 was as follows.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Share capital :		Goodwill	30,000
4000 preference shares		Freehold premises	4,00,000
of Rs. 100 each	4,00,000	Plant	6,00,000
8000 Eq. shares of		Stock	1,00,000
Rs. 100 each	8,00,000	Debtors	80,000
5% mortgage debentures	2,00,000	P and L A/c	4,90,000
Bank overdraft	1,00,000		
Creditors	2,00,000		
	<b>17,00,000</b>		<b>17,00,000</b>

The following scheme was approved by the court for the company.

- 1) Preference shares to be reduced to Rs. 75 per share and equity shares to Rs. 37.50 per share.
- 2) Debenture holders to take over stock and debentures in full satisfaction of the amount due to them.
- 3) Goodwill to be eliminated completely.
- 4) Freehold premises to be depreciated by 50%.
- 5) Plant to be appreciated by Rs. 1,00,000.

Give journal entries and prepare the Revised Balance Sheet.



9. Unhealthy Company went into voluntary liquidation on 31-3-2016. The position of the Co. on that date was as follows.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
5000 6% cumulative preference shares of Rs. 100 each	5,00,000	Land and Building	2,50,000
2500 equity shares of Rs. 100, Rs. 75 paid up	1,87,500	Plant and Machinery	6,25,000
7500 equity shares of Rs. 100 each, Rs. 60 paid up	4,50,000	Patents	1,00,000
5% mortgage debentures	2,50,000	Stock	1,37,500
O/S debenture interest	12,500	Debtors	2,75,000
Creditors	3,62,500	Bank	75,000
		P & L A/c	3,00,000
	<b>17,62,500</b>		<b>17,62,500</b>

The liquidator is entitled to a commission of 3% on all assets realised except bank and 2% on amount distributed to unsecured creditors. Creditor include Rs. 17,500 for income tax and a loan of Rs. 1,25,000 secured by Land and Building preference dividend was in arrears for two years the assets were realised as follows.

Land and buildings Rs. 3,00,000, machinery Rs. 5,00,000 patents Rs. 75,000 stock Rs. 1,50,000, debtors Rs. 2,00,000 expenses of liquidation amounted to Rs. 27,250.

Prepare Liquidator Final Statement of A/c.



10. From the following B/S of Aruna Limited and its subsidiary Kumari Limited. Prepare Consolidated B/S as on 31-3-2016.

<b>Liabilities</b>	<b>Aruna Ltd. Rs.</b>	<b>Kumari Ltd. Rs.</b>	<b>Assets</b>	<b>Aruna Ltd. Rs.</b>	<b>Kumari Ltd. Rs.</b>
Equity share capital of Rs. 5 each	10,00,000	2,00,000	Goodwill	–	20,000
General Reserve	1,00,000	40,000	Building	2,00,000	70,000
P & L A/c	50,000	64,000	Machinery	6,00,000	1,20,000
Creditors	90,000	24,000	Shares in Kumari Ltd.	1,70,000	–
Bills payable	60,000	12,000	Stock	2,00,000	60,000
			Debtors	1,20,000	24,000
			B/R	–	36,000
			Cash in hand	10,000	10,000
	<b>13,00,000</b>	<b>3,40,000</b>		<b>13,00,000</b>	<b>3,40,000</b>

The Aruna Ltd. purchased 30,000 shares in Kumari Ltd. on 30-9-2015. The Balance in general reserve and P and L A/c of Kumari Ltd. stood at Rs. 12,000 and Rs. 8,000 respectively. On 1-4-2015. The B/R of Kumari Ltd. Rs. 18,000 is accepted by Aruna Ltd. The debtors of Kumari Ltd. Rs. 4,000 due from Aruna Ltd. The stock of Kumari Ltd. includes goods purchased from Aruna Ltd. for Rs. 20,000 which are invoiced by Aruna Ltd. at a profit of 25% on cost.