



SG – 417

IV Semester B.Com. Examination, September/October 2021
(Repeaters) (2013 – 14 and Onwards)

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

1. Answer **any ten** of the following. **Each** question carries **two** marks. (10×2=20)

- a) State the methods of accountancy for amalgamation.
- b) How do you calculate purchase consideration under net assets method ?
- c) What is internal reconstruction ?
- d) When can a company reduce its share capital ?
- e) Who is a liquidator ?
- f) Give two examples of intangible assets.
- g) What do you mean by holding company ?
- h) What is consolidated Balance Sheet ?
- i) Define Environmental Accounting.
- j) What is statutory reserve ?
- k) How do you treat holding companies share of revenue profit in consolidated Balance Sheet ?
- l) What is capital profit ?

SECTION – B

Answer **any four** questions. **Each** question carries **eight** marks. (4×8=32)

2. What are the benefits of responsibility accounting ?
3. Calculate the purchase consideration and pass opening entries in the books of purchasing company.
Value of assets as per balance sheet Rs. 2,50,000
Assets taken over at 10% less than book value
Total liabilities Rs. 1,00,000
Liabilities not taken over Rs. 25,000
Purchase consideration to be discharged in equity shares of Rs. 10 each.

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4. Calculate cost of control from the following. Mohit Ltd. acquired 75% of equity shares in Tejas Ltd. on 1-10-2015 at 50% premium. The following balances are extracted from the Balance Sheet of Tejas Ltd. as on 31-3-2016.
 - a) Share capital 20,000 equity shares of Rs. 10 each.
 - b) Balance as on 1-4-2015
General reserves Rs. 50,000
P and L A/c Rs. 10,000
 - c) Net profit for the year 2015 - 16 Rs. 80,000.
5. X Co. Ltd. went into liquidation with following liabilities.
 - Secured creditors Rs. 80,000 (securities realised Rs. 1,00,000)
 - Preferential creditors Rs. 2,400
 - Unsecured creditors Rs. 1,22,000
 - Liquidation expenses Rs. 1,000

The liquidator is entitled to a remuneration of 3% on amount realised (including securities) and 1.5% on amount distributed to unsecured creditors various assets excluding securities realised Rs. 1,04,000. Prepare Liquidator Final Statement of A/c.
6. A Public Limited Company passed the necessary resolution and received the sanction of the court for reduction of capital by Rs. 5,00,000. They decided to
 - a) Write off losses Rs. 2,10,000, Plant and Machinery Rs. 90,000, Goodwill Rs. 40,000 and investment Rs. 8,000.
 - b) The reduction was made by converting 50,000 preference shares of Rs. 20 each fully paid to the same number of Rs. 15 each fully paid and 50,000 ordinary shares of Rs. 10 each fully paid. Prepare Capital Reduction A/c.

SECTION - C

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

7. Following are the Balance Sheet of X Ltd. and Y Ltd. as on 31-3-2016.

	X Ltd.	Y Ltd.	Assets	X Ltd.	Y Ltd.
Liabilities	Rs.	Rs.		Rs.	Rs.
Equity share capital (30,000 shares)	3,00,000	3,00,000	Land and Building	2,00,000	3,00,000
Reserves and surplus	1,00,000	2,00,000	Plant and Machinery	3,00,000	2,50,000
12% debentures	2,00,000	2,00,000	Stock	1,50,000	1,50,000
Creditors	1,20,000	1,20,000	Debtors	50,000	1,00,000
			Cash	20,000	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 'X Y' 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 Rs. 10 each in 'X Y' Ltd. at on agreed value of Rs. 12.50 per share.

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



8. The Balance Sheet of a Private company shows as follows on 31-12-2015.

Liabilities	Rs.	Assets	Rs.
19,000 shares of Rs. 100 each	19,00,000	Land and Building	1,00,000
Creditors	1,00,000	Machinery	2,60,000
8% debentures	1,00,000	Furniture	20,000
		Stock	3,70,000
		Debtors	1,80,000
		Goodwill	2,00,000
		P and L A/c	9,70,000
	21,00,000		21,00,000

The company is to be reconstructed as follows.

- 1) Shares of Rs. 100 are to be reduced to an equal number of fully paid shares of Rs. 40 each.
- 2) To issue 1000 new shares of Rs. 40 each as fully paid to the debenture holders in full settlement.
- 3) The amount available is to be utilised in writing off the goodwill and P and L A/c and balance in writing off the value of machinery.
- 4) Authorised capital of the company is 20,000 shares of Rs. 100 each.

Give the necessary Journal Entries. Prepare reconstructed Balance Sheet.

9. The Balance Sheet of X Ltd. as on 31-3-2016.

Liabilities	Rs.	Assets	Rs.
4000, 6% preference shares of Rs. 100 each	4,00,000	Land	2,00,000
2000 equity shares of Rs.100 each Rs. 75 paid up	1,50,000	Plant	5,00,000
6000 equity shares of Rs. 100 each paid up Rs. 60 each	3,60,000	Patents	80,000
5% debentures	2,00,000	Stock	1,10,000
O/S debenture interest	10,000	Debtors	2,20,000
Creditors	2,90,000	Cash	60,000
		P and L A/c	2,40,000
	14,10,000		14,10,000



On the above date the company went into liquidation. The dividends on preference shares are in arrears for 2 years. The debentures have a floating charge on the assets of the company. Creditors include a loan of Rs. 1,00,000 secured by mortgage of land. The assets realised as under.

Land Rs. 2,40,000, plant Rs. 4,00,000, patents Rs. 60,000, stock Rs. 1,20,000, debtors Rs. 1,60,000.

The expenses of liquidation amounted to Rs. 21,800. The liquidator is entitled to a commission of 3% on all assets realised including cash and a commission of 2% on the amount distributed to unsecured creditors. Preferential creditors Rs. 30,000. Prepare the Liquidators Statement of A/c.

10. From the Balance Sheets and information given below, Prepare consolidated Balance Sheet as at 31-3-2016.

Liabilities	P Ltd. Rs.	Q Ltd. Rs.	Assets	P Ltd. Rs.	Q Ltd. Rs.
Share capital			Goodwill	2,00,000	50,000
Shares of Rs. 100 each	8,00,000	4,00,000	Plant	5,00,000	2,50,000
General reserve	2,90,000	1,00,000	Buildings	2,00,000	1,00,000
P and L A/c	2,60,000	50,000	3000 shares		
Loans	2,00,000	1,00,000	in Q Ltd.	3,60,000	—
Creditors	1,50,000	60,000	Loans and		
B/P	1,00,000	40,000	Advances	—	60,000
			Stock	1,20,000	90,000
			Debtors	1,50,000	1,00,000
			B/R	1,00,000	50,000
			Bank	1,70,000	50,000
	18,00,000	7,50,000		18,00,000	7,50,000

Additional Information :

- 1) B/P of Q Ltd. includes Rs. 30,000 due to P Ltd.
- 2) Sundry creditors of P Ltd. includes Rs. 50,000 due to Q Ltd.
- 3) On the date of acquisition of shares (1-4-2015) Q Ltd. Balance Sheet showed a general reserve of Rs. 40,000 and P and L A/c credit balance of Rs. 20,000.