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IV Semester B.Com. (General)LSM/TTM) Degree Examination,

September/October - 2022

COMMERCE

Advanced Corporate Accounting

(CBCS Scheme 2019-20)



Time : 3 Hours

Maximum Marks : 70

*Instructions to Candidates:*

Answers should be in English only.

**SECTION - A**

Answer any Five sub-questions. Each sub-question carries 2 marks.

(5×2=10)

1.
  - a. Give the meaning of Internal reconstruction.
  - b. Mention any two functions of a liquidator.
  - c. State the different types of Amalgamation.
  - d. What is the purpose of creating debenture redemption reserve? and When DRR should be created?
  - e. Who are preferential creditors under the companies Act.
  - f. Mention any four types of debentures.
  - g. Give the transfer entry for redemption of preference share at premium.

[P.T.O.]



(2)

34421

SECTION - B

Answer any 3 questions. Each question carries 5 marks.

(3×5=15)

2. The following particulars relates to vadiger Ltd., Which went into voluntary liquidation.

- Unsecured creditor (including Rs. 60,000 preferential creditors) Rs. 3,00,000.
- Debentures Rs. 1,00,000.
- Assets realized Rs. 4,00,000.
- Secured creditors 50,000.

Prepare liquidator's final statement of accounts.

3. A Ltd is decided to acquire B Ltd. The purchase consideration to be paid by A Ltd. to B Ltd. is as follows :

- a. Issue of 1,00,000 Equity shares of Rs. 10/- and cash payment of Rs. 4 per share of A Ltd. against 1,50,000 equity shares 10/- each of B Ltd.
- b. Issue of 1,00,000 [9%] preference shares of Rs. 10/- each and cash of Rs. 2 per share of A Ltd. against 1,50,000 [10%] preference shares of Rs.10/- each of B Ltd.
- c. Issue of 50,000 [8%] Debentures of Rs. 100/- each of A Ltd. against 75,000 [10%] Debentures of Rs. 100/- each of B Ltd.

Calculate the amount of purchase consideration.

4. The balance sheet of Misbha Ltd. Showed the following details as on 31.03.2022.

Preference shares capital Rs. 5,00,000.

Profit and loss account Rs. 3,50,000.

Capital reserve Rs. 20,000.

Security premium Rs. 25,000.

Investments Rs. 5,00,000

Reserve Fund Rs. 1,50,000

Cash at bank Rs. 3,50,000



(3)

34421

On the above date preference shares were redeemed. For redemption purpose, the investment worth 1,50,000 were sold. You are required to pass necessary journal entries.

5. The following is the balance sheet of Ghosh company limited as on 31.03.2022.

Liabilities	Amount	Assets	Amount
2,000, 6% preference shares of Rs. 100 each fully paid	2,00,000	Goodwill	30,000
50,000 equity shares of Rs. 10 each	5,00,000	Buildings	2,00,000
Sundry creditors	50,000	Machinery	1,80,000
		Stock	20,000
		Debtors	70,000
		Cash	30,000
		Profit and Loss A/c	2,00,000
		Preliminary Expenses	20,000
	7,50,000		7,50,000

The following scheme was approved.

- The equity shares to be reduced to 5 each.
- All fictitious asset and nominal assets are to be eliminated completely.

Pass necessary journal entries.

### SECTION - C

Answer any 3 questions. Each question carries 15 marks.

(3×15=45)

6. The balance sheet of Limelight Ltd., as on 31-3-2022 stood as follows :

Liabilities	Amount	Assets	Amount
Share capital :		Plant and Machinery	25,00,000
80,000 14% Redeemable preference		Furniture	9,00,000
Share capital of Rs. 20 each)	12,00,000	Investments	3,50,000
4,00,000 equity share of 10 each	40,00,000	Stock	15,00,000
Profit and Loss A/c	12,60,000	Sundry debtors	14,00,000
Sundry creditors	5,40,000	Bank	3,50,000
	70,00,000		70,00,000

[P.T.O.]



(4)

34421

The preference shares are redeemed at a premium of 20% on 1-4-2022. In order to facilitate the redemption of preference shares, it was decided to

- a. Sell investments at a loss of 50,000.
- b. Issue 55,000 new equity shares of 10 each at a premium of 2 per share.

You are required to prepare

- (1) Journal entries.
- (2) Balance sheet after redemption.

7. Punda Company Ltd., went into voluntary liquidation on 31st march 2022 and its position is as follows :

**Equity :**

5,000 equity shares of Rs. 100 each 60 paid up Rs. 3,00,000.

3,000 5% preference shares of Rs. 100 each fully paid Rs. 3,00,000.

**Liabilities :**

Secured loan against Building	Rs. 45,000
Tax payable	Rs. 28,000
Other preferential creditors	Rs. 12,000
Unsecured creditors	Rs. 68,000
Bills payable	Rs. 22,000

**Assets realized :**

Buildings	Rs. 1,20,000
Other assets	Rs. 3,80,000
The liquidation expenses amounting to	Rs. 2,500.
The legal expenses amounting to	Rs. 1,500.





The liquidator is entitled to remuneration of

- a. Fixed remuneration Rs. 20,000.
- b. 6% on the amount paid to preference shareholders (both capital and dividend)
- c. 4% on the total amount of assets realized.

Dividends on preference shares were in arrears for 2 years.

**Prepare liquidator's final statement of accounts.**

8. 'A' Ltd., sells its business to 'B' on 31.03.2022. on that date the balance sheet shows the following.

Particulars	Amount
<b>A. Equity and liabilities :</b>	
<b>1. Equity :</b>	
Subscribed and paid up capital 50,000 shares of 10 each	5,00,000
General Reserve	1,50,000
Profit and Loss Account	50,000
Development Reserve	30,000
<b>2. Liabilities :</b>	
Debentures	50,000
Sundry creditors	20,000
<b>Total Equity and liabilities</b>	<b>8,00,000</b>
<b>B. Assets :</b>	
<b>1. Non - Current Assets :</b>	
Land and Buildings	3,00,000
Plant and Machinery	1,50,000
Furniture	50,000
Preliminary expenses	30,000



(6)

34421

<b>2. Current Assets :</b>	
Stock	1,00,000
Debtors	1,00,000
Cash	70,000
<b>Total Assets</b>	<b>8,00,000</b>

B Ltd., agreed to

- Take over all the assets (excluding cash) at 10% less than the book values.
- To pay 1,00,000 for goodwill and
- To takeover debentures.

The purchase consideration was to be discharged by the allotment of 60,000 equity shares of 10 each and the balance in cash.

Realization expenses amounted to 10,000.

Show necessary ledger accounts in the books of A Ltd., and the opening journal entries in the books of B Ltd.

9. The following is the summarized Balance sheet of CHANDI Ltd., as on 31<sup>st</sup> March 2022.

Liabilities	Amount	Assets	Amount
Share capital :		Goodwill	650000
12,000 preference shares of 100 each	12,00,000	Land and Buildings	17,00,000
20,000 equity shares of 100 each	20,00,000	Plant and machinery	9,00,000
6% debentures	5,00,000	Stock	1,50,000
Bank loan	1,00,000	Debtors	2,60,000
Creditors	3,00,000	Cash	1,00,000
		Profit and loss A/c	2,90,000
		Preliminary	10,000
		Expenses Discount on issue of shares	40,000
	<b>41,00,000</b>		<b>41,00,000</b>



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

1. The preference shares are to be reduced to Rs. 70 per share fully paid.
2. Equity shares are to be reduced by Rs. 30 each fully paid.
3. 6% debenture holders to take over stock and debtor in full satisfaction of the amount due to them.
4. Reconstruction expenses Rs. 15,000.
5. Plant is depreciated by 35,000.
6. Land and building is appreciated by 40,000.

Give journal entries and prepare reconstructed balance sheet.

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