



CB – 400

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IV Semester B.B.A. Examination, August/September 2023
(CBCS) (Repeaters) (2021-22 Onwards)

BUSINESS ADMINISTRATION

Paper – 4.6 : Advanced Corporate Accounting

Time : 3 Hours

Max. Marks : 70

Instruction : Answers should be written in **English** only.

SECTION – A

1. Answer **any five** of the following sub-questions. **Each** sub-question carries **two** marks : (5×2=10)
- What do you mean by internal reconstruction ?
 - Who is an official liquidator ?
 - What is statement of affairs ?
 - What is underwriting commission ?
 - What is social responsibility accounting ?
 - Define forensic accounting.
 - Give two examples of preferential creditors.



SECTION – B

- Answer **any three** of the following questions. **Each** question carries **five** marks : (3×5=15)
- Explain the different types of winding up of a company.
 - Define Human Resource Accounting. Explain the need for human resource accounting.

P.T.O.



4. Sun Ltd., decided to acquire Moon Ltd. The purchase consideration to be paid by Sun Ltd. to Moon Ltd. is as follows :

- a) A cash payment of ₹ 50,000.
- b) Issue of 80,000 equity shares of ₹ 10 each fully paid @ ₹ 15 per share.
- c) Issue of 50,000 preference shares of ₹ 10 each, ₹ 6 per share paid up.
- d) Issue of 30,000 debentures of ₹ 10 each at a discount of 10%.

Calculate the amount of purchase consideration.

5. ABC Ltd., went into liquidation on 31-3-2023. Following information is available with the liquidator :

	(₹)
Debentures	20,000
Unsecured creditors	64,000
Preferential creditors	20,000
The assets realised :	
Land and Building	40,000
Plant and Machinery	37,300
Furniture	2,000

The liquidation expenses amounted to ₹ 2,000. The liquidator's remuneration is to be paid as follows :

- a) 2% on the amount realised.
- b) 2% on the amount distributed to unsecured creditors other than preferential creditors.

Prepare liquidators final statement of account.

6. A company issued 1,00,000 shares of ₹ 10 each. These shares were underwritten by three underwriters as follows :

- X – 50,000 shares
- Y – 30,000 shares
- Z – 20,000 shares.



The public applied for 80,000 shares which included marked applications as follows :

X - 40,000 shares

Y - 20,000 shares

Z - 10,000 shares.

Determine the liability of A and B, If the unmarked shares were apportioned to underwriters.

SECTION - C

Answer **any three** of the following questions. **Each** question carries **twelve** marks :

(3×12=36)

7. Josh Ltd., has authorised capital of ₹ 50,00,000 divided into 1,00,000 equity shares of ₹ 50 each. The company issued 50,000 shares at a premium of ₹ 10 each. The entire issue was underwritten as follows :

A - 30,000 shares

B - 15,000 shares

C - 5,000 shares.

The firm underwriting is as follows :

A - 5,000 shares

B - 2,000 shares

C - 500 shares.

Out of the total issue, 45,000 shares including firm underwriting were subscribed. The following were the marked forms :

A - 16,000 shares

B - 10,000 shares

C - 4,000 shares.

Calculate the liability of each underwritten.



8. Bad luck Ltd., went into voluntary liquidation on 31-3-2022 on that date their Balance Sheet was as follows :

	(₹)		(₹)
Liabilities	Amount	Assets	Amount
10,000, 10% preference shares of ₹100 each	10,00,000	Land and Buildings	5,00,000
5,000 equity shares of ₹ 100 each ₹ 75 paid	3,75,000	Plant and Machinery	12,50,000
15,000, equity shares of ₹ 100 each ₹ 60 paid	9,00,000	Patents	2,00,000
15% Mortgage debentures	5,00,000	Stock	2,75,000
Interest on debentures	75,000	Sundry debtors	5,50,000
Creditors	6,37,500	Cash at bank	1,50,000
		P&L A/C	5,62,500
	34,87,500		34,87,500

Preference dividends were in arrears for 2 years and creditors include preferent creditors of ₹ 75,000.

The assets realised as follows :

Land and buildings ₹ 6,00,000

Machinery ₹ 10,00,000

Patents ₹ 1,50,000

Stock ₹ 3,00,000

Debtors ₹ 4,00,000.

The expenses of liquidation amounted to ₹ 50,000. The liquidator is entitled 1% commission on assets realised. Assuming that the final payments including for debenture holders was made on 30th June, 2022. You are required to prepare liquidators final statement of A/C.



9. Given below is the Balance Sheet of Nayak Ltd. as on 31-3-2021.

	(₹)		(₹)
Liabilities	Amount	Assets	Amount
5,000, 8% preference shares of ₹ 10 each	50,000	Goodwill	1,00,000
5000 equity shares of ₹ 10 each	50,000	Buildings	4,000
Creditors	18,000	Plant	5,000
Bank overdraft	20,000	Debtors	1,200
		Stock	22,000
		Preliminary expenses	3,000
		P/L A/C	2,500
		Cash	300
	1,38,000		1,38,000

The following scheme of reconstruction was adopted :

- ₹ 10 preference shares were to be reduced to an equal number of fully paid shares of ₹ 8 each.
- ₹ 10 equity shares were to be reduced to an equal number of fully paid shares of ₹ 5 each.
- Creditors agreed to forego ₹ 8,000.
- The amount available was to be utilized to write off P&L A/C and fictitious assets and the balance if any to be written off goodwill. Pass Journal Entries and Prepare the Balance Sheet after Reconstruction.

10. What is environmental accounting ? Explain the need and forms of environmental accounting.



11. The Balance Sheet of A Ltd. On 31st March 2022 was as follows :

	(₹)		(₹)
Liabilities	Amount	Assets	Amount
Share capital :		Land and Buildings	2,30,000
8000 equity shares		Plant and Machinery	1,80,000
of ₹ 50 each fully paid	4,00,000	Furniture	20,000
		Stock	90,000
General reserve	50,000	Sundry debtors	1,00,000
Workmen's accident		Less : Provision	
Compensation fund	30,000	for doubtful debts	<u>5000</u>
(Outstanding liability		Cash	2,000
₹ 8,000)		Discount on issue of	
1,000, 14% debentures	50,000	debentures	3,000
of ₹ 50 each			
Sundry creditors	40,000		
Bank overdraft	10,000		
Staff provident fund	40,000		
	6,20,000		6,20,000

The business of the company is taken over by B Ltd., on that date.

- A payment in cash at ₹ 10 for every share in A Ltd.
- An exchange of 5 shares in B Ltd., of ₹ 10 each, at the market value of ₹ 15 per share, for every 2 shares in A Ltd.