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IV Semester B.Com. Examination, May/June 2014
(Semester Scheme) (2012-13 Only)
(Repeater)
Paper – 4.3 : CORPORATE ACCOUNTING – II

Time : 3 Hours

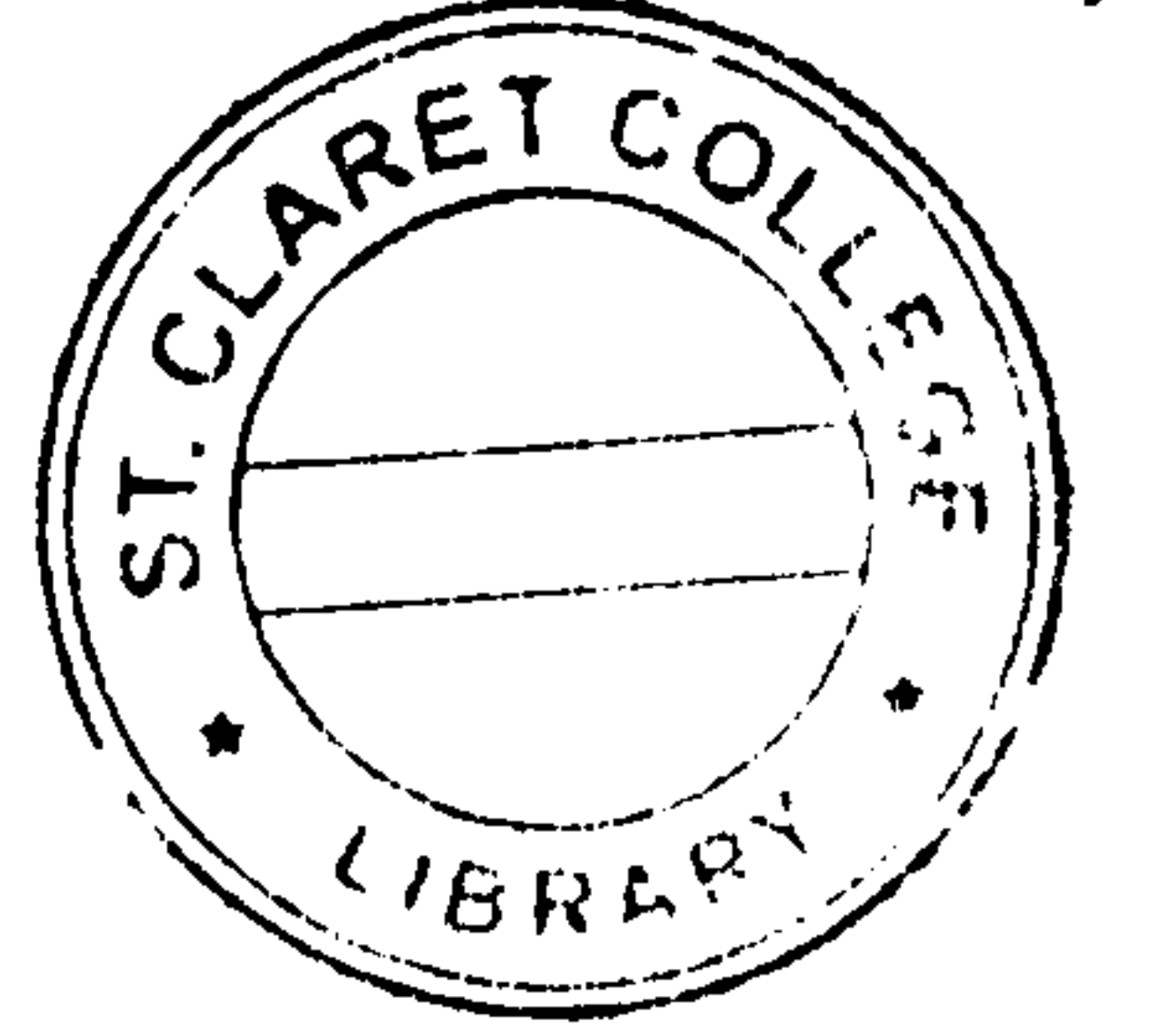
Max. Marks : 100

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

SECTION – A

Answer **any eight** sub-questions. **Each** sub-question carries **two** marks. **(8x2=16)**

1. a) Who are contributories ?
- b) What are the functions of a Liquidator ?
- c) What is capital reduction ?
- d) What is external reconstruction ?
- e) What do you mean by amalgamation of companies ?
- f) State any two objectives of absorption.
- g) Mention any two forms of Internal Reconstruction.
- h) Mention the methods of calculating purchase consideration.
- i) Give the journal entry for purchase consideration due in the books of vendor company.
- j) What is capital reserve ?





SECTION – B

Answer **any three** questions. **Each** question carries **eight** marks. **(3×8=24)**

2. Bindu Limited was agreed to be absorbed by Sindhu Limited as on 31-03-2014. On this date the Balance Sheet of Bindu Limited was as followed :

Liabilities	₹	Assets	₹
50000 shares of ₹ 10 each	5,00,000	Fixed Assets	9,00,000
General Reserve	2,00,000	Current Assets	
Profit and Loss a/c	1,50,000	excluding cash	1,60,000
5% Debentures	1,20,000	Cash Balance	40,000
Creditors	1,30,000		
	11,00,000		11,00,000

Sindhu Limited agreed to acquire fixed assets at 10% more than the Book value, but current assets were valued only at ₹ 1,50,000. The purchase consideration was paid 50% in shares of ₹ 10 each and balance in cash.

Determine purchase consideration, show the discharge of purchase consideration and pass journal entries in the books of Sindhu Ltd. for discharge of purchase consideration.

3. Following are the Balance Sheets of 'C' Ltd. and 'D' Ltd. as on 31-03-2014.

Liabilities	C Ltd.	D Ltd.	Assets	C Ltd.	D Ltd.
Equity shares	1,50,000	1,50,000	Land and Building	1,00,000	1,50,000
(15000 shares)			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
	3,60,000	4,10,000		3,60,000	4,10,000



'C' Ltd. and 'D' Ltd. 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 ₹ 10 each in 'DC' Ltd. at an agreed value of ₹ 12.50 per share.

Calculate purchase consideration and show incorporation entries in the books of 'DC' Ltd.

4. S Co. went into liquidation on 01-01-2014. The liquidators whose remuneration is 3% on all assets realised and 2% on amount distributed to share holders. (Preference and Equity) realised all assets for ₹ 10,00,000.

Expenses of liquidation ₹ 18,000

Unsecured Creditors ₹ 1,36,000 (including Salary and Wages outstanding ₹ 12,000) 10000, 6% Preference Shares of ₹ 30 each, ₹ 3,00,000, 20000 Equity Shares of ₹ 10 each, ₹ 9 per share called up and paid ₹ 1,80,000.

General Reserve ₹ 2,40,000

Profit and Loss A/c ₹ 40,000.

Under Articles of Association of the company, the Preference shares have the right to receive $\frac{1}{3}$ of the surplus after repaying the Equity Share Capital.

Prepare Liquidator's Final Statement of Account.

5. 'M' Co. Ltd. made arrangements for its reconstruction. The share holders had agreed to receive the following in exchange for 50000 shares of ₹ 10 each held by them.

a) Fully paid Equity Shares to the extent of $\frac{2}{5}$ th of their present holding.

b) 5% Preference Shares to the extent of $\frac{1}{5}$ th of the above Equity shares.

c) 6% Debentures of ₹ 60,000.



Further, the company issued Debentures of ₹ 50,000 to the public and company received the amount in cash. Goodwill of ₹ 3,00,000 was written down to ₹ 1,50,000. Machinery to be reduced from ₹ 1,00,000 to ₹ 75,000. The lease hold property which stood at ₹ 1,50,000 were written down to ₹ 1,25,000.

Give Journal Entries to the above scheme.

6. Distinguish between Amalgamation and Absorption.

SECTION – C

Answer **any four** of the following. **Each** question carries **fifteen** marks. (4×15=60)

7. The Balance Sheet of Ayappa Ltd. as on 31-3-2014 was as followed :

Liabilities	₹	Assets	₹
8000 Preference Shares		Goodwill	60,000
of ₹ 100 each	8,00,000	Land and Building	8,00,000
16000 Equity Shares		Plant	12,00,000
of ₹ 100 each	16,00,000	Stock	2,00,000
8% Mortgage Debentures	4,00,000	Debtors	1,60,000
Bank Loan	2,00,000	Profit and Loss A/c	9,80,000
Creditors	4,00,000		
	34,00,000		34,00,000

The following scheme of Internal Reconstruction was approved by the court.

- a) Preference Shares are to be reduced to ₹ 50 per share fully paid.
- b) Equity shares are to be reduced to ₹ 25 each fully paid.
- c) Debenture holders to take over stock and Debtors in full settlement of their claim.
- d) Eliminate Goodwill and Profit and Loss A/c completely.
- e) Plant value is reduced to 50% of its present value.

Journalise the entries of the above scheme of Internal Reconstruction and prepare Reconstructed Balance Sheet.



8. On 31-03-2014, the Balance Sheet of Max Ltd. was as followed :

Liabilities	₹	Assets	₹
12500 Equity Shares		Goodwill	6,250
of ₹ 10 each	1,25,000	Other Fixed Assets	43,750
General Reserve	62,500	Bank	12,500
Current Liabilities	37,500	Other Current Assets	1,62,500
	2,25,000		2,25,000

Max Ltd. is absorbed by Rex Co. Ltd. on the following terms :

- 1) Rex Ltd. to take over the Assets except Bank balance and the Liabilities at 10% less than book value.
- 2) The consideration is to be discharged by Rex Co. Ltd. in the form of Equity Shares of ₹ 10 each at a premium of ₹ 2.50 per share.

Show Ledger accounts in the books of Max Co. and opening entries in the books of Rex Co. Ltd.

9. Following is the Balance Sheet of Akash Ltd. as on 31-03-2014.

Liabilities	₹	Assets	₹
20000 Equity shares of		Land and Building	1,00,000
₹ 10 each	2,00,000	Plant and Machinery	50,000
12% Debentures	1,00,000	Stock and Debtors	75,000
Creditors	50,000	Cash	10,000
		Profit and Loss A/c	1,15,000
	3,50,000		3,50,000



Akash Co. Ltd. is liquidated and a new company called Sky Co. Ltd. is formed. The new company takes over only the fixed assets and 12% Debentures of Akash Co. Ltd. The Land and Building and Plant and Machinery are revalued at ₹ 1,75,000 and ₹ 40,000 respectively.

Akash Co. Ltd. realised Stock and Debtors at ₹ 45,000 and discharged Creditors at 5% discount. Liquidation Expenses came to ₹ 1,500.

Assuming that Purchase consideration is discharged by issue of Equity Shares in Sky Co. Ltd.

Prepare necessary Ledger Accounts in the books of Akash Co. Ltd. and open entries in the books of Sky Co. Ltd.

10. 'K' Ltd. and 'P' Ltd. carrying on similar business decided to amalgamate and a new company 'KP' Ltd. is to be formed to take over the assets and liabilities of both the companies and it is agreed that fully paid Equity shares of ₹ 100 each shall be issued by the new company to the value of net assets of each of old companies.

Balance Sheet as on 31-03-2014

Liabilities	K Ltd.	P Ltd.	Assets	K Ltd.	P Ltd.
Shares of ₹ 50 each	50,000	40,000	Goodwill	5,000	2,000
General Reserve	20,000	–	Land and Building	17,000	10,000
Profit and Loss a/c	3,000	–	Plant and Machinery	24,000	16,000
Creditors	4,000	8,000	Furniture	5,000	7,500
Bills Payable	4,000	–	Stock	10,000	7,500
Bank overdraft	–	8,000	Cash	8,000	300
			Debtors	12,000	7,000
			Profit and Loss A/c	–	5,700
	81,000	56,000		81,000	56,000

All tangible assets are taken over at book value and goodwill of 'K' Ltd. is to be valued at ₹ 12,000 while that of P Ltd. is valueless. You are required to prepare necessary Ledger accounts in the books of 'K' Ltd. and 'P' Ltd.



11. Boss company Ltd. went into voluntary liquidation on 01-01-2014 on which date, dividends on preference shares were in arrears for 3 years. Following is the position of the company.

Share capital :

6000 Equity Shares of ₹ 100 each, ₹ 50 per share paid up ₹ 3,00,000

3000 6% Preference Shares of ₹ 100 each fully paid ₹ 3,00,000.

Liabilities :

Secured Loans against Machinery ₹ 30,000

Unsecured Creditors ₹ 70,000

Bills Payable ₹ 40,000

Preferential Creditors ₹ 8,100

Assets realised :

Machinery ₹ 70,000

Other Assets ₹ 3,44,000

The liquidation expenses and legal expenses amounted to ₹ 3,000 and ₹ 1,000 respectively. The liquidator is entitled to a remuneration of ₹ 12,000 and a commission at 5% on the amount paid to the Preference share holders as capital and dividend and 5% on the total amount of assets realised and also collected by him.

Prepare Liquidator's Final Statement of Account.

ಕನ್ನಡ ಆವೃತ್ತಿ

ವಿಭಾಗ - ಎ

ಎಂಟು ಉಪಪ್ರಶ್ನೆಗಳನ್ನು ಉತ್ತರಿಸಿ. ಪ್ರತಿ ಉಪಪ್ರಶ್ನೆಗೆ ಎರಡು ಅಂಕಗಳು.

(8×2=16)

1. a) ವಂತಿಗೆದಾರರು ಎಂದರೇನು ?

b) ವಿಸರ್ಜನಾಧಿಕಾರಿಯ ಕಾರ್ಯಗಳು ಯಾವುವು ?

c) ಬಂಡವಾಳ ಇತಿತಾಯ ಖಾತೆ ಎಂದರೇನು ?