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III Semester B.Com.(Hons.) Degree Examination, April - 2022

COMMERCE

Corporate Accounting - II

(CBCS Scheme Fresher)

Paper: 3.5

Time : 3 Hours

Maximum Marks : 70

Instructions to Candidates:

Answers should be written completely in **English**.

SECTION - A

1. Answer any five Questions . Each question carries 2 marks. (5×2=10)
- What is Internal reconstruction?
 - Give the meaning of environmental accounting.
 - Mention any four examples for preferential creditors.
 - What do you mean by purchase consideration?
 - Mention the types of preference shares.
 - What is forensic accounting?
 - What do you understand the term liquidation of company?

SECTION - B

Answer any three questions. Each question carries 5 marks. (3×5=15)

2. U Ltd. went into voluntary liquidation on 31st March 2019. Its assets realized by Rs. 2, 10,000 excluding the amount realized by the sale of securities held by secured creditors. From the following prepare liquidators final statement of Account. Secured creditors R. 17,500 (Security realized Rs. 20,000), preferential creditors Rs. 3,000, unsecured creditors Rs. 17,500 (Security realized Rs. 20,000), preferential creditors R. 3,000, unsecured creditors Rs. 1,00,000 debentures (having floating charges on assets) Rs. 1,25,000.

Liquidation expenses Rs. 2,5000

Liquidator remuneration is 3% an amount paid to unsecured creditors.

[P.T.O.]



3. Given below is the balance sheet of Kayak Ltd. As on 31.12.2009

Liabilities	Rs.	Assets	Rs.
5000, 8% pref. Shares of Rs. 10 each	50,000	Goodwill	1,00,000
5000, Equity shares of Rs. 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
		Profit and Loss A/C	2,500
		cash	300
	1,38,000		1,38,000

The following scheme of reconstruction was adopted:

- Rs 10 preference shares were to be reduced to an equal number of fully paid shares of Rs. 8 each.
 - Rs. 10 equity shares were to be reduced to an equal number of fully paid shares of Rs. 5 each.
 - Creditors agreed to forego Rs. 8,000.
 - The amount available was to be utilized to the nominal assets and the balance if any to be written off against goodwill.
4. What are the objectives of green accounting?
5. Bindu Ltd was agreed to acquire by Indu Ltd as on 31-3-19 of this date the Balancesheet was as follows:

Liabilities	Rs.	Assets	Rs.
50000 equity shares of Rs. 10 each	5,00,000	Fixed asset	9,00,000
General reserve	2,00,000	Current asset	2,00,000
P & L a/c	1,50,000		
5% debentures	1,20,000		
Sundry creditors	1,30,000		
	11,00,000		11,00,000

Indu Ltd. Agreed to acquire fixed assets at 10% more than the book value but the current assets were valued only at Rs. 150000. The purchase consideration was paid 50% in equity shares of Rs. 10 each and balance in cash. Determine the purchase consideration and discharge of purchase consideration.



SECTION - C

Answer any three questions. Each question carries 15 marks.

(3×15=45)

6. A company Ltd is absorbed by B Company Ltd. The consideration being:
- Assumption of liabilities.
 - Discharge of debentures at a premium of 5% by the issue of 5% debentures in B company Ltd.
 - A payment of cash of Rs. 130 per share and
 - To exchange 3 shares of Rs. 10 in B company Ltd. at an agreed valued of Rs. 15 per share, for every share in A company Ltd.

Balance Sheet of A Company Ltd. as on 31.03.2018.

Liabilities	Rs.	Assets	Rs.
Share Capital:		Goodwill	2,50,000
60,000, equity shares of Rs. 50 each fully paid	30,00,000	Land & Buildings	7,65,000
General Reserve	3,20,000	Plant & Machinery	22,00,000
Profit and Loss A/C	1,80,000	Patents	50,000
5% Debentures	15,00,000	Patterns	25,000
Creditors	2,00,000	Investments	50,000
		Stock	10,60,000
		Debtors	4,50,000
		Bank	3,50,000
	52,00,000		52,00,000

Pass Journal Entries to close the books of A company Ltd, together with Ledger Accounts Under amalgamation in the nature of purchase method.

7. On 31st December 2019, a company was liquidated and its balance sheet was

Equities and Liabilities	Rs.
1) 20000, 6% cumulative pref. Shares of 100/-	2,00,000
2) 1000, 7% non-cumulative pref. Shares of 100/-	1,00,000
3) 5000 equity shares of 100, 80 paid up	4,00,000
4) 12,500 equity shares of 100, 40 paid up	5,00,000



Current liabilities:	
Creditors	9,95,00
Bank o/d (Floating charge on assets)	25,000
	22,20,0000

Assets	Rs.
Fixed assets	
Land & Building	2,80,000
Plant and machinery	3,55,000
Intangible assets	
goodwill	2,50,000
Current assets	
Stock	4,85,000
Debtors	3,62,000
Cash	3,000
Miscellaneous expenses	
Profit and loss account	4,85,000
	22,20,000

- i) The dividends on cumulative pref. Shares are in arrears for 2 years and on non-cumulative shares, it is not paid from past 4 years.
- ii) Sundry creditors include.
 - a) Income tax due Rs. 2,50,000/-
 - b) Municipal taxes Rs. 4,000/-
 - c) Wages of factory workers Rs. 10,000/-
 - d) Fully secured loan by mortgaging the building Rs. 2,00,000/-
- iii) The liquidator realized the assets as buildings Rs. 2,25,000/-, machinery Rs. 1,00,000/- stock Rs. 3,00,000/- and debtors Rs. 3,00,000/-
- iv) The liquidator shall get 3% of the amount realized from the sale of assets and 2% on the amount paid to unsecured creditors including preferential.
- v) The liquidation expense amounted to Rs. 5,000/-

Prepare the Liquidators final statement of accounts.



8. Following is the balance sheet of Unfortunate Ltd., as on 31st December, 2018.

Equities and liabilities	Rs.
Share Capital	
30,000, 5% preference shares of Rs. 10 each	3,00,000
50,000 equity shares at Rs. 10 each	5,00,000
Long term loans	
Debentures	2,50,000
Loans	50,000
Current Liabilities	
Trade creditors	1,93,000
	12,93,000
Assets	Rs.
Fixed assets	
Land and buildings	3,00,000
Machinery	2,50,000
Furniture	2,000
Intangible assets	
Goodwill	70,000
Current assets	
Stock	30,000
Debtors	1,20,000
Bills receivable	95,000
Bank balance	6,000
Miscellaneous expenses	
Profit and loss account	4,20,000
	12,93,000

On receiving the court order to reconstruct (internally) Unfortunate Ltd., the board of directors decided that the will follow following scheme of reconstruction,

- i) The Preference share dividends were not paid for the past 2 years.
- ii) The depreciation on machinery was not provided, the amount of depreciation assessed till date was Rs. 20,000.



Debentures	Rs. 10,000
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Assets Realized:

Land & Building	Rs. 20,000
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Plant & Machinery	Rs. 18,650
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Fixtures	Rs. 1,000
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The liquidation expenses amount to Rs. 1000.
