

IV Semester B.Com. Examination, April/May 2015
(2013-14 and Onwards) (Fresh + Repeaters)

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

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

1. a) How do you calculate purchase consideration under net assets method ?
- b) State the methods of accounting for amalgamation.
- c) Mention any four objectives of amalgamation of companies.
- d) State the two forms of internal re-construction.
- e) Give any two objectives of internal reconstruction.
- f) Who is liquidator ?
- g) Mention the methods of winding up of company.
- h) What is a subsidiary company ?
- i) What is capital profit ?
- j) How do you treat holding company's share of revenue profit in Consolidated Balance Sheet ?
- k) What is Human Resources Accounting ?
- l) What is intangible assets ? Give two examples.

P.T.O.



SECTION - B

Answer any four questions. Each question carries 8 marks.

(4×8=32)

2. Calculate the purchase consideration and pass opening Journal Entries in the books of purchasing company.

	₹
Value of assets as per Balance Sheet	50,43,140
Agreed value of assets taken over	36,43,140
Liabilities as per Balance Sheet	6,43,140
Liabilities not taken over	43,140
Purchase consideration to be discharged in equity shares of ₹ 10 each.	

3. On 31-3-2015 the B/S of 'H' Ltd. and its subsidiary 'S' Ltd. stood as follows :

Liabilities	'H' Ltd.	'S' Ltd.	Assets	'H' Ltd.	'S' Ltd.
Equity share capital	6,00,000	1,50,000	Fixed assets	4,12,500	75,000
Reserve 1-4-2014	1,12,500	52,500	Shares in 'S' Ltd.	2,10,000	-
P/L A/c 1-4-2014	67,500	41,250	Current assets	2,47,500	2,28,750
Creditors	90,000	60,000			
	8,70,000	3,03,750		8,70,000	3,03,750

'H' Ltd. acquired 75% of shares of 'S' Ltd. on 31-7-2014. 'S' Ltd. earned profit ₹ 33,750 for the year ended 31-3-2015. Find out Minority Interest.

4. Anu Ltd. went into liquidation on 31-3-15, when the state of affairs was as follows :
 Unsecured creditors was ₹ 8,00,000 including ₹ 1,00,000 preferential claims.
 Secured creditors secured by plant and machinery stood at ₹ 4,00,000. Cash in hand was ₹ 20,000.
 The liquidator realised plant and machinery for ₹ 3,00,000 and other assets realised ₹ 2,00,000. The liquidation expenses came to ₹ 20,000 and liquidator's remuneration was fixed at 4% of the amount realised including cash balance and 2% of the amount distributed to unsecured creditors including preferential creditors.
 Prepare Liquidator's final statement of Account.



5. Following is the B/S of Manju Ltd. as on 31-3-2015.

Liabilities	₹	Assets	₹
Share capital :		Goodwill	20,000
20000 equity shares of ₹ 10		Buildings	41,000
each fully paid	2,00,000	Machinery	1,01,700
Bank overdraft	30,850	Stock	20,550
S. Creditors	30,000	Debtors	30,000
		Cash	3,000
		P/L A/c	41,600
		Preliminary expenses	3,000
	2,60,850		2,60,850

The company adopted the following scheme of internal reconstruction :

- a) Reduce the present value of equity shares to ₹ 5 each fully paid.
- b) Sundry creditors agreed to forego 20% of their claims as the company decided to pay them cash immediately.
- c) The company made a fresh issue of 13030 equity shares of ₹ 5 each fully paid and pay off the Bank overdraft completely.
- d) The directors of the company found that machinery is over valued by ₹ 20,000. They also proposed to write off all intangible assets and profit and loss A/c completely.

Pass necessary journal entries in the books of the company.

6. What is environmental accounting ? State its needs.



SECTION - C

Answer any three questions. Each question carries 16 marks.

(3×16=48)

7. The following are the B/S as on 31-3-2015 of Shiva Ltd. and Kumar Ltd.

Liabilities	Shiva Ltd.	Kumar Ltd.	Assets	Shiva Ltd.	Kumar Ltd.
Eq. share capital of ₹ 100 each	2,00,000	1,20,000	Land and buildings	60,000	—
6% debentures of ₹ 10 each	40,000	—	Plant and machinery	2,20,000	1,00,000
Reserve fund	68,000	—	Stock	32,000	16,000
Dividend equalisation fund	8,000	—	Debtors	28,000	18,000
Employee's P.F.	6,000	—	Cash	6,000	2,000
Trade creditors	20,000	16,000			
P/L A/c	4,000	—			
	3,46,000	1,36,000		3,46,000	1,36,000

The two companies agree to amalgamate and form a new company called Shiva Kumar Ltd. which takes over the assets and liabilities of both the companies. The authorised capital of Shiva Kumar Ltd. is ₹ 20,00,000 consisting 200000 equity shares of ₹ 10 each.

The assets of Shiva Ltd. are taken over at a reduced valuation of 10% with the exception of land and buildings which are accepted at book value.

Both the companies are to receive 5% of net valuation of their respective business as goodwill. The entire purchase consideration is to be paid by Shiva Kumar Ltd. in fully paid E. shares. In return for debenture of Shiva Ltd. debentures of the same amount and denomination are to be issued by Shiva Kumar Ltd.

Prepare necessary Ledger Accounts in the books of Shiva Ltd. and pass opening entries and prepare opening Balance Sheet of Shiva Kumar Ltd.



8. From the following B/S of 'A' Ltd. and its subsidiary 'B' Ltd. prepare the consolidated B/S as on 31-3-2015.

Liabilities	'A' Ltd.	'B' Ltd.	Assets	'A' Ltd.	'B' Ltd.
Equity share capital			Goodwill	—	10,000
of ₹ 5 each	5,00,000	1,00,000	Buildings	1,00,000	35,000
General reserve	50,000	20,000	Machinery	3,00,000	60,000
P/L A/c	25,000	32,000	Shares in 'B' Ltd.	85,000	—
Creditors	45,000	12,000	Stock	1,00,000	30,000
Bills payable	30,000	6,000	Debtors	60,000	12,000
			Bills receivables	—	18,000
			Cash in hand	5,000	5,000
	6,50,000	1,70,000		6,50,000	1,70,000

The 'A' Ltd. purchased 15000 shares in 'B' Ltd. on 30-9-2014. The Balance in general reserve and P/L A/c of 'B' Ltd. stood at ₹ 12,000 and ₹ 8,000 respectively on 1-4-2014. The B/R of 'B' Ltd. ₹ 18,000 is accepted by 'A' Ltd. The debtors of 'B' Ltd. ₹ 4,000 due from 'A' Ltd. The stock of 'B' Ltd. includes goods purchased from 'A' Ltd. for ₹ 10,000 which are invoiced by 'A' Ltd. at a profit of 25% on cost.

9. Balance Sheet of Giri Ltd. as at 31-3-2015 was as follows :

Liabilities	₹	Assets	₹
Share capital :		Goodwill	30,000
4000 preference shares		Freehold premises	4,00,000
of ₹ 100 each	4,00,000	Plant	6,00,000
8000 Eq. shares of		Stock	1,00,000
₹ 100 each	8,00,000	Debtors	80,000



5% mortgage debenture	2,00,000	P/L A/c	4,90,000
Bank overdraft	1,00,000		
Creditors	2,00,000		
	17,00,000		17,00,000

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

- Preference shares to be reduced to ₹ 75 per share and equity shares to ₹ 37.50.
- Debenture holders to take over stock and debtors in full satisfaction of the amount due to them.
- Goodwill to be eliminated completely.
- Freehold premises to be depreciated by 50%.
- Plant to be appreciated by ₹ 1,00,000.

Give journal entries and prepare the Revised Balance Sheet.

10. The Balance Sheet of Narayan Ltd. as on 31-3-2014 was as follows :

Liabilities	₹	Assets	₹
Paid-up capital		Land and buildings	4,00,000
2000, 6% preference		Plant and machinery	4,40,000
shares of ₹ 100 each	2,00,000	Stock	2,00,000
4000 Eq. shares of		S. Debtors	2,00,000
₹ 100 each fully paid	4,00,000	Cash at Bank	60,000
6000 Eq. shares of		P/L A/c	2,00,000
₹ 100 each, ₹ 50, paid	3,00,000		



6% debenture		
(Floating charges on all assets)	2,00,000	
Mortgage on land and buildings	2,00,000	
S. creditors	1,80,000	
Income tax provision	20,000	
	15,00,000	15,00,000

The company went into liquidation on 1-4-2014. The preference dividends were in arrears for 3 years. The arrears are payable on liquidation.

The assets were realised as follows :

	₹
Land and buildings	4,80,000
Plant and machinery	3,60,000
Stock	1,40,000
Debtors	1,20,000
Expenses of liquidation	16,000

The liquidator is entitled to a commission of 2% on all assets realised and 3% on the amount distributed to unsecured creditors (including preferential creditors).

All the payment made on 30th Sep. 2014.

Prepare Liquidator's Final Statement of Account.