

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN  
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)  
Chromepet, Chennai - 600 044.

B.Com. PA - END SEMESTER EXAMINATIONS APRIL - 2024

SEMESTER - IV

**21UPACT4009 - Advanced Corporate Accounting**

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

**Section B**

Answer any **SIX** questions ( $6 \times 5 = 30$  Marks)

1. A Ltd., and B Ltd., whose businesses are similar in nature, decided to amalgamate and a new company C Ltd., informed to take over their assets and liabilities. The following are their balance sheets: Balance sheet as on 31.12.2018

| Liabilities          | A Ltd.,<br>₹ | B Ltd.,<br>₹ | Assets         | A Ltd.,<br>₹ | B Ltd.,<br>₹ |
|----------------------|--------------|--------------|----------------|--------------|--------------|
| Shares of Rs.10 each | 75,000       | 45,500       | Good Will      | 30,000       | 20,000       |
| Sundry creditors     | 3,300        | 2,000        | Premises       | 10,000       | -            |
| Reserves             | 4,200        | -            | Machinery      | 18,300       | 13,450       |
| Profit and Loss A/c  | 800          | 4,500        | Stock          | 16,000       | 11,550       |
|                      |              |              | Sundry Debtors | 7,500        | 6,000        |
|                      |              |              | Cash           | 1,500        | 1,000        |
|                      | 83,300       | 52,000       |                | 83,300       | 52,000       |

Calculate the purchase price.

2. Spring Field Ltd., is absorbed by Sports Field Ltd., the consideration being:
- The taking over of the trade liabilities of Rs.40,000;
  - The payment of cost of absorption of Rs.15,000;
  - The repayment of 'B' debentures of Spring Field Ltd., of Rs.2,00,000 at par;
  - The discharge of 'A' debentures of Rs.3,00,000 in the Vendor Co. at a premium of 10% by the issue of 8% debentures in Sports Field Ltd., at par;
  - A payment of Rs.20 per share in cash and the exchange of 4 fully paid Rs.10 shares in Sports Field Ltd., at a market price of Rs.15 per share for every Rs.50 share in Spring Field Ltd., which was 40,000 in number.

You are required to find out the purchase consideration.

3. Bee Ltd., has 60,000 equity shares of Rs.100 each, Rs.80 per share called up. Now the company decides to pay off Rs.20 per share of the paid up capital and at the same time to reduce the Rs.100 share to Rs.60 share fully paid up by cancelling the unpaid amount. Give journal entries.
4. The liquidator of a company is entitled to a remuneration of 2% on assets realized and 3% on the amount distributed to unsecured creditors. The assets Rs.1,00,000, including cash balance of Rs.5,000. Amount available for distribution to unsecured creditors before paying liquidator's remuneration was Rs.43,100.

**Contd...**

5. From the following particulars, prepare a Profit and loss A/c of New bank Ltd., For the year ended 31.12.2016.

(All amount Rs. in '000)

|   |     |                                   |     |
|---|-----|-----------------------------------|-----|
| Interest on loans                         | 260 | Interest on cash credits          | 225 |
| Interest on fixed deposits                | 280 | Rent and taxes                    | 20  |
| Rebate on bills discounted                | 50  | Interest on overdrafts            | 56  |
| Commission charged to customers           | 9   | Directors and auditor's fees      | 4   |
| Establishment expenses                    | 56  | Interest on savings bank accounts | 70  |
| Interest and Discount on bills discounted | 200 | Postage and telegrams             | 2   |
| Interest on Current accounts              | 45  | Sundry charges                    | 2   |
| Printing and advertisements               | 3   |                                   |     |

6. Define Amalgamation, Absorption and External Reconstruction with examples.
7. Mention the various methods of winding up a Company.
8. Highlights the procedure for reducing share capital.

### Section C

Answer any **THREE** questions ( $3 \times 10 = 30$  Marks)

9. M' Ltd and 'N' Ltd., agreed to amalgamate on the basis of the following Balance Sheet as on 31.3.97.

| Liabilities                | M Ltd.,<br>(Rs.) | N Ltd.,<br>(Rs.) | Assets      | M Ltd.,<br>(Rs.) | N Ltd.,<br>(Rs.) |
|----------------------------|------------------|------------------|-------------|------------------|------------------|
| Shares capital Rs. 25 each | 75,000           | 50,000           | Goodwill    | 30,000           | -                |
| P & L A/c                  | 7,500            | 2,500            | Fixed Asset | 31,500           | 38,000           |
| Creditors                  | 3,500            | 3,500            | Stock       | 15,000           | 12,000           |
| Depreciation fund          | —                | 2,500            | Debtors     | 8,000            | 5,200            |
|                            |                  |                  | Bank        | 1,500            | 2,500            |
|                            | 86,000           | 58,500           |             | 86,000           | 58,500           |

The assets and liabilities are to be taken over by a new company formed called 'P' Ltd., at book values.' P' Ltd.,s capital is Rs.2,00,000 divided into 10,000 equity shares of Rs.10 each and 10,000 9% preference shares of Rs.10 each.

'P'Ltd., Issued the equity shares equally to the vendor companies and preference shares were issued for any balance of purchase price. Pass journal entries in the books of 'P' Ltd., And prepare its Balance Sheet, if the amalgamation is in the nature of purchase.

10. Following is the balance sheet of King Co. Ltd., as on 31.12.2015.

| Liabilities                           | Rs.    | Assets         | Rs.    |
|---------------------------------------|--------|----------------|--------|
| 2,000 shares of Rs.10 each fully paid | 20,000 | Goodwill       | 4,000  |
| Profit & Loss A/c                     | 7,000  | Fixed assets   | 16,500 |
| Debenture                             | 10,000 | Current assets | 19,500 |
| Creditors                             | 3,000  |                |        |
|                                       | 40,000 |                | 40,000 |

Ring Co. Ltd., agreed to take over the assets of King Ltd., (exclusive of one fixed assets of Rs.4,000 and cash Rs.1,000 included in current assets) at 10% more than the book values. It agreed to take over creditors also. The purchase price was to be discharged by the issue of 2,000 shares of Rs.10 each at the market value of Rs.15 each and the balance in cash. Liquidation expenses came to Rs.400. King Ltd., sold the fixed assets of Rs. 4,000 and realized the book value. It paid off its debentures and liquidation expenses. You are required to give journal entries in the book of King Co. Ltd., and Ring Co. Ltd.

11. The Balance Sheets of PRP Co. Limited as on 30<sup>th</sup> June 2015 was as follows:

| Liabilities                            | Rs.      | Assets                  | Rs.      |
|--|----------|-------------------------|----------|
| 4,000 equity shares of Rs.100 each     | 4,00,000 | Goodwill                | 15,000   |
| 2,000 preference shares of Rs.100 each | 2,00,000 | Freehold Premises       | 2,00,000 |
| 5% Mortgage Debentures                 | 1,00,000 | Machinery               | 3,00,000 |
| Bank Overdraft                         | 50,000   | Stock                   | 50,000   |
| Creditors                              | 1,00,000 | Sundry debtors          | 40,000   |
|  |          | Profit and Loss Account | 2,45,000 |
|  | 8,50,000 |                         | 8,50,000 |

The company got the following scheme of capital reduction approved by the Court:

- The preference shares to be reduced to Rs.75 per share fully paid up and the equity share to Rs.37.50.
- The debenture holders took over the stock and Debtors in full satisfaction of the amount due to them.
- The goodwill account is to be eliminated.
- The freehold properties to be depreciated by 50%.
- The value of Machinery to be increased by Rs.50,000.

Give journal entries for the above and prepare the revised balance sheet.

12. The following particulars related to a company, which went into voluntary liquidation. Prepare Liquidators Final Statement of Account. At that time, allow 2% remuneration to Liquidator on the amount realized and 3% on the amount distributed to unsecured creditors.

|                        | Rs.      |
|------------------------|----------|
| Unsecured creditors    | 2,80,000 |
| Preferential creditors | 20,000   |
| Debentures             | 1,90,000 |
| Share capital          | 2,00,000 |

Assets realized as follows:

|                 | Rs.      |
|-----------------|----------|
| Cash in hand    | 21,500   |
| Land&Buildings  | 1,30,000 |
| Plant Machinery | 1,80,000 |
| Furniture       | 20,000   |

13. From the following balances of Savitha Bank Ltd., as on December 31<sup>st</sup> 2017, prepare its balance sheet in the prescribed form;

|  | (Rs. in '000) |
|--|---------------|
| Paid up share capital (shares of Rs.100 each fully paid) | 2,000         |
| Bills discounted   | 1,800         |
| Reserve fund   | 770           |
| Cash credits   | 2,000         |
| Overdrafts   | 800           |
| Unclaimed dividends                                      | 10            |
| Loans  | 4,600         |
| Current deposits   | 3,800         |
| Furniture  | 40            |

**Contd...**

|                           |       |
|---------------------------|-------|
| Profit and Loss A/c (Cr.) | 220   |
| Stamps and Stationery     | 10    |
| Cash in Hand              | 500   |
| Cash with Reserve Bank    | 1,300 |
| Branch Adjustment (Dr.)   | 170   |
| Investments               | 950   |
| Loans (Cr.)               | 1,200 |
| Recurring deposits        | 1,000 |
| Fixed deposits            | 2,000 |
| Cash certificates         | 1,000 |
| Contingency reserve       | 170   |

Adjustments:

- (a) Rebate on bills discounted Rs.10,000.
- (b) Provide Rs.80,000 for doubtful debts.
- (c) Banks acceptance on behalf of customers was Rs.6,50,000.

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