

**ST. JOSEPH'S EVENING COLLEGE (AUTONOMOUS)**  
**IV SEMESTER B.COM EXAMINATIONS - APRIL 2019**

**ADVANCED CORPORATE ACCOUNTING**

**Duration: 2.5 Hours**

**Max. Marks: 70**

**SECTION - A**

**I) Answer any EIGHT of the following questions. (8x2=16)**

1. State two objectives of amalgamation.
2. What is Net Asset Method?
3. How do you treat formation expenses in case of amalgamation?
4. Write two forms of internal reconstruction.
5. What is minority interest?
6. Give the meaning of liquidators statement of account.
7. Who are preferential creditors?
8. Give the meaning of cost of control.
9. Define a holding company.
10. What are contingent liabilities?
11. What is Human Resource Accounting?
12. Define Environmental Accounting.

**SECTION - B**

**II) Answer any THREE of the following questions. (3x8=24)**

13. Calculate purchase consideration from the following details. The purchasing company has to issue 10000 equity share of Rs.10 each at par, 500 8% preference shares of Rs.100 each at 10% premium. 1000 debentures of Rs.50 each at 10% discount and pay cash equal to 10% of total purchase consideration.
14. Balance sheet of XY Ltd as at 31-03-2016 was as follows

Liabilities	Rs.	Assets	Rs.
Share Capital:			
2000 preference Share of Rs.100 each	200000	Goodwill	15000
4000 Equity Shares of Rs.100 each	400000	Freehold Premises	200000
5% Mortgage Debentures	100000	Plant	300000
Bank Overdraft	50000	Stock	50000
Creditors	100000	Debtors	40000
		P & L A/c	245000
	850000		850000

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

1. Preference Share to be reduced to Rs.75 per share and the Equity Share to Rs.37.50
2. Debenture holders to take over stock and Book debts in full satisfaction of the amount due to them
3. Goodwill to be eliminated

4. Freehold Premises to be depreciated by 50%
5. Plant to be appreciated by Rs.50000

Journalise and Prepare the revised Balance Sheet.

15. The Unsound Ltd went into voluntary liquidation on 31-03-2017 on which date the position was as follows.

Liabilities	Amount	Assets	Amount
5000 Equity shares of Rs.100 each Rs.80 paid	400000	Land	80000
Secured creditors [secured by Land]	100000	Other Fixed Assets	260000
Unsecured Creditors [Including 10000 Preference Creditors]	200000	Stock	105000
		Debtors	100000
		Cash	5000
		Loan	40000
		P&L Account	110000
	700000		700000

Land was realized by secured creditors for Rs.120000 other fixed assets realized Rs.40000, debtors Rs.20000 and stock Rs.10000, Loan were fully bad. Liquidator is entitled to a fixed remuneration of Rs.1000. prepare liquidators final statement of Account assuming that

- 1] Liquidator is entitled to an additional remuneration of 2% on the amount paid to unsecured creditors including preferential creditors.
  - 2] Liquidator's out of pocket expenses amounted to Rs.1000.
16. Write short notes on environmental accounting.
  17.
    - a) The subsidiary company sold to the holding company goods worth Rs.10000 on which it has made a profit of Rs.4000 of these, goods worth Rs.200 are lying unsold with the holding company on the date of the preparation of the consolidated Balance sheet. Calculate the amount of unrealized profit included in stock.
    - b) Explain differences between amalgamation in the nature of merger and nature of purchase method.

### SECTION - C

**III) Answer any TWO of the following questions.**

**(2x15=30)**

18. A Ltd and B Ltd have agreed to amalgamate. A new company AB Ltd has been formed to take over the combined concerns on 31-03-2017.

A Ltd			
Liabilities	Amount	Assets	Amount
Issued Capital 50000 Shares of Rs.10 each fully paid	500000	Land and Building	300000
Creditors	50000	Plant and Machinery	250000
Reserve fund	50000	Good Will	50000
Profit and Loss Account	50000	Stock	20000
		Debtors	20000
		Cash at Bank	10000
	650000		650000

B Ltd			
Liabilities	Amount	Assets	Amount
100000 Shares of Rs.10 each	1000000	Land and Building	500000
Sundry Creditors	80000	Plant and Machinery	200000
Profit and Loss Account	50000	Patents	110000
		Stock	150000
		Debtors	120000
		Cash at Bank	50000
	1130000		1130000

The assets and liabilities are taken over by AB Ltd. Show how the amount payable to each company is arrived at and prepare the balance sheet of the new company.

19. The following is the balance sheet of progressing co, Ltd as on 31-03-2017

Liabilities	Amount	Assets	Amount
Authorized capital 20000 equity shares of Rs.10 each	<u>200000</u>	Good will	10000
issued, subscribed and paid up capital 12000 equity share of Rs.10 each	120000	Land and Building	20500
Less: Calls in Arrears (Rs.3 per Share)	9000	machinery	50850
Creditors	15425	Preliminary Expenses	1500
Provision for taxes	4000	Stock	10275
		Book debts	15000
		Cash at bank	1500
		Profit and Loss Account as per last Balance sheet	22000
		Less; Profit for the year	1200
	130425		20800
			130425

A Valuation of machinery reveals that it is overvalued by Rs.10000. It is proposed to write down this assets to its true value, to extinguish the deficiency in the profit and Loss Account and to write off goodwill and preliminary expenses by the adoption of the following course.

- 1] Forfeit the shares on which the call is outstanding
- 2] Reduce the paid up capital by Rs.3 per share
- 3] Reissue the forfeited shares of Rs.5 per share
- 4] Utilize the provision for taxes if necessary .

You are required to give the necessary Journal entries and Balance Sheet of the company.

20. MN Company went into voluntary liquidation on 01-04-2017. The liquidator is entitled to remuneration of 3% on realization of assets and 2% on the total final amount distributed to all share holders. The following was the position as on 31-03-2017

Assets realized [including assets given as security	500000
Liquidation expenses	9000
Creditors [including salaries and wages treated as preferential Rs.6000 and loans of Rs.25000 for which assets offered as security realized Rs.18000]	68000
5000 6% preference shares of Rs.30 each [Dividend paid up to 31-03-2016]	150000
10000 Equity Shares of Rs.10 each Rs.9 paid	90000
General reserve	120000
Profit and Loss Account Balance	20000

Under the articles of association the preference share holders have the right to receive 1/3 of the surplus remaining after payment of equity share capital and any arrears of dividend. Prepare liquidators account showing necessary calculation and working.

21. The Balance Sheet of A Ltd and B Ltd as on 31-03-1999 is as follows

Liabilities	A Ltd	B Ltd	Assets	A Ltd	B Ltd
Paid up Share Rs.10	1000000	300000	Premises	450000	120000
General Reserve	400000	125000	Machinery	350000	160000
Profit and Loss A/c	300000	175000	Furniture	80000	30000
Creditors	100000	70000	Debtors	300000	170000
			Investment in 20000 Shares in B Ltd at cost	260000	-
			cash	40000	30000
			Stock	320000	160000
	1800000	670000		1800000	670000

You are required to prepare a consolidated Balance sheet as on 31-03-1999 showing in detail necessary adjustment taking into consideration the following information.

- 1] A co, Ltd acquired the shares in B co, Ltd on 01-04-1998 when the balance on their profit and loss A/c and general reserve were Rs.75000 and Rs.80000 respectively.

Stock of Rs.160000 held by B Ltd consists of Rs.60000 goods purchased from A Ltd had charged profit at 25% on cost.