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BCMCMCN 401

Fourth Semester B.Com. Degree Examination, July/August 2023
(NEP – 2020) (2022-2023 Batch Onwards)
ADVANCED CORPORATE ACCOUNTING (DSCC)

Time : 2 Hours

Max. Marks : 60

Instruction : Answer all the Sections.

SECTION – A

I. Answer any five questions :

(2×5=10)

- 1) Write any two differences between equity shares and preference shares.
- 2) What do you mean by “Amalgamation in the nature of Merger” ?
- 3) State any two differences between internal and external reconstruction.
- 4) Define the term “Liquidation of a company”.
- 5) Define the term “Human Resource Accounting”.
- 6) Give the meaning of social responsibility accounting.
- 7) Mention any four preferential creditors.
- 8) Calculate liquidator’s remuneration.
 - i) Balance of cash after paying preferential creditors ₹ 2,10,000.
 - ii) Other unsecured creditors ₹ 2,50,000.
 - iii) Liquidators remuneration is 5% on the amount paid to other unsecured creditors.

SECTION – B

II. Answer any four questions :

(5×4=20)

- 9) Discuss the advantages and limitations of “Human Resource Accounting”.
- 10) Explain the modes of liquidation of a company.

P.T.O.



11) S Ltd. wishes to redeem its preference shares amounting to ₹ 10,00,000 at a premium of 5% and for the purpose issues 50,000 equity shares of ₹ 10 each at a premium of 5%. The company has a balance of ₹ 10,00,000 in profit and loss A/c. Pass journal entries to record these transactions.

12) Following is the Balance Sheet of A Ltd. as at 31st March 2023.

Particulars **Note No. As on 31st March 2023 (₹)**

A. Equity and Liability

1. Shareholders funds :

a) Share capital	1	
Equity share capital		6,00,000
b) Reserves and surplus	2	
General reserve		3,00,000
Profit and loss A/c		1,00,000

2. Share application money pending allotment

—

3. Non-current liabilities
6% Debentures

3

3,00,000

4. Current liabilities :
Creditors

4

3,20,000

Total **16,20,000**

B. Assets

1. Non-current Assets :

5

Property, Plant and Equipment :

Furniture 1,00,000

Plant and machinery 5,00,000

Intangible Assets :

Goodwill 1,00,000

2. Current Assets :

6

Inventories : Stock 6,00,000

Trade Receivables : Debtors 2,00,000

Cash and cash

Equivalents : Bank 1,00,000

Other current assets :

Preliminary expenses 20,000

Total **16,20,000**

B Ltd. takes over the business of A Ltd. on the following terms.

- 1) Goodwill is valued at ₹ 2,00,000. Other assets are considered worth their book values.
- 2) B Ltd. does not take over the balance at the bank.
- 3) A Ltd. agrees to redeem its debentures by itself.
- 4) Consideration is to be discharged in the form of 90,000 fully paid equity shares of ₹ 10 each, valued at par and the balance in cash.

Calculate the purchase consideration and show the mode of payment.

13) S Ltd. resolved the following :

- 1) To reduce 30,000 equity shares of ₹ 10 each to an equal number of shares of ₹ 7 each.
- 2) To reduce 40,000, 8% preference shares of ₹ 10 each to an equal number of 10% preference shares of ₹ 4 each.
- 3) To reduce 8% debentures of ₹ 1,00,000 to 10% debentures of ₹ 70,000.

To utilise the amount available to write off Goodwill ₹ 1,00,000, Patents ₹ 80,000, preliminary expenses ₹ 50,000, profit and loss account debit balance ₹ 70,000 and write down plant and machinery to the extent possible. Give Journal entries.

14) Vishal Ltd. went into liquidation. Its assets realized ₹ 3,50,000 excluding amount realized by sale of securities held by the secured creditors.

The following was the position :

	₹
Share capital : 50,000 shares of ₹ 10 each	5,00,000
Secured creditors (securities realized ₹ 40,000)	35,000
Preferential creditors	6,000
Unsecured creditors	1,40,000
Debentures having a floating charge on the assets of the company	2,50,000
Liquidation expenses	5,000
Liquidators remuneration	7,500

Prepare liquidators final statement of account.

SECTION – C

(2×15=30)

III. Answer any two questions :

15) The following is the Balance Sheet of Vidya Ltd. as on 31st March 2023 :

Particulars	Note No.	₹
I. Equity and Liabilities		
1. Shareholders funds :		
a) Share capital	1	
1000, 6% Redeemable Preference shares of ₹ 100 each		1,00,000
20,000 Equity shares of ₹ 10 each		2,00,000
b) Reserves and surplus	2	
Profit and loss A/c		1,20,000
2. Share application money pending allotment	—	—
3. Non-current liabilities	3	Nil
4. Current liabilities :		
Creditors	4	20,000
Bills payable		10,000
Total		4,50,000
II. Assets		
1. Non-current Assets :		
Buildings	5	2,00,000
Plant		1,10,000
2. Current Assets :	6	
Cash		1,40,000
Total		4,50,000

The company resolved to redeem the preference shares at a premium of 2% out of profits. Pass journal entries and prepare Balance Sheet after redemption.



16) M Ltd. and N Ltd. agreed to amalgamate and form a new company called MN Ltd. on 31-3-2023. Their Balance Sheets as on that date as under.

Balance Sheet as on 31st March 2023

Particulars	Note No.	M Ltd. (₹)	N Ltd. (₹)
A. Equity and Liabilities			
1. Shareholders Funds :			
a) Share capital	1		
Shares of ₹ 100 each		1,00,000	70,000
b) Reserves and surplus :			
Reserve fund	2	30,000	
Profit and Loss A/c		12,000	
2. Share application money pending allotment	-	-	-
3. Non-current liabilities :	3		
6% Debentures		20,000	-
4. Current liabilities	4		
Trade creditors		10,000	9,000
Employees Provident Fund		3,000	-
Total		1,75,000	79,000
B. Assets			
1. Non-current Assets	5		
Property, Plant and Equipment :			
i) Land		30,000	
ii) Plant and Machinery		1,07,000	55,000
2. Current Assets :	6		
Stock in Trade		16,000	8,000
Trade Receivables		15,000	14,000
Cash and cash equivalents :			
Cash		7,000	2,000
Total		1,75,000	79,000



New Company agrees to take over all the assets and liabilities of both the companies. Its authorized capital is 5000 equity shares of ₹ 100 each.

It was agreed that the purchase price of M Ltd. at ₹ 1,35,000 and N Ltd. at ₹ 60,000, which is paid in the form of shares of the new company.

Pass Journal Entries in the books of MN Ltd. and draw its Balance Sheet under amalgamation in the nature of purchase.

17) The Balance Sheet of New India Ltd. as on 31-3-2023 was as follows :

Particulars	Note No.	Amount (₹)
I. Equity and Liabilities		
1. Shareholders funds :		
a) Share capital :	1	
2,000, 5% preference shares of ₹ 100 each		2,00,000
4,000 Equity shares of ₹ 100 each		4,00,000
b) Reserves and surplus :	2	Nil
2. Share application money pending allotment	—	—
3. Non-current liabilities :	3	1,00,000
7% Mortgage debentures	4	
4. Current liabilities :		1,00,000
Creditors		50,000
Bank overdraft		8,50,000
Total		
II. Assets		
1. Non-current Assets :		
Freehold Premises	5	2,00,000
Plant and Machinery		3,00,000
Goodwill		15,000
Profit and Loss A/c		2,40,000
2. Current Assets :	6	
Stock		50,000
Debtors		40,000
Cash		5,000
Total		8,50,000

The company got the following scheme of reconstruction approved by the court.

- 1) The preference shares to be reduced to ₹ 70 per share fully paid up and equity shares ₹ 30 fully paid up.
 - 2) Debentures holders took over stock and debtors in full settlement of their claims.
 - 3) The fictitious assets to be eliminated.
 - 4) Land and Building to be appreciated by 30% and machinery to be depreciated by $33\frac{1}{3}\%$.
 - 5) The expenses of reconstruction amounted to ₹ 3,000. Give journal entries for the above and prepare the revised balance sheet.
- 18) Fair Deal Ltd. went into voluntary liquidation on 31-12-2022 on which date dividend on preference shares was in arrears for one year. The capital of the company consisted of
- a) 1,000, 8% preference shares of ₹ 10 each fully paid.
 - b) 1,000 equity shares of ₹ 10 each, ₹ 8 paid up.
 - c) 2,000 equity shares of ₹ 10 each, ₹ 7 paid up.

The assets realized ₹ 13,000.

The expenses of liquidation came to ₹ 400.

The liquidator is entitled to a fixed remuneration of ₹ 1,200 in all.

The unsecured creditors were ₹ 5,600 including ₹ 600 preferential creditors.

The preference shareholders have priority over equity shareholders with regard to payment of capital and dividend as provided in the Article.

Prepare Liquidator's Final Statement of account assuming that he made the necessary calls, which are duly received for payment to preference shareholders.
