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**B.M.S. COLLEGE FOR WOMEN, AUTONOMOUS**

**BENGALURU – 560004**

**SEMESTER END EXAMINATION – SEPTEMBER 2023**

**B.Com – 4<sup>th</sup> Semester**

**ADVANCED CORPORATE ACCOUNTING**

**(NEP Scheme 2021-2022 onwards F+R)**

**Course Code: COM4DSC10**

**Duration: 2 ½ Hours**

**QP Code: 4021**

**Max marks: 60**

**Instructions: 1. Answer all the sections.**

**SECTION – A**  
**(Conceptual Questions)**

**I. Answer any FIVE of the following questions. Each question carries TWO Marks.**

**(5X2=10)**

- Mention any 4 types of preference shares.
- What is a Bonus Share?
- Give the meaning of Debenture.
- Total purchase consideration is ₹ 2,00,000 which is to be discharged by issue of 15,000 Equity shares of ₹ 10 each and balance in cash. Calculate purchase consideration.
- Give Four examples of statutory reserve.
- List the forms of Internal Reconstruction.
- Mention any Two functions of a Liquidator.

**SECTION – B**  
**(Application Questions)**

**Answer any FOUR of the following questions. Each question carries FIVE marks.**

**(4X5=20)**

- Beena Ltd redeemed its 10,000 preference shares of ₹100 each at a premium of 10%. Though the company had sufficient balance in the Reserve Fund, it decides to make fresh issue of 6,000 equity shares of ₹ 100 each at a premium of 25% for the purpose. Pass necessary journal entries.
- On 1<sup>st</sup> January 2010, a company issued 10,000 6% debenture of ₹ 100 each redeemable at par after 15 years. The terms of the issue, however provided that the debentures could be redeemed by giving 6 months' notice at any time after 5 years at a premium of 4%

either by payment in cash or by allotment of preference shares or other debenture according to the option of the debenture holders.

On 1<sup>st</sup> April 2021 the company informed the debenture holders to redeem the debentures on 1<sup>st</sup> October 2021, either by payment in cash or by allotment of 8% Preference shares of ₹ 100 each at ₹ 130 per share or 7% second debentures of ₹ 100 each at ₹ 96 per debenture.

Holder of 4,000 debentures accepted the offer of 8% preference share holders of 4,800 debentures accepted the offer of 7% second debentures and the rest demanded cash.

Pass journal entries recording the above redemption.

4. Calculate purchase consideration to be discharged by Y Ltd to X Ltd from the following information:

- a) The assets of X Ltd are valued at ₹ 1,00,000
- b) The liabilities of X Ltd are valued at ₹ 40,000
- c) ₹ 20,000 cash is paid to the shareholders of X Ltd.
- d) The balance of purchase consideration is discharged by issue of shares of ₹ 20 each at ₹ 20 per share.

5. Distinguish between internal and external reconstruction.

6. A limited Company went into voluntary liquidation with the following liabilities:

Particulars	₹
Trade creditors	12,000
Bank overdraft	20,000
<b>Capital:</b>	
10,000 preference shares of ₹ 10 each, ₹ 7 called up (with prior rights)	70,000
10,000 ordinary shares of ₹ 10 each, ₹ 9 called up	₹90,000
Less: Calls in arrears	<u>2,000</u>
Cash received in anticipation of calls:	
On preference shares	24,000
On ordinary shares	<u>4,000</u>
	28,000

The assets realised ₹ 2,00,000. Expenses on liquidation amounted to ₹ 2,000 and liquidator's remuneration ₹ 3,000. The calls-in-arrears have also been collected. Prepare liquidator's final statement of account.

**SECTION – C**  
**(Analysis and Understanding Questions)**

**Answer any TWO of the following questions. Each question carries TWELVE marks.**

**(2X12=24)**

7. The Balance Sheet of Bharath Ltd, as on 31.3.2020

Particulars	₹	Particulars	₹
Share capital:		Sundry Assets	23,00,000
Authorised:		Cash at Bank	3,00,000
1,00,000 9% Redeemable Preference Shares of ₹ 10 each	10,00,000		
2,50,000 Equity shares of ₹ 10 each	25,00,000		
Issued, subscribed, called-up and paid-up capital:			
50,000 9% Redeemable Preference shares of ₹ 10 each fully paid	5,00,000		
1,00,000 Equity shares of ₹ 10 each fully paid	10,00,000		
Creditors	7,50,000		
Profit & loss Account	3,50,000		
	<b>26,00,000</b>		<b>26,00,000</b>

The Redeemable Preference shares were redeemed on 1-4-2020 at a premium of 5%. The profits available being not sufficient to redeem the whole issue, the company issued 25,000 equity shares of ₹ 10 each at par on 1-4-2020, which were duly taken up and paid for.

Pass necessary journal entries and show the Balance Sheet after redemption.

8. The assets of Going company ltd. were purchased by the surviving company Ltd., The purchase consideration was as follows.

- a) A payment in cash at ₹ 40 for every share in the Going Co. Ltd.
- b) A further payment in cash of ₹ 110 for every debenture in the Going Co. Ltd.
- c) An exchange of 4 shares in the Surviving company Ltd. of ₹ 50 each at the market value ₹ 80 for every share in the Going Co. Ltd.

**The Balance Sheet of Going Co. Ltd. as on 31-3-2020 is as follows:**

Particulars	₹	Particulars	₹
Capital		Building	75,000
1000 shares of ₹ 200 each	2,00,000	Machinery	1,50,000
1000 debentures of ₹ 100 each	1,00,000	Stock	90,000
Creditors	30,000	Debtors	80,000
Reserves	65,000	Bank	35,000
Workmen's Savings Bank	10,000		
Profit & Loss Account	25,000		
	<b>4,30,000</b>		<b>4,30,000</b>

Pass opening journal entries in the books of Surviving Company Ltd. under amalgamation in the nature of purchase method.

9. The following is the Balance Sheet of Suma Ltd. as on 31-3-2019

**Balance sheet of Suma Ltd. as on 31-3-2019**

Particulars	₹	Particulars	₹
<b>Paid-up capital:</b>		<b>Fixed Assets:</b>	
1,000, 6% preference shares of ₹ 100 each	1,00,000	Land and Building	2,00,000
2,000 equity shares of ₹ 100 each, fully paid	2,00,000	Plant and Machinery	2,20,000
3,000 equity shares of ₹100 each, ₹50 paid	1,50,000	<b>Current Assets:</b>	
<b>Secured Loan:</b>		Stock Debtors	1,00,000
6% Debentures (floating charge on all assets)	1,00,000	Cash at bank	1,00,000
<b>Others:</b>		<b>Miscellaneous expenditure:</b>	
(Mortgage on land and Building)	1,00,000	Profit and loss Account	1,00,000
<b>Current liabilities:</b>			
Sundry creditors	90,000		
Income Tax	10,000		
	<b>7,50,000</b>		<b>7,50,000</b>

- i. The company went into liquidation on 1-4-2019
  - ii. The preference dividends were in arrears for 3 years. The arrears are payable on liquidation
  - iii. The assets were realised as follows: Land and building ₹ 2,40,000, Plant and machinery ₹ 1,80,000, stock ₹70,000, Debtors ₹ 60,000
  - iv. The expenses of liquidation amounted to ₹ 8,000
  - v. The liquidator is entitled to a commission at 2% on all the assets realised excluding cash at bank and 3% on amounts distributed to unsecured creditors.
  - vi. All payments were made on 30-9-2019
- Prepare Liquidator's Statement of Accounts

**SECTION – D**  
**(Skill Development Questions)**

Answer any ONE of the following questions, carries SIX Marks.

(1X6=6)

10. List out provisions in respect of Redemption of preference shares
11. Calculate purchase consideration with imaginary figures under Net Asset Method

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