



DCLS – 401

IV Semester B.Com. (LS) Examination, September/October 2023
(NEP-Freshers)

COMMERCE
Advanced Corporate Accounting

Time : 2½ Hours

Max. Marks : 60

Instruction : Answers should be written **only English**.

SECTION – A

Answer **any five** questions. **Each** question carries **two** marks.

(5×2=10)

1. a) What is Internal Reconstruction ?
b) What is a contributor ?
c) What is consolidation of shares ?
d) Define irredeemable debentures.
e) Name the methods of redemption of debentures.
f) What are the three forms of discharge of purchase consideration ?
g) Name the types Mergers and acquisitions as per AS – 14.

SECTION – B

Answer **any three** questions. **Each** question carries **four** marks.

(3×4=12)

2. Briefly explain the procedure and Journal Entries in case of redemption of debentures by payment in instalments.

P.T.O.



3. Given below is the Balance Sheet of Nayak Ltd., as on 31-03-2022.

Liabilities	Amount	Assets	Amount
5,000, 8% preference shares of ₹ 10 each	1,50,000	Goodwill	3,00,000
5,000 E. shares of ₹ 10 each	1,50,000	Buildings	12,000
Creditors	54,000	Plant	15,000
Bank overdraft	60,000	Debtors	3,600
		Stock	66,000
		Preliminary expenses	9,000
		Profit and Loss A/c	7,500
		Cash	900
Total	4,14,000	Total	4,14,000

The following scheme of reconstruction was adopted.

- ₹ 10 preference shares were to be reduced to an equal number of fully paid shares of ₹ 8 each.
- ₹ 10 equity shares were to be reduced to an equal number of fully paid shares of ₹ 5 each.
- Creditors agree to forego ₹ 24,000.
- The amount available was to be utilized to the write-off losses and the balance, if any, to be written off goodwill.

Pass necessary Journal Entries.



4. Calculate purchase consideration.
- a) Total assets at Book-value is ₹ 7,50,000
 - b) Assets taken over at 10% less the book-value
 - c) Total liabilities ₹ 3,00,000
 - d) Liabilities not take over ₹ 75,000
 - e) Liquidation expenses ₹ 15,000 is to be borne by the purchasing company.

5. X Ltd. went into liquidation on 31-03-2020 with the following liabilities.

- a) Secured creditors – ₹ 12,00,000 (Security realized ₹ 15,00,000)
- b) Preferential creditors – ₹ 36,000
- c) Unsecured creditors – ₹ 18,30,000

The liquidator met liquidation expenses of ₹ 15,120. The liquidator entitled for remuneration @ 3% on amount realized including secured asset held by secured creditors and 1.5% on amount distributed to unsecured creditors (other than preferential creditors). Assets, (other than secured asset) realized ₹ 15,60,000.

Prepare liquidator's final statement of account.

6. The following is the Balance Sheet of Shri Ganesh Ltd. as on 31st March, 2020.

Liabilities	Amount	Assets	Amount
Equity share capital	7,50,000	Fixed Assets	3,00,000
6,000 preference shares of		Goodwill	1,50,000
Rs. 100 each	6,00,000	Current Assets	
General reserve	1,50,000	Cash	10,50,000



P and L A/c	4,50,000	Debtors	3,00,000
Current Liability	75,000	Bills receivables	2,25,000
	20,25,000		20,25,000

On 1st March 2005, the preference shares were redeemed at par. Pass the journal entries for the same and also show the Balance Sheet after such redemption.

SECTION – C

Answer **any three** questions. **Each** question carries **ten** marks. **(3×10=30)**

7. Following is the State of Affairs of Bharath Ltd. as on 31-03-2019.

Liabilities	Amount	Assets	Amount
30,000 E. Shares of ₹10 each	3,00,000	Goodwill	30,000
Bank overdraft	46,275	Buildings	61,500
Sundry creditors	45,000	Machinery	1,52,550
		Stock	30,825
		Debtors	45,000
		Cash	4,500
		Profit and Loss A/c	62,400
		Preliminary Expenses	4,500
	3,91,275		3,91,275

The company adopted the following scheme of reconstruction.

- 1) Reduce the present value of shares to ₹ 5 each fully paid.
- 2) The company to issue 19,500 equity shares of ₹ 5 each fully paid.
- 3) Sundry creditors agreed to forego 20% of their claims as the company decided to pay them cash immediately for the balance.
- 4) Reconstruction expenses amounted to ₹ 3,000.
- 5) The directors found that the machinery is overvalued by ₹ 30,000. They also decided to write-off intangible assets and P & L A/c completely.

Pass Journal Entries.



8. Sriram Ltd. went into voluntary liquidation on 01-04-2018. The details regarding liquidation are as follows.

The liquidator's remuneration is 3% on assets realised and 2% on amount distributed among shareholders.

- Cash realised from Assets – ₹ 10,00,000
- Expenses of liquidation – ₹ 18,000
- Unsecured creditors (including salaries and wages for one month prior to liquidation – ₹ 6,000) – ₹ 1,36,000
- 3,000, 14% preference shares of ₹ 100 each (Dividend up to 31-03-2017 paid) – ₹ 3,00,000
- 20,000 equity shares of ₹ 10 each ₹ 9 per share paid up – ₹ 1,80,000
- General reserve as on 31-03-2018 – ₹ 2,40,000
- Profit and Loss A/c on 31-03-2018 (Cr) – ₹ 40,000.

Under the articles of Association, the preference shareholders have the right to receive 1/3 of surplus remaining after repayment to equity shareholders.

Prepare liquidator's final statement of account.

9. Following is the Balance Sheet of S Ltd. on 31-03-2018.

Liabilities	Amount	Assets	Amount
Share Capital :		Buildings	6,00,000
60,000 E. Shares of ₹ 10 each	12,00,000	Machinery	4,00,000
General Reserve	40,000	Stock-in-trade	1,40,000
Profit and Loss A/c	80,000	Sundry Debtors	2,80,000
Sundry Creditors	2,00,000	Bank	20,000
		Preliminary Expenses	80,000
Total	15,20,000	Total	15,20,000



R Ltd. acquired S Ltd. and agreed to take over the assets except the debtors and cash but took over no liabilities. However, agreed to pay creditors out of the collections from debtors, which amounted to Rs. 2,60,000.

R Ltd. discharged the purchase consideration by allotment of 10 equity shares for every 20 shares held in S Ltd. of Rs. 10 each at a market price of Rs. 20 each and Rs. 5 in cash for every share in S Ltd. Expenses of liquidation amounted to Rs. 20,000.

Show necessary Ledger Accounts to close the books of S Ltd.

10. X Ltd. decided to redeem 1,000, 12% debentures of ₹ 100 each amounting to ₹ 1,00,000. For this purpose, the company purchased debentures amounting to ₹ 80,000 in the open market at ₹ 98.50 each. Expenses of Rs. 400 was incurred on it. The balance of debentures amounting to ₹ 20,000 were redeemed by draw of lots. Pass necessary Journal Entries.
11. A company has to redeem Rs. 10,00,000 worth preference shares at 10% premium. The Profits available in the Balance Sheet are Rs. 2,00,000 and securities premium of Rs. 10,000. Find out the sufficient number of fresh issue of E. Shares, which was made at par.

Pass the journal entries to affect the above transactions.

SECTION – D

Answer **any one** question. **Each** question carries **eight** marks.

(1×8=8)

12. Briefly explain the provisions of AS-14.



13. The following is the Balance Sheet of M/s Sailesh Ltd. as on 31st March 2005,

Liabilities	Amount	Assets	Amount
Share Capital		Sundry Assets	23,00,000
Authorised capital :		Cash @ bank	3,00,000
1,00,000 redeemable preference shares of Rs. 10 each	10,00,000		
2,50,000 equity shares of Rs. 10 each	25,00,000		
Called up and paid up capital :			
50,000 preference shares of Rs. 10/- each	5,00,000		
1,00,000 equity shares of Rs. 10/- each	10,00,000		
Creditors	7,50,000		
Profit and loss account	3,50,000		
	26,00,000		26,00,000

It was decided that preference shares were to be redeemed at premium of 5% for such redemption. The company issued 25,000 equity shares of 10/- @ par which were duly taken up and paid for. The entire capital redemption reserve was utilized for issuing bonus shares to the equity shareholders. Pass the necessary journal entries and draft the Balance Sheet.
