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FACULTY OF COMMERCE & MANAGEMENT
B.Com S.Y Sem. IV
Examination March / April - 2023
Corporate Account-II

[Time: 3 Hours]

[Max. Marks: 80]

Please check whether you have got the right question paper.

N. B

1. Q.1 is compulsory.
2. Attempt any four questions from Q.2 to 7.
3. Use of calculator is allowed.

Q1

A) Select the most appropriate answer.

05

- 1) Shares received from the new company are recorded at
 - a) Face value
 - b) Average price
 - c) Market value
 - d) None of the above
- 2) Share premium is shown in the balance sheet as
 - a) Asset
 - b) Shareholder's equity
 - c) Deduction in paid up capital
 - d) Deducted from asset side
- 3) Joint stock company is an artificial person created by
 - a) Law
 - b) Registrar
 - c) Employees
 - d) Provincial Govt.
- 4) Future retail Ltd and Reliance Ltd go into liquidation and a new company Reliance Retail Ltd. Is from edit is a case of?
 - a) Absorption
 - b) External reconstruction
 - c) Amalgamation
 - d) Take over
- 5) Accounting standard for Amalgamation is?
 - a) As-3
 - b) As-9
 - c) As-12
 - d) As-14

B) Answer the following question in one sentence each.

05

- 1) The salient features of deep discount bonds doesn't include?
- 2) The ratio of equity share capital to fixed interest bearing funds is called?
- 3) When all the debentures are redeemed, that balance left in the debenture sinking fund account is transferable to?
- 4) Which source of capital used get financial leverage?

5) To whom is the term “insider trading” related?

C) Fill in the blanks and rewrite the sentence.

05

- 1) Shareholders are -----
- 2) Goodwill mean -----
- 3) Cancellation of shares mean -----
- 4) The shares received from the new company is recorded at -----
- 5) ----- is current liability.

D) State the following statements are whether true or false.

05

- 1) Local taxes are an examples of secured creditors.
- 2) Only an insolvent company can be liquidated.
- 3) Amalgamation of companies is governed by As-13.
- 4) Under external reconstruction there is one liquidation and one formation.
- 5) Two or more companies combining to form a new company is called absorption.

Q2 Given below are the B/S as on 31 march 2014 of ‘X’ and ‘Y’ Ltd. Which are amalgamated to form a new com. ‘Z’ Ltd.

15

Liabilities	X Ltd	Y Ltd	Assets	X Ltd	Y Ltd
Share capital (100)	1,00,000	2,00,000	Fixed Assets:		
			Goodwill	-	80,000
			Building	30,000	25,000
Reserve & surplus capital Reserve	50,000	1,00,000	Plant	60,000	80,000
P/L	40,000	-	Furniture	5000	10,000
General Reserve	10,000	-	Current Assets:		
			Stock	1,00,000	1,40,000
Loans	80,000	60,000	Debtors	1,04,000	13,000
Other Liabilities	20,000	80,000	Cash at Bank	1000	2000
	3,00,000	350,000		3,00,000	3,50,000

The shareholders in the amalgamating companies are to be allotted fully paid equity share in ‘Z’ Ltd. For the amount by purchase consideration for which purpose all assets and liabilities are to be taken at book values except goodwill of ‘Y’ Ltd. Which is considered worthless.

Show that opening B/S of the company.

- Q3 Sun Ltd. Absorbed the business of moon Ltd. The balance sheet of moon Ltd. On the date of absorption was as follows 15

Liabilities	Rs.	Assets	Rs.
Share capital 10,000 shares of Rs.10 each.	1,00,000	Land & Building	50,000
General Reserve	30,000	Plant & machinery	30,000
Profit & loss A/c	10,000	Motor	20,000
Sundry creditors	60,000	Stock	40,000
		Debtors	30,000
		Cash	30,000
	2,00,000		2,00,000

The purchase price was agreed at Rs.2, 50,000 payable Rs.20, 000 in cash and the balance in shares of Rs.10 each.

Show closing entries in the books of moon Ltd.

- Q4 The following is the Balance sheet of Automotive Ltd. As on 31 March 2014. 15

Balance sheet

Liabilities	Amount	Assets	Amount
4000 equity share of Rs.100 each full paid up	4,00,000	Goodwill	15,000
2000 pref. shares of Rs.100 each	2,00,000	Plan & machinery	3,00,000
Sundry creditors	50,000	Freehold property	2,00,000
Bank overdraft	1,00,000	Debtors	40,000
6% mortgage debenture	1,00,000	Stock	50,000
		Profit & loss A/c	2,40,000
		Cash	5000
	8,50,000		8,50,000

The company got the following scheme of capital reduction approved by the court.

- 1) The preference shares to be reduced to Rs.75 per share fully paid up and equity shares to Rs.40 full paid up.
- 2) The debenture holders took over the stock in trade & the book debts in full satisfaction of the amount due to them.
- 3) The goodwill & profit & loss A/c is to be eliminated
- 4) The freehold properties to be increased by 30%
- 5) The value of plant and machinery to be dep. By 33.33%
- 6) The expenses to reconstruction amount to Rs.3000

Prepare the revised balance sheet.

- Q5 One 1 April 2018 'A' co. Ltd. Acquired the entire share capital of 'B' Co. Ltd. Of the 15
per value of Rs.20,000 for Rs.30,000 on that date the Reserve and surplus appeared in
the balance sheet of 'B' Ltd. At Rs.5000.

One 31st March 2019 the following items, among others, appeared in the balance
sheet of 'B' Ltd. Reserve and surplus Rs.10,000, stock Rs.20,000

The stock include Rs.10,000 purchased from 'A' Co. Ltd. On which later co
charged profit 25% on cost.

Show (with detailed working) how the items

- 1) Goodwill
- 2) Reserve and surplus of 'B' Co. Ltd.
- 3) Stock of 'B' Co. Ltd.

- Q6 The Sonata Co. Ltd. Went into Voluntary liquidation on 31 March 2018 on which date 15
the position of the company was as follows.

	Rs.
2000 6% preference shares of Rs.50 each (dividend paid up to 31 March 2017)	1,00,000
1000 equity shares of Rs.100 each Rs.90	90,000
Per share called and paid up	3,80,000
Cash on realisation of assets	
Expenses of liquidation	10,500
Unsecured creditors (including salaries & wages) for one month Rs.6500	44,500
General Reserve at 31 March 2018	1,00,000
Profit & loss A/c at 31 March 2018	15,000

The liquidator's remuneration is 5% on realisation of assets and 2% on
distribution to shareholders.

Under the Articles of Association of the company, the preference shareholders
have the right to receive one-fourth (1/4) of the surplus remaining after repaying the
equity share capital.

Prepare the liquidators final statement of account.

- Q7 Write short notes (any three) 15
- 1) Net Assets Method
 - 2) Statutory Reserve
 - 3) Capital Reserve
 - 4) Members voluntary liquidation