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**SUBJECT CODE NO:- C-3044**  
**FACULTY OF COMMERCE AND MANAGEMENT**  
**B.Com S.Y (Sem-IV)**  
**Examination November/December- 2022**  
**Corporate Account-II**

[Time: 3:00 Hours]

[Max. Marks:80]

Please check whether you have got the right question paper.

- N.B
- i) Q 1 is compulsory.
  - ii) Attempt any four questions from Q 2 to Q 7
  - iii) Use of calculator is allowed.
- Q.1 A] Select the most appropriate answer 05
- 1) Accumulated profits include:
 

A) Provision for Doubtful debts	B) Insurance fund
C) Employee's provident fund	D) Bank balance
  - 2) Preliminary expenses are transferred by vendor company at the time of Amalgamation to:
 

A) Purchasing Company's Account	B) Realization A/c
C) Equity shareholder's A/c	D) Profit & Loss A/c
  - 3) The excess of purchase consideration over the net worth acquired is called as:
 

A) Capital reserve	B) Goodwill	C) Capital gain	D) Assets
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  - 4) The procedure of reduction in share capital is called as:
 

A) Absorption	B) Amalgamation	C) Reconstruction	D) Revenue Profit
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  - 5) Cost of control account is credited with:
 

A) Revenue profits	B) Capital profits	C) Revenue Losses	D) Subsidiary Company
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- B] Fill in the Blanks & rewrite the sentences. 05
- 1) Issue of bonus shares by the subsidiary company out of capital profit will increase \_\_\_\_\_
  - 2) Minority of the subsidiary is entitled to \_\_\_\_\_
  - 3) Internal reconstruction of a company means the re-organization of its \_\_\_\_\_
  - 4) The excess of Net worth over purchase consideration is called as \_\_\_\_\_.
  - 5) Accumulated losses, reserves and profits in the vendor company should be transferred to \_\_\_\_\_.
- C] state the following statements are wherever True or False: 05
- 1) Two or more companies combining to form a new company is called Absorption.
  - 2) In computing purchase consideration by 'set asset method' all assets including fictitious assets should be considered.

- 3) Accounting standard (AS) 14 not distinguish between amalgamation and absorption.
- 4) Both of the old companies will not exist in Amalgamation.
- 5) Share's received from the new company are recorded at market value.

D] Answer in one sentence.

- 1) What is Amalgamation?
- 2) Name any two methods of Calculating Purchase Consideration?
- 3) Give the definition of Internal reconstruction?
- 4) What is holding company?
- 5) Define Minority Interest?

05

Q.2 The 'A' Co. Ltd. & 'B' Co. Ltd. Agree to combine and form a New Company 'C' Co. Ltd. With capital of Rs. 20,00,000 divided into 2,00,000 equity shares of Rs. 10/- each. The new company is to take up the whole of the asset & liabilities of the companies on a consideration of issue of 'A' Co. Ltd of Rs. 10,00,000/- and 'B' Co. Ltd. Of Rs. 8,00,000/- in fully paid shares of Rs. 10/- The New company is to pay liquidation 'A' Co. Ltd. Rs. 12,000/- and 'B' Co. Ltd. Rs. 10,000/- on the date of Amalgamation their Balance-Sheets were as follows. 15

Balance Sheet of 'A' Co. Ltd.

Liabilities	Rs	Assets	Rs
Share Capital	9,00,000	Land & Buildings	2,50,000
Reserve Fund	1,00,000	Plant & Machinery	6,70,000
Creditors	75,000	Debtors	50,000
Profit & Loss A/c	40,000	Stock in trade	20,000
		Bank Balance	25,000
		Good Will	1,00,000
	11,15,000		11,15,000

Balance Sheet of 'B' Co. Ltd.

Liabilities	Rs	Assets	Rs
Share Capital	7,00,000	Land & Buildings	2,00,000
Reserve Fund	80,000	Plant & Machinery	5,30,000
Creditors	60,000	Debtors	35,000
Profit & Loss A/c	35,000	Stock in trade	10,000
		Bank Balance	15,000
		Good Will	85,000
	8,75,000		8,75,000

The various assets and liabilities being taken over at their book values Give Journal Entries in the books of 'A' Co. Ltd. and Balance-sheet of the new company.

- Q.3 The Hitesh Co. Ltd. agrees to Absorb the business of Ritesh Co. Ltd. as on. 30<sup>th</sup> June 2020 and to take over the assets and liabilities at their Balance Sheet Values, in exchange for which it is to issue 12 shares of Rs 10 each for every shares of Rs 100/- each in the Ritesh Co. Ltd. The expenses of Absorption Rs. 10,000 will be paid by Hitesh Co. Ltd. The Balance-Sheet of the two companies were as follows-

Balance-Sheet of Hitesh Ltd.

Liabilities	Rs	Assets	Rs
<u>Authorized Capital</u> 2,00,000 equity Shares of Rs 10/- Each fully paid	20,00,000	Land & Building	5,00,000
<u>Issued Capitals:</u> 1,00,000 equity Shares of Rs 10/-Paid	10,00,000	Plant & Machinery	3,00,000
Reserve Fund	60,000	Goodwill	1,00,000
Sundry Creditor's	1,20,000	Stock	60,000
	11,80,000	Sundry debtor's	1,20,000
		Cash at Bank	1,00,000
			11,80,000

Balance-Sheet of Ritesh Co. Ltd.

Liabilities	Rs	Assets	Rs
Share Capital: 5000 equity shares of Rs 100 each fully paid	5,00,000	Land & Buildings	3,00,000
Sundry Creditors	58000	Plant & Machinery	2,00,000
Bills Payable	42000	Sundry Debtors	50,000
Contingency fund	10,000	Stock	25000
	6,10,000	Cash At Bank	35000
			6,10,000

Pass Closing entries in the books of Ritesh Co. Ltd. and show the Balance Sheet of Hitesh Co. Ltd. immediately after absorption.

- Q.4 The following is the Balance-Sheet of Arvind Co. Ltd. as on 31<sup>st</sup> Dec 2020

Balance-Sheet

Liabilities	Rs	Assets	Rs
<u>Share Capital</u> 20,000 Equity Shares of Rs 10/- each	2,00,000	Goodwill	20,000
400 8% pref Shares of Rs 100/- each	40,000	Plant & Machinery	80,000
Sundry creditor's	1,00,000	Stock	58,000
	3,40,000	Debtors	42,000
		Cash	40,000
		Profit & Loss A/c	1,00,000
			3,40,000

The following scheme of reconstruction was adopted-

- 1) The equity shares to be reduced to an equal number of Rs. 5/- each
  - 2) The preference shares be reduced to an equal number of Rs. 75/- each
  - 3) Sundry creditors have agreed to reduced their claim by 10%.
  - 4) The profit & Loss A/c (Dr Balance) and goodwill are to be eliminated
- Pass Journal Entries and show the revised Balance Sheet.

Q.5 From the following Balance-sheet prepare a consolidated Balance-sheet of 'H' Ltd. and its subsidiary 15 'S' Ltd.

Balance Sheet of 'H' Ltd.

Liabilities	Rs	Assets	Rs
Share capital 20,000 Shares of Rs. 10/- each	2,00,000	Freehold property	1,90,000
General Reserve	1,00,000	Machinery	28,000
Profit & Loss A/c	20,000	Shares in 'S' Ltd (1800 Shares of Rs 10 each)	36,000
Sundry Creditors	60,000	Stock	60,000
		Debtors	40,000
		Bank Balance	26,000
	3,80,000		3,80,000

Balance Sheet of 'S' Ltd.

Liabilities	Rs	Assets	Rs
Share Capital: 2000 shares of Rs 10/- each	20,000	Investment at cost	4000
General Reserve	8000	Stock	10000
Profit & Loss A/c	22000	Debtors	14000
Creditors	4000	Bank Balance	26000
	54000		54000

'H' Ltd. acquires the shares in 'S' Ltd. same years back when the profit & loss A/c of 'S' Ltd. has a credit balance of Rs 10,000/- and there was no general reserve.

Q.6 The Kingfisher Ltd. went in to Voluntary Liquidation on 31<sup>st</sup> Dec 2020 whose Balance-Sheet was as follows.

**Balance-Sheet**

Liabilities	Rs	Assets	Rs
Share Capital: 15000 Equity Shares of Rs 10/- each	1,50,000	Goodwill	25000
Sundry Creditors: Preferential 4000		Land & Building	25000
Partly secured 30000		Plant & Machinery	40,000
Unsecured 80000	1,14,000	Stock	60,000
Bank over Drafts (Unsecured)	2000	Debtors	55,000
		Cash	1000
		Profit & Loss A/c	60,000
	2,66,000		2,66,000

The liquidator realized the assets as follows Land & Building.

(Which was given as a security  
to partly secured creditors)

Plant & Machinery	-	33000/-
Stock	-	57000/-
Debtors	-	48000/-
Cash	-	1000/-

The expenses of liquidation amounted to Rs 1700/- Liquidators was agreed at 2 1/2 % on the amount realized and 2% on the amount paid to unsecured creditors subject to maximum Rs 5,800/- Prepare the Liquidators Final Statement of Account.

Q.7 Write short notes (Any three)

- 1) Purchase consideration in Amalgamation
- 2) Absorption of Company.
- 3) Unrealized profit
- 4) Internal Reconstruction
- 5) Cost of Control.

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