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SUBJECT CODE NO:- 3042
FACULTY OF COMMERCE AND MANAGEMENT
B.Com S.Y Sem-IV
Examination June / July 2022
Corporate Account-II

[Time: 3:00 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. No. 2 to Q. No. 7.
- 3) Use of calculator is allowed.

Q.1 A) Select the most appropriate answer.

05

- 1) When two or more companies carrying on similar business decide to combine, a new company is formed, it is known as _____.
 A) Absorption
 B) Internal Reconstruction
 C) Amalgamation
 D) External reconstruction
- 2) When the Vendor (seller) company agrees to bear liquidation expenses, it will debit the expenses to _____.
 A) Realisation Account
 B) Goodwill Account
 C) BANK Account
 D) Assets Account
- 3) Face value debentures of subsidiary Co. held by holding company is deducted from _____.
 A) Debentures
 B) Minority interest
 C) Cost of control
 D) Fixed Assets
- 4) A Contributory is _____.
 A) A Shareholder
 B) A Creditor
 C) A debenture holder
 D) A Convertible debenture holder.
- 5) NPA stands for _____.
 A) Net Profit Account
 B) Net Performing Assets
 C) Net Premium Account

D) Non Performing Assets

B) Answer the following questions in one sentence each.

05

- 1) What is liquidation?
- 2) What is Holding Company?
- 3) What is Subsidiary Company?
- 4) What is mean by absorption?
- 5) What is internal Reconstruction?

C) Fill in the blanks and rewrite the sentences.

05

- 1) In case of _____, one existing company takes over the business of another company and no new company is formed.
- 2) Both of the old companies will not exist in _____.
- 3) Super Profit means _____.
- 4) _____ of following is not method of Calculation of Purchase Consideration?
- 5) Working Capital will increase _____.

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

05

- 1) The liquidator has a legal right of forfeiting the shares of those who fail to pay the amount due.
- 2) Goodwill arising on amalgamation as Per AS - 14 is to retained in the books of the Company.
- 3) A company has to acquire more than 50% shares of another company in order to become a holding company.
- 4) A company must pass a special resolution for reduction of capital.
- 5) The process of two or more companies combining to form a new company is called absorption.

Q.2 The 'R' Co. Ltd. is formed to take over the business of 'P' Ltd. and 'Q' Ltd. for Rs. 1,40,000/- and 15 Rs. 80,000/- respectively, Payable in equity Shares of Rs. 10/- each on the basis of the following Balance-Sheet as an 31st March 2019.

Balance Sheet of 'P' Co. Ltd.

Liabilities	Rs.	Assets	Rs.
Share capital		Plant & Machinery	40,000
Shares of Rs. 10 each	1,00,000	Stock	80,000
Reserves	20,000	Debtor's	20,000
Creditor's	24000	Bill's Receivable	16000
Bill's Payable	16000	Cash At Bank	14000
Loan from 'Q' Ltd	10,000		
	1,70,000		1,70,000

Balance Sheet of 'Q' Co. Ltd.

Liabilities	Rs.	Assets	Rs.
Share capital :		Plant & Machinery	30,000
Shares of Rs. 10 each	80,000	Stock	40,000
Reserves	10,000	Debtor's	16,000
Creditor's	12000	Bill's Receivable	12000
Bill's Payable	8000	Loan to 'P' Ltd.	10000
		Cash At Bank	2000
	1,10,000		1,10,000

- 1) Debtors of 'P' Ltd. include Rs. 4,000 due from 'Q' Ltd.
 - 2) Bill's Payable of 'P' Ltd. include Rs. 8,000/- acceptance's in favour of 'Q' Ltd. But Bill's Receivables of 'Q' Ltd. include Rs. 6,000/- acceptances of 'P' Ltd.
- Give acquisition entries in the book's of 'R' Ltd. and prepare its Opening Balance-Sheet.

Q.3 The Laxmi Ltd. absorbed the business of Narayan Co. Ltd. as on 31st Dec 2019 on which date the Balance - Sheet of Narayan Co. Ltd. as follows :- 15

Liabilities	Rs.	Assets	Rs.
Share Capital :		Land & Building	2,00,000
4000 Shares of Rs. 100 each	4,00,000	Plant & Machinery	1,00,000
		Patent's	20,000
General Reserve	40,000	Furniture	20,000
Profit & Loss A/C	20,000	Stock	1,20,000
Su Creditor's	60,000	Debtors	80,000
Bill's Payable	38, 000	Cash At Bank	20,000
Out standing exp.	2,000		
	5,60,000		5,60,000

It was agreed that.

- 1) The Laxmi Co. Ltd. is to pay Rs. 5. in cash for every share in Narayan Co. Ltd.
 - 2) The Laxmi Co. is to issue 12 Shares of Rs. 10 each for every Share's in Narayan Co. Ltd.
 - 3) The expenses of liquidation which amounted to Rs. 2,000/- were bear by Laxmi Co. Ltd.
- Make Journal Entries in book's of both the Companies.

Q.4 The following is the balance Sheet of Moonlight Co. Ltd. as on 31st December 2017. 15

Balance sheet

Liabilities	Rs.	Assets	Rs.
Share Capital :-		Goodwill	122500
3500 Equity Shares of Rs. 100 each	350000	Plant & Machinery	455000
3500 Preference Shares of Rs. 100 each Rs. 50 paid	175000	Investment	175000
Sundry Creditors	175000	Debtors	70000
Share Premium A/C	35000	Preliminary Expenses	35000
General Reserve	17500	Profit & Loss A/C	70000
8% Debentures	175000		

	927500		927500
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The following Scheme of reconstruction was approved by court.

1. Each equity share is to sub-divided into shares of Rs. 10 each and they accepted the reduction of 90% of their paid up value.
2. Each preference shares is reduced by Rs. 10 each.
3. Debentures holders agreed to for-go interest on debenture Rs. 14000 Which is included Creditors.
4. Plant and Machinery is appreciated by Rs 70000 and investment are brought down to its Market Value which is Rs 70000, Share Premium account is to written OFF Completely.
5. Debtors realised Rs. 56000 in cash.
6. Out of the Funds available write OFF goodwill, profit and loss account and preliminary expenses. Completely Give Journal entries in the books OF Moonlight Co. Ltd. and Revised balance sheet.

Q.5 From the following Balance Sheets, Prepare a consolidated Balance Sheet of H Ltd. and its Subsidiary S Ltd.

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Balance Sheet of H Ltd.

(As on 31st, December, 2019)

Liabilities	Rs.	Assets	Rs.
Share Capital :- 10,000 Shares of Rs. 10 each	1,00,000	Freehold Property	95,000
General Reserve	50,000	Machinery	14,000
Profit & Loss A/C	10,000	Shares in S Ltd.	
Creditors	30,000	900 Shares of Rs. 10 each	18000
		Stock	30,000
		Debtor's	20,000
		Bank Balance	13,000
	1,90,000		1,90,000

Balance Sheet of S Ltd.

(As on 31st, December, 2019)

Liabilities	Rs.	Assets	Rs.
Share Capital :- 1000 Shares of Rs. 10 each	10,000	Investments	2000
General Reserve	4,000	Stock	5000
Profit & Loss A/C	11,000	Debtor's	7000
Creditors	2,000	Bank Balance	13,000
	27,000		27,000

Additional Information :-

H Ltd. acquired the shares in S Ltd. Some years back when the Profit and Loss Account of H Ltd. had a credit balance of Rs. 5000 and there was no General Reserve.

Q.6 Aditya Company Ltd. went into Voluntary liquidation on 31st December 2018. When the following Balance Sheet was as follows:

Balance Sheet
(As on 31st, December, 2018)

Liabilities	Rs.	Assets	Rs.
Share Capital :		Land & Buildings	2,00,000
5000 Equity Shares of Rs. 100 each	5,00,000	Plant & Machinery	1,60,000
10 % Debentures	1,00,000	Stock	1,10,000
Debentures interest out	10,000	Sundry Debtors	80,000
12 % Bank Loan	80,000	Cash At Bank	2000
Sundry Creditors	70,000	Profit & Loss A/C	2,10,000
Income Tax Due	2,000		
	7,62,000		7,62,000

The assets realised :-

- land and Building 10 % over Book Value.
- Plant and Machinery 20 % below Book Value.
- Stock 5 % over Book Value and
- Debtors 10 % below Book Value.

- (1) The Expenses of liquidation Rs. 8000.
- (2) The Bank loan is secured against stock.
- (3) The liquidators is entitled to a remuneration of Rs. 2400 Plus 2 % on realisation of assets and 3 % on the amount distributed to unsecured Creditors.
- (4) All Payments were made on 30th June 2019.

Prepare liquidators Final Statement of Account.

Q.7 Write a Short Notes on (Attempts any three)

15

- 1) Absorption of Joint Stock Company
- 2) Process of winding up
- 3) Purchase Consideration
- 4) Objectives of amalgamation
- 5) Revenue Profit