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FACULTY OF COMMERCE AND MANAGEMENT
B.Com S.Y. (Sem-IV) Examination Oct/Nov 2019
Corporate Accounting –II

[Time: Two Hours]

[Max. Marks:50]

Please check whether you have got the right question paper.

N.B

- 1) Question No.1 is compulsory.
- 2) Attempt any three questions from the remaining four questions.

- Q.1 State the accounting procedure in case of absorption of a limited company being absorbed. 08
- Q.2 The Ram Krishna Company Ltd. Was formed to acquire the running business of Ram Comp. Ltd. 14
 And Krishna Comp. Ltd. From 1st Jan 2017. The balance sheet of the two companies on that date were as follows:-

Balance Sheet

Particular's	Ram Comp.	Krishna Comp.
Liabilities:-	Rs.	Rs.
Share Capital :-		
Shares of Rs. 10 each	8,00,000	4,00,000
Dividend equalization fund	40,000	-
Profit and Loss A/c	80,000	80,000
Accident Compensation Fund	-	20,000
Creditors	1,80,000	1,00,000
	11,00,000	6,00,000
Assets:-	Rs.	Rs.
Land & Building	4,00,000	2,00,000
Plant & Machinery	1,00,000	50,000
Sundry Debtors	1,40,000	50,000
Stock	3,00,000	1,80,000
Cash	1,60,000	1,20,000
	11,00,000	6,00,000

All the assets and liabilities of the companies were taken over at book value by the Ram Krishna Comp. Ltd.

Purchase consideration was paid partly in cash Rs. 1,00,000 to Ram Comp. Ltd. and Rs. 1,00,000 to Krishna Comp. Ltd. and the balance in equity shares of Rs. 10 each as fully paid.

Prepare the Journal entries in the books of Krishna Comp. Ltd and show the opening Balance Sheet in the books of Ram-Krishna Comp. Ltd.

- Q.3 Rajshri Company Ltd. After a series of trade losses, decided to Reconstruct. The Balance Sheet of 14 the company on 31st December 2017. Was as follows.

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Share Capital:-		Goodwill	15,000
20,000 equity		Patents	15,000
Shares of Rs. 10 each	2,00,000	Plant	70,000
Sundry Creditors	25,000	Stock	40,000
Bank Loan	25,000	Debtors	75,000
		Preliminary Expenses	10,000
		Profit and Loss A/c	25,000
	2,50,000		2,50,000

The following scheme of Reconstruction was sanctioned:-

- Goodwill, Preliminary Expenses, Profit and Loss Account and Patents are to be written off completely.
- Debtors are to be reduced by 10%.
- Stock is to be valued to Rs. 37500.
- Shareholders to receive in lieu of their present holding. The following fully paid equity shares equal to 2/5 of their holding.
6% preference shares of Rs. 10 each fully paid is the extent of 1/5 of above equity shares. Rs. 29,000 7% debentures.

Prepare Journal entries and show the new balance sheet of Rajshri Company Ltd.

- Q.4 From the following Balance sheets. Prepare a consolidated Balance Sheet of 'H' Ltd and its subsidiary 'S' Ltd. 14

Balance Sheet of H Ltd.
(As on 31st December 2017)

Liabilities	Rs.	Assets	Rs.
Share capital:-		Freehold	
10,000 shares of Rs. 10 each	1,00,000	Property	95,000
General Reserve	50,000	Machinery	14,000
Profit and Loss A/c	10,000	Shares in 'S' Ltd:-	
Creditors	30,000	900 Shares of Rs. 20 each.	18,000
		Stock	30,000
		Debtors	20,000
		Bank Balance	13,000
	1,90,000		1,90,000

**Balance Sheet of S Ltd.
(As on 31st December 2017)**

Liabilities	Rs.	Assets	Rs.
<u>Share capital:-</u>		Investment	2,000
1000 shares of Rs. 10 each	10,000	Stock	5,000
General Reserve	4,000	Debtors	7,000
Profit and Loss A/c	11,000	Bank Balance	13,000
Creditors	2,000		
	27,000		27,000

Additional Information:-

‘H’ Ltd acquired the share in ‘S’ Ltd, some years back when the profit and loss Account of S Ltd. Had a credit balance of Rs. 5000 and there was acco. General Reserve.

- Q.5 The Aditya Company Ltd. Went into voluntary liquidation on 31st December, 2017. The capital of the company consisted of 5000 equity shares of Rs.100 each other details were as follows:- 14

Assets:-	(Rs)
Cash in hand	700
Stock Realised	30,000
Book debts (Debtors)	49,000
Furniture	1,000
Investments, lodged with Bankers against overdrafts which	4,900

Liabilities:-	(Rs)
Unsecured creditors	54,000
Preferential Creditors	5,200
Bank overdraft	4,000
6% Debentures Secured by a floating charge on the all assets the interest on which was paid to (30/06/17)	44,000

The excess amount realized by sale of Investments were remitted by the Bankers to the Liquidator.

The debentures were paid off on 30th Jun 2018. Together with interest to the date of winding up. The liquidators remuneration was agreed at:-

- 3% on the assets realized (stock, debtors & furniture)
- 2% on the amount distributed to preferential creditors and unsecured creditors.

The expenses of winding up amounted to Rs. 1036

Prepare liquidators Final Account.