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BBABMC 262/BBMBMC 262

IV Semester B.B.A./B.B.M. Degree Examination, April/May 2019

(Credit Based Semester Scheme)

(2012 Scheme)

CORPORATE ACCOUNTNG — II

Time : 3 Hours]

[Max. Marks : 120

Instructions :

1. Provide working notes wherever necessary.
2. Follow the instructions strictly.

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SECTION - A

1. Answer **any ten** questions, **2** marks each :

(10 × 2 = 20)

- (a) Who appoints the Liquidator in case of compulsory winding up of companies?
- (b) Who are preferential creditors?
- (c) Name the different methods of calculating purchase consideration.
- (d) State any two differences between Absorption and Amalgamation.
- (e) What do you mean by Non-Banking assets?
- (f) What do you mean by money at call and short notice?
- (g) What is capital Reduction account?
- (h) What is meant by External Reconstruction?
- (i) What are the accounts prepared under double account system of Electricity companies?
- (j) What do you mean by disclosure of Accounting Policies?
- (k) How do you treat Interim dividends in the Final accounts of Electricity company?
- (l) State any two items shown under "Schedule -16" of Banking Companies.



SECTION - B

Answer **any five** questions, **8** marks each :

(5 × 8 = 40)

2. Explain the scope of Accounting Standards.
3. Distinguish between Internal Reconstruction and External Reconstruction.
4. Given below is an Extract from the Trial Balance of Merchant Bank as on 31-3-2018.

Particulars	Debit (₹)	Credit (₹)
Bills discounted	6,32,000	
Discount received	-	42,500
Rebate on bills discounted on 1-4-2017	-	4,000

An analysis of bills discounted shows the following :

Amount (₹)	Due Date (2018)	Rate of Discount (% p.a.)
70,000	June 4	5
2,18,000	June 10	4.5
1,41,000	June 24	6
1,90,000	July 5	4

Find out the amount of discount to be credited to Profit and Loss a/c and Pass Journal Entries.

5. Anoop Ltd. went into liquidation with the following liabilities :

	₹
Secured creditors	
(Securities realized ₹ 5,00,000)	4,00,000
Other assets realized	6,20,000
Preferential creditors	12,000
Unsecured creditors	6,10,000
Liquidation expenses	5,000
Equity share capital	1,00,000

The Liquidator is entitled to a commission of 3% on all assets realized including securities in the hands of secured creditors and 5% on the amounts distributed among unsecured creditors other than preferential creditors.

Prepare Liquidator's Final Statement.

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6. The following balances appeared in the books of Future Electric Company Ltd. on 31-3-2018.

Particulars	Debit (₹)	Credit (₹)
Equity shares	-	3,00,000
Debentures	-	1,00,000
Creditors	-	500
Depreciation fund account	-	1,25,000
Net Revenue Account balance on 31-3-2018	-	30,750
Land on 31-3-2017	75,000	-
Land purchased during the year	30,000	-
Mains including cost of laying upto 31-3-2017	80,000	-
Mains expended during the year	38,000	-
Machinery on 31-3-2017	2,75,000	-
Machinery purchased during the year	33,000	-
Sundry debtors for current supplied	20,000	-
Other book debts	250	-
Stores on hand	3,000	-
Cash in hand	2,000	-

From the above balance Prepare Capital A/c and General Balance Sheet.

7. The Balance Sheet of Unsound Ltd. as on 31-3-2018 is as follows :

Liabilities	₹	Assets	₹
2500 preference shares of ₹ 100 each	2,50,000	Goodwill	80,000
3000 equity shares of ₹ 100 each	3,00,000	Fixed Assets	4,40,000
Creditors	2,50,000	Current assets	1,80,000
		P & L A/c	60,000
		Preliminary Expenses	40,000
	<u>8,00,000</u>		<u>8,00,000</u>

Following scheme of Capital Reduction was adopted by the Court :

- (a) Equity shares are to be reduced to ₹ 50 fully paid
(b) Preference shares are to be reduced to shares of ₹ 70 fully paid.

The amount so available is to be applied to cancel P & L A/c; Preliminary expenses, goodwill and reduce fixed assets by ₹ 30,000. Give Journal Entries and show Capital Reduction Account.



8. Following are the Balance Sheets of 'X' and 'Y' Ltd as on 31-3-2018.

Liabilities	X Ltd ₹	Y Ltd ₹	Assets	X Ltd ₹	Y Ltd ₹
Share capital :			Premises	60,000	-
Shares of ₹ 100 each	2,00,000	1,80,000	Goodwill	-	60,000
Reserve	37,500	-	Stock	1,50,000	45,000
P & L A/c	19,000	-	Debtors	40,000	80,000
Creditors	36,000	60,000	Bank	42,500	37,500
			P & L A/c	-	17,500
	<u>2,92,500</u>	<u>2,40,000</u>		<u>2,92,500</u>	<u>2,40,000</u>

A new company 'XY' Ltd. was formed to take over the two businesses on the following terms :

- (a) X Ltd : Premises to be valued at ₹ 75,000, Debtors to be taken over at 90% and stock at ₹ 1,57,500
- (b) Y Ltd : Goodwill to be taken over at ₹ 80,000, debtors to be taken over at ₹ 75,000 and stock at ₹ 37,500.

Calculate purchase consideration payable to both the companies.

SECTION - C

Answer **any three** questions, **20** marks each :

(3 × 20 = 60)

9. Smaran Ltd absorbs the business of Charan Ltd.

Balance Sheet of Charan Ltd			
Liabilities	₹	Assets	₹
Share capital :		Goodwill	1,25,000
30,000 equity shares		Land & Buildings	3,82,500
of ₹ 50 each	15,00,000	Plant & Machinery	11,00,000
5% debentures	7,50,000	Patents	25,000
Creditors	1,00,000	Patterns	12,500
Workmen's profit		Stock	5,30,000
sharing fund	50,000	Debtors	2,25,000
Reserve fund	1,60,000	Investment	25,000
Profit & Loss A/c	40,000	Cash at Bank	1,75,000
	<u>26,00,000</u>		<u>26,00,000</u>

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The consideration being the :

- (a) Assumption of Liabilities
- (b) Discharge of debentures at a premium of 5% by the issue of 5% debentures in Smaran Ltd.
- (c) Payment in cash of ₹ 30 per share
- (d) Exchange of 3 shares of ₹ 10 each in Smaran Ltd at an agreed value of ₹ 15 per share for every share in Charan Ltd.

Prepare Ledger Accounts in the books of Charan Ltd and Pass Opening entries in the books of Smaran Ltd, assuming that absorption is in the nature of purchase.

10. Prepare Profit and Loss Account in respect of Mercantile Bank Ltd. from the following balances as on 31-3-2018.

Particulars	Debit (₹)	Credit (₹)
Interest Received		8,00,000
Interest paid on Fixed deposits	4,20,000	-
Salaries	3,00,000	-
Allowances to employees	2,36,000	-
Commission received	-	6,00,000
Brokerage	-	3,00,000
Stamps	10,000	-
Advertising	30,000	-
Printing & Stationery	96,000	-
Postage and Telegram	48,000	-
Interest on Borrowing	5,00,000	-
Director's Fees	72,000	-
Rent	80,000	-
Local Committee Fees and allowances	20,000	-
Discount	-	4,20,000
Exchange	-	3,60,000
Rent received	-	2,20,000
Miscellaneous Income	-	3,00,000
Depreciation on Bank property	60,000	-

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Particulars	Debit (₹)	Credit (₹)
Repairs to bank property	40,000	-
Loss on sale of Govt. Securities	10,000	-
Miscellaneous expenses	50,000	-
Interest paid on SB A/c	5,00,000	-
Interest paid on current deposits	5,28,000	-
	<u>30,00,000</u>	<u>30,00,000</u>

Adjustments :

The management decides to make a provision of ₹ 2,00,000 for Bad and doubtful debts.

11. From the following Trial Balance of Flashlight Electric Company Ltd. as on 31-3-2018.

Prepare Revenue Account, Net Revenue Account, Capital Account and the General Balance Sheet of the Company.

Equity shares	-	54,900
Debentures	-	20,000
Lands as on 31-3-2017	15,000	-
Lands expended during the year	500	-
Machinery as on 31-03-2017	60,000	-
Machinery expended during the year	500	-
Mains including cost of laying	20,000	-
Mains expended during the year	5,100	-
Sundry creditors on open accounts	-	100
Depreciation Accounts	-	25,000
Sundry debtors for current supplied	4,000	-
Other debtors	50	-
Stores in hand	500	-
Cash	500	-
Cost of generation of Electricity	3,000	-
Cost of distribution of Electricity	500	-
Management expenses	1,200	-



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Depreciation	2,000	-
Sale of current	-	13,000
Rent of meters	-	500
Interest on debentures	1,000	-
Interim dividend	2,500	-
Balance of Net Revenue account on 31-3-2017	-	2,850
	1,16,350	1,16,350

12. The following was the Balance Sheet of the Unsound Ltd as at 31-12-2017 when it was wound up voluntarily.

Liabilities	₹	Assets	₹
50,000 equity shares of ₹ 10 each	5,00,000	Plant & Machinery	4,00,000
2000, 6% preference Shares of ₹ 100 each	2,00,000	Furniture	1,000
10% debentures	1,00,000	Investments	50,000
Sundry Creditors	3,50,000	Stock	50,000
	11,50,000	Debtors	2,00,000
		Cash	1,200
		Profit & Loss A/c	4,47,800
			11,50,000

(a) Preferential dividends are in arrears for one year

(b) Interest on debenture is due for one year

(c) The assets realized as follows :

	₹
Plant & Machinery	2,80,000
Furniture	400
Debtors	1,50,000

(d) The stock and investments realize nothing.

(e) Liquidation expenses came to ₹ 2,000

(f) The Liquidator is entitled to a commission of 4% on the assets realized and 2% on the amount paid to unsecured creditors.

Prepare the Liquidator's Statement of Account.

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