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**BBMBMC 262**

**Credit Based IV Semester B.B.M. Examination, May/June 2016  
(2012 Scheme)  
CORPORATE ACCOUNTING – II**

Time : 3 Hours

Max. Marks : 120

*Instruction : Provide working notes wherever necessary.*

**SECTION – A  
(2 Marks each)**

**(2x10= 20)**

Answer any ten :

1. a) What is the meaning of amalgamation of companies ?
- b) What are the different methods of calculating purchase consideration ?
- c) Who appoints the liquidator in case of compulsory winding up of companies ?
- d) How do you treat staff provident fund of vendor company when it is absorbed by another company ?
- e) State any two forms of capital reduction.
- f) State any two contingent liabilities of a bank.
- g) What is meant by inter-office adjustments in banking companies ?
- h) Which are the accounts prepared under double account system ?
- i) Give the meaning of over-riding preferential payments.
- j) What do you mean by Non-Performing Assets (NPA) in a banking company ?
- k) Write any one difference between Internal Reconstruction and External Reconstruction.
- l) How purchase consideration is calculated under net assets method ?

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SECTION – B  
(8 Marks each)

(8x5= 40)

Answer any five :

2. Following are the Balance Sheets of A Ltd. and B Ltd. as on 31-3-2013.

Liabilities	A Ltd. Rs.	B Ltd. Rs.	Assets	A Ltd. Rs.	B Ltd. Rs.
Share capital			Premises	60,000	–
Shares of Rs. 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
	<b>2,92,500</b>	<b>2,40,000</b>		<b>2,92,500</b>	<b>2,40,000</b>

A new company AB Ltd. was formed to take over the two businesses entirely on the following understanding :

- i) A Ltd. : Premises to be revalued at Rs. 75,000, Sundry debtors to be taken over at 90% and Stock at Rs. 1,57,500.
- ii) B Ltd. : Goodwill to be taken over at Rs. 80,000 debtors to be taken over at Rs. 75,000, and Stock at Rs. 37,500.

Calculate Purchase Consideration payable to both the companies.

3. X Ltd. got sanction for the following scheme of reconstruction.

- i) 50,000 Preference Shares of Rs. 10 each fully paid to be reduced to Rs. 5 each fully paid.
- ii) 50,000 equity shares of Rs. 10 each fully paid to be reduced to Rs. 5 each fully paid.
- iii) Creditors agreed to forego Rs. 1,50,000.

The amount so available is utilised to write off goodwill Rs. 2,00,000, fixed assets by Rs. 1,50,000, investment by Rs. 50,000, write off the debit balance in P & L a/c Rs. 1,00,000 and write off Preliminary Expenses Rs. 25,000.

Show the Journal Entries in the books of X Ltd. and also Capital Reduction Account.





4. Given below is an extract from the Trial Balance of a bank as on 31-3-2013.

Particulars	Debit Rs.	Credit Rs.
Bills discounted	12,64,000	
Rebate on bills discounted on 1-4-2012		8,000
Discount received		85,000

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An analysis of bills discounted shows the following :

Amount (Rs.)	Due date (2013)	Rate of discount (% p.a.)
1,40,000	June 4	5
4,36,000	June 10	4.5
2,82,000	June 24	6
3,80,000	July 5	4

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

5. The following balances are extracted from the books of M/s Flashlight Electric Company.

Fixed Assets : Expenditure upto 1-4-2012

a) Land and building Rs. 10,00,000

b) Machinery Rs. 15,00,000

Additions during the Year

Machinery Rs. 3,50,000

Depreciation Fund :

a) Machinery Rs. 3,00,000

b) Building Rs. 1,00,000

Share capital 20,000 shares of Rs. 100 each Rs. 20,00,000

Debentures Rs. 10,00,000

Creditors Rs. 2,50,000

Reserve fund Rs. 5,00,000





Investment	Rs. 5,00,000
Stock	Rs. 3,02,500
Debtors	Rs. 4,50,000
Cash at bank	Rs. 2,00,000
Cash in hand	Rs. 50,000
Net Revenue A/c balance (Cr.) 31-3-2013	Rs. 2,02,500

You are required to prepare Capital A/c and General Balance Sheet as on 31-3-2013.

6. Ambitious Ltd. went into liquidation following was the position :

Secured creditors (Securities realised Rs. 5,00,000)	Rs. 4,00,000
Preferential creditors	Rs. 12,000
Unsecured creditors	Rs. 6,10,000
Liquidation expenses	Rs. 5,000

The liquidator is entitled to a commission of 3% on all assets realised including securities in the hands of secured creditors and 5% on amounts distributed among unsecured creditors other than preferential creditors. Other assets realised Rs. 5,20,000.

Prepare Liquidator's Final Statement of Account.

7. Explain the scope of Accounting Standard.
8. Explain the different modes of winding up of companies.

SECTION – C  
(20 Marks each)

(20×3=60)

Answer any three

9. Sun Ltd. decided to absorb Moon Ltd. as on 31-3-2014. The Summarised Balance Sheet of Moon Ltd. was as follows :

Liabilities	Rs.	Assets	Rs.
50,000 equity shares of Rs. 10 each	5,00,000	Land & Bldg.	3,00,000
General Reserve	2,50,000	Furniture	25,000
P & L A/c	1,20,000	Plant & Machinery	5,55,000
5% debentures	1,00,000	Stock	70,000
Sundry Creditors	30,000	Debtors	35,000
		Cash at bank	10,000
		Cash in hand	5,000
	<b>10,00,000</b>		<b>10,00,000</b>





Sun Ltd. agreed to take over all the assets and liabilities of Moon Ltd. The current assets were taken over at book value, but fixed assets were revalued as follows:

Land and building	Rs. 3,50,000,
Plant and Machinery	Rs. 6,00,000

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Furniture Rs. 15,000 and Rs. 50,000 was to be paid for Goodwill.

The purchase consideration was paid Rs. 2,55,000 in cash and the balance in fully paid shares of Rs. 10 each.

Expenses of liquidation Rs. 5,000 were met by Sun Ltd.

Show Ledger Accounts in the books of Moon Ltd. and journal entries in the books of Sun Ltd.

10. The balance sheet of Narmada Ltd. as on 31-3-2013 was as follows :

Liabilities	Rs.	Assets	Rs.
Share capital 2,000, 5% pref.		Goodwill.	80,000
Shares of Rs. 100 each	2,00,000	Building	90,000
30,000 equity shares of Rs. 10	3,00,000	Machinery	1,25,000
Creditors	45,000	Patents	60,000
		Preliminary expenses	20,000
		P & L A/c	1,70,000
	<b>5,45,000</b>		<b>5,45,000</b>

The directors propose to reduce the share capital and provide sufficient amount for the following purposes.

- 1) To write off P & L A/c debit balance, Goodwill and preliminary expenses.
- 2) To write down the value of Machinery by Rs. 20,000 and patent by Rs. 30,000.
- 3) Any balance available by the reduction of capital to be used to write down the value of building.





The scheme of reconstruction approved was as follows.

- a) For every five 5% pref. shares, three 8% pref. shares of Rs. 100 each and 20 equity shares of Rs. 2 each are to be issued.
- b) For every five old equity shares of Rs. 10 each one new equity shares of Rs. 2 is to be issued.

Give the necessary Journal Entries, show the Capital Reduction Account and the reconstructed Balance Sheet of the company.

11. From the following figures prepare the Balance Sheet of Laxmi Bank Ltd. as on 31-3-2015.

	Rs.
Share capital 2,000 shares of Rs. 100 each	2,00,000
Premises	1,00,000
Rebate on bills	5,000
Travellers cheques	2,00,000
Deposits	56,00,000
Money at call and short notice	9,00,000
Profit and Loss A/c (Cr.)	45,000
Investments	7,00,000
Bills purchased	15,00,000
Acceptances for customers	5,00,000
Loans	22,00,000
Reserves	3,00,000
Depreciation Fund	10,000
Cash balance – in hand	30,000
at banks	4,50,000
with RBI	5,20,000
Pension fund	40,000
Bills for collection	4,00,000

**Adjust the following :**

- Travellers cheques paid Rs. 10,000,  
 Money at call recovered Rs. 20,000.





12. Following are the balances extracted from the books of Bhadra Electricity Company as on 31-3-2013.

	Rs.
Power Purchased	56,66,140
Distribution expenses	9,33,160
Rates and taxes	300
Establishment charges	6,08,140
Management expenses	3,54,600
Sale of electricity	83,88,680
Meter rent	5,50,920
Depreciation	3,75,160
Income tax	3,64,880
Repairs	10,520
Contribution towards Contingency reserve	62,860
Interest paid and accrued	1,21,780
Plant and Machinery	1,11,99,360
Public lighting	16,33,300
General equipment	3,07,340
Paid up capital	71,00,000
Bills payable	17,920
Sundry creditors – Consumers	52,720
Sundry creditors – Others	2,380
Consumers' security deposit	37,51,320

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Depreciation reserve as on 1-4-2012	25,75,700
Contingency reserve as on 1-4-2012	1,38,040
Service advance	3,57,340
Unpaid wages	360
Income tax reserve	3,64,880
Interest payable	2,38,100
Stores in hand	9,77,040
Sundry debtors for supply of electricity	7,84,380
Advances to staff	2,00,900
Cash at bank	3,46,680
Cash in hand	29,840

Prepare Revenue A/c, Net Revenue Account, Capital Account and Balance Sheet of the company.