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Register Number:

DATE:

**ST JOSEPH’S UNIVERSITY, BENGALURU -27**

**B.Com/BPS – III SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2023**

**(Examination conducted in November /December 2023)**

**BC 3122 / BPS 3122 Corporate Accounting -II**

**(For current batch students only)**

**Time: 2 Hours Max Marks: 60**

**This paper contains Four printed pages and Four parts**

**Section A**

**I.** Answer ***any five*** of the following (**3 x 5 = 15 marks)**

1. Mention the various types of Preference shares.
2. Write three differences between Internal and External Reconstruction.
3. State the methods of Internal Reconstruction.
4. What are the three elements of business as per business combination?
5. Under what circumstances a company becomes a subsidiary of another?
6. What are the function of the liquidator?

**Section B**

**II.** Answer ***any two*** of the following (**5 x 2 = 10 marks)**

1. Savitha Ltd acquired a 60% interest in Guru Ltd on 1st Jan 2023. Savitha Ltd paid ₹ 800 Lakhs in cash for their interest in Guru Ltd. The fair value of Guru Ltd’s assets is ₹ 2,000 Lakhs and the fair value of its liabilities is ₹ 1,000 Lakhs.

Pass Journal Entries in the books of Savitha Ltd.

1. Calculate cost of control from the following: H Ltd acquired 75% of equity shares in S Ltd on 1.10.2022 at 50% premium. The following balances are extracted from the balance sheet of S ltd as on 31.3.2023
2. Share Capital 20,000 equity shares of Rs.10 each
3. Balance as on 1.4.2022

General Reserves ₹ 50,000

Profit and loss account ₹ 10,000

(iii) Net profit for the year 2022 – 23 ₹ 80,000

1. What is compulsory liquidation? state the ground for compulsory liquidation.

**Section C**

**III.** Answer ***any two*** of the following (**10 x 2 = 20 marks)**

1. The Balance Sheet of Krishna Co. Ltd as on 31st March 2023

|  |  |
| --- | --- |
| **Equity and Liabilities** | **₹** |
| **Share Capital**  10,000, 9% Redeemable Preference Share of ₹ 10 each  2,50,000 Equity Shares of ₹ 10 each  **Issued, Subscribed, called up and paid -up capital**  Preference Shares of ₹10 each 5,00,000  **Less:** Calls-in-arrears 2,000  (1,000 shares on which ₹ 2 is not paid)  1,00,000 Equity shares of ₹ 10 each fully paid  Profit and Loss Account  Sundry Creditors  **Total**  **Assets**  **Fixed Assets**  Land and Building  Plant and Machinery  Furniture  Investment  **Current Assets**  Cash at Bank  **Total** | 10,00,000  25,00,000  4,98,000  10,00,000  3,50,000  7,52,000  **26,00,000**  10,00,000  8,00,000  2,00,000  3,00,000  3,00,000  **26,00,000** |

The redeemable preference shares were redeemed on 1st April 2023 at a premium of 5%. All the calls in arrears amount were received before redemption. The company issued 25,000 equity shares of ₹ 10 each at a premium of 5% on 1st April 2023 which were duly taken up and paid. After the redemption the company made Bonus issue of one share for every five Equity shares of Rs. 10 each.

Pass Journal entries in the books Krishna Co. Ltd

1. ‘H’ Ltd acquired 6,000 equity shares of ‘S’ Ltd of the face value of ₹ 10 each at a price

of ₹ 85,000 on 1st April 2022. The Balance Sheet of the two companies as on 31st March 2023 were as follows.

|  |  |  |
| --- | --- | --- |
| **Equity and Liabilities**  Equity shares of ₹ 10 each  General Reserve (1/4/2022)  General Reserve (1/4/2022)  Profit and Loss A/C (31/03/2023)  Sundry Creditors  Bills payable  **Total**  **Assets**  Goodwill  Land & Buildings  Plant & Machinery  Investments  Inventories  Sundry Debtors  Bills Receivable  Cash and Cash Equivalent  **Total** | **‘H’ Ltd**  5,00,000  2,10,000  45,000  85,000  1,20,000  40,000  **10,00,000**  1,50,000  2,00,000  2,50,000  1,00,000  1,00,000  1,50,000  10,000  40,000  **10,00,000** | **‘S’ Ltd**  1,00,000  50,000  20,000  22,500  46,000  30,000  **2,68,500**  35,000  50,000  50,000  -  20,250  67,250  15,000  31,000  **2,68,500** |

Additional Information

1. Out of the Debtors and Bills Receivable of ‘H’ Ltd. ₹ 25,000 and ₹ 8,000 represented the dues from ‘S’ Ltd
2. Stock in hand of ‘S’ Ltd includes goods purchased from ‘H’ Ltd as ₹ 10,000 which includes profit charged by ‘H’ Ltd at 25% on cost

Prepare a consolidated Balance Sheet of ‘H’ Ltd and its Subsidiary ‘S’ Ltd as at 31st March 2023.

1. The Balance sheet of Rolen Ltd as on 31st March 2023 was as follows.

|  |  |
| --- | --- |
| **Equity and Liabilities** | **₹** |
| Paid up Capital  1,000 6% preference shares of ₹ 100 each  2,000 equity shares of ₹100 each fully paid  3,000 equity shares of ₹ 100 each ₹ 50 paid  6% Debentures (floating charge on all assets)  Mortgage on land & Building  Sundry Creditors  Income Tax  **Total**  **Assets**  Land & Building  Plant and Machinery  Stock  Sundry Debtors  Cash at Bank  Profit and Loss A/C  **Total** | 1,00,000  2,00,000  1,50,000  1,00,000  1,00,000  90,000  10,000  **7,50,000**  2,00,000  2,20,000  1,00,000  1,00,000  30,000  1,00,000  **7,50,000** |

The company went into liquidation on 1st April 2023. The Preference dividend were in arrears for 3 years. The arrears are payable on liquidation. The assets were realized as follows: Land & Building ₹ 2,40,000, Plant and Machinery ₹ 1,80,000, Stock ₹ 70,000, Debtors ₹ 60,000. Liquidation expenses amount at ₹ 8,000. Liquidator is entitled to a commission of 2% on all assets realized excluding cash at bank and 3% on amount distributed to unsecured creditors. All Payments were made on 30th Sept 2023. Prepare liquidator statement of account.

**Section D**

**III. Answer the following (15marks)**

1. Following is the Balance Sheet of Mysore Co Ltd as on 31st March 2023

|  |  |
| --- | --- |
| **Equity and Liabilities** | **₹** |
| 20,000 equity shares of Rs 10 each  15,000 7% preference share of Rs 10 each  13,000 5% Preference share of Rs10 each Rs 5 paid  5% Debentures  8% Debentures  Sundry creditors  Debenture Interest due  **Total**  **Assets**  Goodwill  Buildings  Plant & machinery  Patents  Furniture  Investments  Sundry debtors  Cash  Bank  Profit & Loss a/c  **Total** | 2,00,000  1,50,000  65,000  1,50,000  3,00,000  4,50,000  19,500  **13,34,500**  80,000  1,75,000  3,25,000  54,000  15,000  75,000  4,15,000  2,000  18,000  1,75,500  **13,34,500** |

The following scheme of Capital reduction was submitted and approved by the Court:

1. Equity shares to be reduced to shares of Rs.5 each.
2. 7% Preference shares of Rs.10 each fully paid to be reduced to 6% Preference shares of Rs10, Rs.6 per share paid
3. 5% Preference shares of Rs.10 each, Rs. 5 paid up were to be reduced to 4%

Preference shares of Rs10, Rs.3 per share paid.

The debenture holder agreed to forego the interest due to them. The company in the

meantime recovered as damages a sum of Rs.80,000 from a third party which was not recorded in the Balance Sheet and it was decided to use this amount also to write off the Capital losses. The reconstruction expense comes to 8,000.

Give Journal Entries to record the above and draw the Reconstructed Balance sheet.