



ATTACH THE QUESTION PAPER  
WITH THE ANSWER BOOKLET  
Date: 20-4-21

**ST. JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27**  
**BBA - II SEMESTER**  
**SEMESTER EXAMINATION: APRIL 2021**  
**BBA2119 – CORPORATE ACCOUNTING**

**Time- 2 1/2 hrs**

**Max Marks-70**

**This paper contains 5 printed pages and four parts**

**SECTION A**

**Answer any FIVE of the following questions. Each question carries two marks. (5x2=10)**

1. What do you mean by amalgamation?
2. Give two examples for other expenses.
3. Mention two types of goodwill.
4. Mention two objectives of internal reconstruction.
5. What do mean by dividend?
6. What do you mean by voluntary winding up?

**SECTION B**

**Answer any THREE of the following questions. Each question carries five marks. (3x5=15)**

7. Y Ltd proposed to purchase the business of Mr. A and Goodwill for the purpose is agreed to be valued at 3 years purchase of weighted average profits of the last 4 years.

The profits of the four years and the weights are as follows:

Year	Profit	Weight
2016	20,200	1
2017	24,800	2
2018	20,000	3
2019	30,000	4

On scrutiny of the accounts it was found that

- a. On 1st December 2018 a major repair to plant of Rs. 6,000 was charged to revenue and had to be capitalized subject to a depreciation of 10% on reducing balance method.
  - b. The closing stock was overvalued by Rs. 2,400
  - c. To cover management cost an annual charge of Rs. 4,800 should be made for the purpose of goodwill valuation.
8. Bhoomika Ltd. is taken over by Chaitra Ltd. on the following terms.  
The assets and liabilities of Bhoomika Ltd. shall be valued at Rs 30,00,000 and 10,00,000 respectively.  
Rs 5,00,000 shall be paid in cash and the balance of consideration shall be discharged by issue of shares of Rs 10 each at a premium of 50%.

Show the calculation of purchase consideration and also state the number of shares issued to the shareholders of Bhoomika Ltd.

9. The Share Capital of X Ltd. Consists of the following:

- a) 10,000, 6% Preference Shares of Rs 100 each.
- b) 50,000, Equity Shares of Rs 10 each.

The shares were fully paid-up. The company has accumulated losses to the extent Rs 3,50,000; Preliminary expenses of Rs 20,000 and fixed assets are overvalued to the extent of Rs 4,00,000.

The scheme internal reconstruction permits to write off overvalue of fixed assets, losses and expenses. Under this scheme, 6% of Preference Shares is to be converted into 7.5% Preference Shares of Rs 60 each and equity shares are converted into shares of Rs 2 each.

Pass the necessary Journal Entries.

10. Arya Ltd. went into Liquidation on 31.3.2015. Following information is available with regards to Liquidation, Creditors Rs.75,660 of which Rs 8000 are preferential.

6% debentures having a floating charge on the assets of the company amounted to Rs 80,000. Debenture Holders were to be paid interest up to 30.9.2015.

The assets realised are as follows:

Stock	Rs 84,000.
Plant and Machinery	Rs 60,600.
Cash in Hand stood at	Rs 500.

Debentures were paid off on 30.9.2015 with interest.

Liquidator's expenses amounting Rs.1,902 and he was to be given remuneration at 3% on the amount realised and 2% on the amount distributed to Unsecured creditors excluding Preferential Creditors.

Prepare Liquidators Final Statement of Accounts.

### SECTION C

Answer any TWO of the following questions. Each question carries fifteen marks.

(2x15=30)

11. The following are the balance sheet of A Ltd and B Ltd as on 31/03/2013

Liabilities	A Ltd. Rs	B Ltd. Rs
Share Capital: Equity shares of Rs. 10 each	3,00,000	1,50,000
Reserve Fund	60,000	40,000
Creditors	60,000	40,000
Bills payable	5,000	10,000
<b>Total</b>	<b>4,25,000</b>	<b>2,40,000</b>

<b>Assets</b>	<b>A Ltd.Rs</b>	<b>B Ltd. Rs</b>
Fixed Assets	2,70,000	1,40,000
Debtors	80,000	60,000
Stock	50,000	30,000
Bills Receivable	15,000	4,000
Bank	10,000	6,000
<b>Total</b>	<b>4,25,000</b>	<b>2,40,000</b>

Both the companies decided to amalgamate and form C Ltd. to take over the assets and liabilities of both the companies.

- i) The shareholders of A Ltd. have been issued four shares of Rs 10 each at Rs 12.50 per share in exchange for three shares in C Ltd.
- ii) The assets and liabilities of B.Ltd. are to be taken at book values subject to 5% provision on debtors and Bill Receivable and 10% depreciation on fixed assets.

Goodwill of B.Ltd. was valued at Rs 27,200. The purchase consideration is settled in shares of Rs 10 each at Rs 12.50 per share.

Calculate purchase consideration; prepare the opening entries and the Balance Sheet of C Ltd.

12. Balance sheet of XY Limited as at 31.3.2018 was as follows:

<b>Equity and Liabilities</b>	<b>Amount</b>
4,000 Equity Shares of Rs. 100 each	4,00,000
<b>Other Equities</b>	
2,000, Preference shares of Rs.100 each	2,00,000
<b>Non- Current Liabilities</b>	
5% Mortgage debentures	1,00,000
<b>Current Liabilities</b>	
Creditors	1,00,000
Bank Overdraft	50,000
<b>Total</b>	<b>8,50,000</b>
<b>Assets</b>	<b>Amount</b>
<b>Non-Current Assets</b>	
Freehold Premises	2,00,000
Plant	3,00,000
<b>Intangible Assets</b>	
Goodwill	15,000
<b>Current Assets</b>	
Stock	50,000
Debtors	40,000
<b>Misc</b>	
Profit and Loss A/c	2,45,000
<b>Total</b>	<b>8,50,000</b>

The following scheme was approved by the court for reconstruction of the company

- Preference shares are to be reduced to Rs. 75 per share and equity share to Rs. 37.50 per share.
- Debenture holders agreed to take over stock and book debts in full satisfaction of the amount due to them.
- Goodwill is to be eliminated.
- Freehold premises is to be depreciated by 50% and
- Plant is to be appreciated by Rs. 50,000.

Journalize and prepare revised balance sheet

13. From the information given below and the Balance sheet of A Ltd., on 31<sup>st</sup> March 2015, find the value of its Equity shares by **intrinsic value method and yield method**.

- Company's prospects for 2015 – 2016 are good;
- Buildings are now worth Rs. 3,50,000;
- Profits for the last three years have shown an annual increase of Rs. 50,000. The annual transfer to reserve is 25% of net profit;
- Preferential shares have preference as to Capital and Dividend;
- Normal rate of return expected is 15%.

Balance Sheet as at 31.3.2015

<b>Liabilities</b>	<b>Rs.</b>
1,000, 8% Preferential shares of Rs.100 each fully paid	1,00,000
4,000 Equity shares of Rs. 100 each fully paid	4,00,000
Reserves	1,50,000
Profit & Loss A/C:	
Balance on 1.04.2014	80,000
Add: Profit for 2014 – 15 (before transfer to reserve)	4,30,000
Creditors	48,000
<b>Total</b>	<b>12,08,000</b>
<b>Assets</b>	<b>Rs.</b>
Buildings	70,000
Furniture	3,000
Stock (market value)	4,50,000
Investment (at cost) (face value Rs. 4,00,000)	3,35,000
Debtors	2,80,000
Bank	60,000
Preliminary expenses	10,000
<b>Total</b>	<b>12,08,000</b>

## SECTION D

Answer the following compulsory question. Below question carries fifteen marks.

(1x15=15)

14. Prepare Statement of Profit and loss and Balance sheet for H&M Company Ltd., from the following trial balance as on 31st march 2019.

Particular	Debit Balance	Credit balance
Calls in Arrears	10,000	
Premises	15,00,000	
Machinery	3,00,000	
Furniture	1,00,000	
Purchases	13,60,000	
Wages	2,50,000	
Salaries	1,20,000	
Interim Dividend ( Including DDT)	40,000	
Goodwill	4,00,000	
Debtors	1,20,000	
Bills Receivable	76,000	
Bad Debts	4,000	
Debenture Interest ( upto 30/09/2018)	40,000	
Stock on 01/04/2018	82,000	
Share Capital		10,00,000
Sales		20,00,000
Reserve fund		3,60,000
Profit & Loss account		70,000
Creditors		1,50,000
10 % Debentures		8,00,000
Bills Payable		20,000
Reserve for doubtful debts (1/04/2018)		2,000
<b>Total</b>	<b>44,02,000</b>	<b>44,02,000</b>

Adjustments:

- i) The directors proposed a final dividend at 15%.
- ii) The debenture interest is unpaid for 6 months.
- iii) The stock on 31/03/2019 was valued at Rs.80,000.
- iv) Depreciate machinery and furniture by 10%.
- v) Maintain reserve for doubtful debts at 5% on debtors.