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BBABMC 262/BBMBMC 262

**Credit Based IV Semester B.B.A./B.B.M. Degree
Examination, September 2022
(2012 Scheme)
CORPORATE ACCOUNTING – II**

Time : 3 Hours

Max. Marks : 120

Instruction : Provide working notes *wherever* necessary.

**SECTION – A
(Two marks each)**

Answer **any ten** of the following questions :

(10×2=20)

1. a) What do you mean by amalgamation of companies ?
- b) Who is a liquidator ?
- c) State any two differences between amalgamation and absorption.
- d) State the different methods of calculating purchase consideration.
- e) Give the meaning of internal reconstruction.
- f) Who are preferential creditors ?
- g) State any two forms of capital reduction.
- h) What is NPA in a banking company ?
- i) What is the meaning of voluntary winding up ?
- j) How do you treat interim dividends in the final accounts of electricity company ?
- k) What is the meaning of double account system ?
- l) State any two contingent liabilities of a bank.

**SECTION – B
(8 marks each)**

(5×8=40)

Answer **any five** of the following questions :

2. Explain the different methods of calculating purchase consideration.
3. Describe the functions of accounting standards.

P.T.O.



4. Following is the Balance Sheet of Sujay Ltd. as on 31-12-2022.

Liabilities	Rs.	Assets	Rs.
Share-capital	6,00,000	Goodwill	1,00,000
General reserve	3,00,000	Plant and machinery	5,00,000
Profit and Loss A/c	1,00,000	Furniture	1,00,000
6% debentures	3,00,000	Stock	6,00,000
Sundry creditors	3,20,000	Debtors	2,00,000
		Bank	1,00,000
		Preliminary expenses	20,000
	16,20,000		16,20,000

Vijay Ltd. taken over the business of Sujay Ltd. on the following terms :

- 1) Goodwill is valued @ Rs. 2,00,000 and other assets are considered worth their book values.
- 2) Vijay Ltd. does not take over the balance @ bank.
- 3) Liabilities are taken over at their book values.

Calculate purchase consideration.

5. The following is an extract from the trial balance of a bank as on 31-3-2021.

Particulars	Debit (Rs.)	Credit (Rs.)
Bills discounted	6,32,000	—
Discount received	—	52,854
Rebate on bills discounted on 1-4-2020	—	11,080

The bills discounted is as follows :

Amount (Rs.)	Due date	Rate of discount (% p.a.)
70,000	June 05	14%
2,18,000	June 12	14%
1,41,000	June 25	14%
2,03,000	July 06	16%

Calculate rebate on bills discounted and show the necessary journal entries.



6. Aryan Ltd., went into liquidation with the following liabilities.

	Rs.
Secured creditors (securities realised Rs. 5,00,000)	4,00,000
Other assets realised	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 realised 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 of account.

7. Z 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, investments by Rs. 50,000, write off the debit balance in P and L A/c Rs. 1,00,000 and write off preliminary expenses Rs. 25,000.

Show the necessary journal entries in the books of Z Ltd.

8. The following balance appeared in the books of Bharath Electric Supply Corporation Ltd. as on 31-3-2022.

Particulars	Debit	Credit
	Rs.	Rs.
Cost of generation of electricity	3,00,000	–
Cost of distribution of electricity	90,000	–
Sale of current	–	15,00,000
Meter rent	–	50,000
Rent, rates and taxes	1,20,000	–



Establishment expenses	2,10,000	—
Interest on debentures	1,00,000	—
Interim dividend	2,00,000	—
Depreciation	2,00,000	—
Net revenue account balance as on 31-3-2021	2,85,000	—

From the above balance prepare Revenue Account and Net Revenue A/c.

SECTION – C
(20 marks each)

Answer **any three** of the following questions : **(3×20=60)**

9. KK Ltd. decided to absorb Varun Ltd. as on 31-12-2019. The summarised Balance Sheet of Varun Ltd. was as follows :

Liabilities	Rs.	Assets	Rs.
50,000 E.shares of Rs. 10 each	5,00,000	Land and Bldg.	3,00,000
General reserve	2,50,000	Furniture	25,000
P and L A/c	1,20,000	Plant and Machinery	5,50,000
5% debentures	1,00,000	Stock	70,000
Sundry creditors	30,000	Debtors	35,000
		Cash @ bank	10,000
		Cash in hand	10,000
	10,00,000		10,00,000

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

Land and Building Rs. 3,50,000

Plant and Machinery Rs. 6,00,000

Furniture Rs. 15,000. 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 KK Ltd.

Show ledger accounts in the books of Varun Ltd. and journal entries in the books of KK Ltd.



10. Following is the Balance Sheet of Duck Co. Ltd. as on 31-12-2020.

Liabilities	Rs.	Assets	Rs.
Share-capital :		Goodwill	30,000
20000 shares of Rs. 10 each	2,00,000	Buildings	25,000
Bank overdraft (unsecured)	1,100	Plant and Machinery	37,400
Partly secured creditors	29,180	Stock	58,000
Preferential creditors	7,100	Debtors	46,000
Trade creditors	97,600	Cash	500
		P and L A/c	1,38,080
	3,34,980		3,34,980

The assets realised as follows :

	Rs.
Buildings which were used in the first instance to pay partly secured creditors	18,000
Plant and Machinery	25,000
Stock	31,000
Debtors	43,500

Liquidation expenses Rs. 1,100. The liquidators commission was agreed at 3% on the assets realised except cash and 2% on the amount payable to unsecured creditors other than preferential.

Prepare liquidator's final statement of account.

11. From the following information, prepare Profit and Loss A/c HDMC Bank for the year ended 31-12-2019 as per the prescribed form :

	Rs.
Interest on loan	2,59,000
Interest on F.D.	2,75,000
Rebate on bills discounted	49,000
Commission	7,200
Establishment expenses	54,000
Exchange and brokerage	1,000
Discount on bills discounted (gross)	1,95,000



Interest on cash credit	2,23,000
Interest on bank borrowings	42,000
Rent and taxes	18,000
Interest on overdraft	1,54,000
Directors fees	8,000
Auditors fees	12,000
Interest on SB	68,000
Law charges	14,000
Postage	1,200
Printing and stationery	3,000
Depreciation on bank property	4,200

Bad debts to be written off amounts to Rs. 40,000. Provision for taxation may be made @ 50%. Balance of profit from last year was Rs. 1,20,000. Transfer 20% of profit to statutory reserve and the directors have recommended a dividend of Rs. 20,000 for the shareholders.

12. From the following Trial Balance of Varahi Electric Power 'Co' Ltd. as at 31-12-2019.

Prepare Revenue A/c, Net Revenue A/c, Capital A/c and General Balance Sheet.

Particulars	Dr.	Cr.
	(Rs.)	(Rs.)
Equity shares	–	54,90,000
Debentures	–	20,00,000
Land on 31-12-2018	3,00,000	–
Land purchased during the year	50,000	–
Machinery on 31-12-2018	60,00,000	–
Machinery purchased during the year	50,000	–
Mains, including cost of laying	20,00,000	–
Mains expended	5,10,000	–
Creditors	–	10,000
Depreciation Fund A/c	–	25,00,000



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Sundry debtors for current supplied	4,00,000	—
Other debtors	5,000	—
Stores on hand	50,000	—
Cash	50,000	—
Cost of generation of electricity	3,00,000	—
Cost of distribution of electricity	50,000	—
Rent, rates and taxes	50,000	—
Management expenses	1,20,000	—
Depreciation	14,00,000	—
Sale of current	—	13,00,000
Rent of meters	—	50,000
Interest on debentures	1,00,000	—
Interim dividend	2,00,000	—
Balance of Net Revenue A/c on 31-12-2018	—	2,85,000
	1,16,35,000	1,16,35,000
