END SEMESTER EXAMINATION – APRIL/MAY 2026

COMMERCE – IV SEMESTER B.COM

25BCO43A/B: ADVANCED CORPORATE ACCOUNTING

Time: 3 Hours **Max. Marks: 80**

Instruction: *Answer should be written completely in English*

SECTION – A

1. Answer any **SEVEN** questions. Each question carries **TWO** marks. **(7X2=14)**
   a) Define purchase consideration.
   b) What is net payment method?
   c) Give the meaning of internal reconstruction.
   d) Mention any two objectives of capital reduction.
   e) What are own debentures?
   f) What do you mean by cum-interest price?
   g) Who are contributories?
   h) What is meant by liquidators' remuneration?
   i) What are intercompany debts? Give two examples.
   j) Mention the steps involved in the preparation of Consolidated Statement of Financial Position.

SECTION – B

Answer any **THREE** questions. Each question carries **EIGHT** marks. **(3X8=24)**

2. Bhoomika Ltd. is taken over by Chaitra Ltd. on the following terms:
   - The assets and liabilities of Bhoomika Ltd. shall be valued at ₹ 30,00,000 and ₹ 10,00,000 respectively.
   - ₹ 5,000 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.

3. Given below is the Balance Sheet of Unsuccessful Limited as on 31.03.2025

Liabilities	Amount (₹)	Assets	Amount(₹)
5,000 8% Preference Shares of ₹10 each	50,000	Goodwill	1,00,000
5,000 Equity Shares of ₹10 each	50,000	Buildings	4,000
Creditors	18,000	Plant	5,000
Bank Overdraft	20,000	Debtors	1,200
		Stock	22,000
		Preliminary expenses	3,000

		P & L Account	2,500
		Cash	300
	1,38,000		1,38,000

The following scheme of Reconstruction was adopted:

- ₹10 Preference Shares were to be reduced to an equal number of fully paid shares of ₹8 each.
- ₹10 Equity Shares were to be reduced to an equal number of fully paid shares of ₹5 each.
- Creditors agreed to forego ₹8,000.
- The amount thus available was to be utilised to the nominal assets and the balance if any, to be written off Goodwill.
  Pass necessary Journal Entries.

4. Give the necessary journal entries at the time of redemption of debentures in each of the following cases:
   - X Ltd., issued 5,000, 9% debentures of ₹100 each at par redeemable after 5 years out of capital.
   - X Ltd., issued 1,000, 12% debentures of ₹100 each at par. These debentures are redeemed at a premium of 10% at the end of 4 years.
   - X Ltd., issued 12% debentures of the total face value of ₹1,00,000 at a premium of 5% and redeemable at par at the end of 4 years.
   - X Ltd., issued ₹1,00,000, 12% debentures at a discount of 5% but redeemable at a premium of 5% at the end of 5 years

5. Prakash Ltd went into Liquidation on 31-12-2012. Following information is available.
   - Creditors amount to ₹75,660 of which ₹8,000 were preferential.
   - 6% debentures having a floating charge on the assets of the company amounted to ₹80,000.
   - Debentures to be paid interest up to 30-06-2013.
     The assets realized as follows:
   - Stock – ₹84,000
   - P & M – ₹66,000
   - Cash in hand – ₹500
   - Liquidation expenses amounting ₹1,902 and he is to be given a remuneration at 3% on amount realized and 2% on amount distributed to unsecured creditors excluding preferential creditors

6. Calculate Cost of Control From the following: H Ltd acquired 75% of equity shares in S Ltd on 1.10.2024 at 50% premium. The following balances are extracted from the Balance Sheet of S Ltd as on 31.3.2025.
   i. Share Capital 20,000 equity shares of Rs.10 each
   ii. Balance as on 1.4.2024
       General Reserves Rs 50,000
       Profit and loss A/c Rs. 10,000
   iii. Net profit for the year 2024-25 Rs. 80,000

SECTION – C

Answer any **THREE** questions. Each question carries **FOURTEEN** marks. **(3X14=42)**

7. The business of Asha Ltd. was purchased by Usha Ltd. The purchase consideration was as follows:
   a) A payment in cash at Rs.40 for every share in Asha Ltd.
   b) An exchange of 4 shares in Usha Ltd. of Rs.50 each at the market value of Rs.80 for every share in Asha Ltd. A further payment in cash of Rs.110 for every debenture in Asha Ltd. The Balance Sheet of Asha Ltd., as on 31 March 2025 was as follows.

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital: 1000 Shares of Rs.200 each	2,00,000	Building	75,000
1000 Debentures of Rs.100 each	1,00,000	Machinery	1,50,000
Creditors	30,000	Stock	90,000
Reserves	65,000	Debtors	80,000
Workmen's Savings Bank A/c	10,000	Bank	35,000
P/L A/c	25,000		
	4,30,000		4,30,000

Prepare the necessary Ledger Accounts in the books of Asha Ltd. and opening entries in the books of Usha Ltd. under Purchase Method

8. Balance Sheet of XY Ltd as at 31-03-2025 was as follows

Liabilities	Amount (₹)	Assets	Amount (₹)
2,000 Preference Shares of ₹100 each	2,00,000	Goodwill	15,000
4,000 Equity Shares of ₹100 each	4,00,000	Freehold Premises	2,00,000
5% Mortgage Debentures	1,00,000	Plant	3,00,000
Bank Overdraft	50,000	Stock	50,000
Creditors	1,00,000	Debtors	40,000
		Profit & Loss Account	2,45,000
	8,50,000		8,50,000

Adjustments / Scheme of Reconstruction:

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

Journalise and prepare the revised balance sheet.

9. Bhavya limited went into voluntary liquidation on 31/3/2025 when their liabilities and assets were as follows.

Liabilities	Amount (₹)	Assets	Amount(₹)
12% Preference Shares of ₹100	4,00,000	Freehold Property	5,80,000
20,000 Equity shares ₹10 each fully paid	2,00,000	Plant and Machinery	2,90,000

50,000 Equity shares ₹10 each ₹8 paid	4,00,000	Motor Vehicles	60,000
30,000 Equity shares ₹10 each ₹6 paid	1,80,000	Stock	1,90,000
Creditors (including secured ₹60,000 and preferential ₹15,000)	2,20,000	Debtors	1,00,000
		Cash in hand	30,000
		P & L A/c	1,50,000
	14,00,000		14,00,000

Additional Information:

a) Preference dividend in arrears for 2 years payable on liquidation.
b) Assets realized: Freehold ₹7,00,000; Plant ₹2,50,000; Vehicles ₹40,000; Stock ₹1,75,000; Debtors ₹80,000.
c) Liquidation expenses ₹5,000. Liquidator remuneration 3% on assets realized (excluding cash) and 2% on payment to unsecured creditors.

Prepare Liquidator's Final Statement of Account and final payment per equity category.

10. The following is the balance sheet of soma ltd as on 31/3/25.

Liabilities	Amount (₹)	Assets	Amount (₹)
1000 6% Preference shares ₹100	1,00,000	Land and Building	2,00,000
2000 Equity shares ₹100 fully paid	2,00,000	Plant and Machinery	2,20,000
3000 Equity shares ₹100 ₹50 paid	1,50,000	Stock	1,00,000
6% Debentures (floating charge)	1,00,000	Debtors	1,00,000
Mortgage loan on land building	1,00,000	Cash at Bank	30,000
Sundry creditors	90,000	P & L Account	1,00,000
Income tax	10,000		
	7,50,000		7,50,000

Additional Information:

a) Company went into liquidation on 1-4-2024.
b) Preference dividends in arrears for 3 years.
c) Assets realised: Land ₹2,40,000; Plant ₹1,80,000; Stock ₹70,000; Debtors ₹60,000.
d) Expenses ₹8,000. Liquidator commission 2% on assets realised excluding cash and 3% on distribution to unsecured creditors.
e) Payments made on 30-09-2024.
Prepare Liquidator's Final Statement of accounts.

11. 'H' limited acquired 8000 shares of Rs.10 each in 'S' Limited. On 31st March 2025 the summarized balance Sheet of 'H' Limited and 'S' Limited were as follows: -

Liabilities	'H' Ltd.	'S' Ltd.	Assets	'H' Ltd.	'S' Ltd.
Share capital			Machinery	60,000	45,000
Shares of Rs.10 Each	2,00,000	1,00,000	Furniture	2,000	4,000
Reserves	10,000	15,000	Investments		
Profit & Loss A/c	5,000	4,500	Shares in 'S' Ltd.	98,000	-
Bank Loan	-	12,000	Stock	42,000	65,000
Creditors	40,000	20,000	Debtors	18,000	27,000

Bills payable	2,000	1,000	Bills Receivable	1,000	1,500
			Cash	36,000	10,000
	2,57,000	1,52,500		2,57,000	1,52,500

On the date of acquisition of shares by 'H' Limited, the 'S' Limited had undistributed profits Rs. 1,500 and Reserves amounted to Rs. 5,000. Prepare the Consolidated Balance Sheet as at 31st March 2025.