

Assignment questions

For 4th sem bcom

Subject – Advanced Corporate Accounting

1. The following is the summarized balance sheet of A Ltd as on 31-3-2019

Liabilities	Amount	Assets	Amount
6,000 ,8% redeemable preference shares of Rs 100 each fully paid	6,00,000	Sundry assets	26,60,000
3,000 ,9% redeemable preference shares of Rs 100 each Rs 75 paid up	2,25,000	Cash at bank	8,25,000
1,50,000 Equity share of Rs 10 each	15,00,000		
Reserve fund	6,00,000		
Capital reserve	1,00,000		
Securities premium	60,000		
Current liabilities	3,60,000		
	34,45,000		34,45,000

It was decided to redeem both the classes of preference shares at a premium at 5 %. For this purpose , the company issued for cash 50,000 equity shares of Rs 10 each at a premium of 10 % and the balance is provided out of divisible profits. The issue was fully subscribed and all the money were received.

Pass journal entries and draw up the amended balance sheet

2. The following are the balance sheet of P Ltd and S Ltd as on 31st March 2019

Liabilities	P Lts	S Ltd	Assets	P Ltd	S Ltd
Equity shares capital (Rs 10 each)	5,00,000	3,00,000	Land and building	2,50,000	1,55,000
14% preference share capital (Rs 100 each)	2,20,000	1,70,000	Plant and machinery	3,25,000	1,70,000
General reserve	50,000	25,000	Furniture and fittings	57,500	35,000
Export profit reserve	30,000	20,000	Investments	1,25,000	95,000
Investment allowances reserve		10,000	Stock	90,000	1,03,000
Profit and loss account	75,000	50,000	Debtors	72,500	52,000
13% debentures	50,000	35,000	Cash and bank	70,000	50,000
Current liabilities	65,000	50,000			
	9,90,000	6,60,000		9,90,000	6,60,000

P Ltd takes over S Ltd on 1st April 2019 . Pltd discharges the purchase consideration as follows

- i) issued 35,000 equity shares of Rs 10 each par to the equity shareholders of S Ltd
 - ii) issued 15% preference shares of Rs 100 each to discharge the preference shareholders of S Ltd at 10% premium .
 - iii) the debentures of S Ltd will be converted into equivalent number of debentures of P Ltd
 - iv) the statutory reserve of S Ltd (export profit reserve and investment allowance reserve)will be maintained for three more years .
- you are required to show the journal entries and balance sheet in the books of P Ltd in the nature of merger method.

3. The following the balance sheet of M Ltd s on 31st March 2019

Liabilities	Amount	Assets	Amount
13% preference shares of Rs 100 each	1,00,000	Fixed assets	15,00,000
Equity share capital of Rs 10 each	7,00,000	Current assets	35,00,000
8% debentures	3,00,000	Profit and loss account	3,00,000
Current liabilities	39,00,000		
Provision for taxation	3,00,000		
	53,00,000		53,00,000

The following scheme of reconstruction was adopted

- i) Fixed assets are to be written down by 33 1/3%
- ii) Current assets are to be revalued at Rs 27,00,000
- iii) Preference shareholders decide to forgo their right to arrears of dividend which are in arrears for three years .
- iv) The taxation liability is settled at Rs 4,00,000
- v) One of the creditors of the company to whom the company owes Rs 25,00,000 decides to forgo 50% of his claim . he is allotted 1,00,000 equity shares Rs 5 each in part satisfaction of the balance of his claim
- vi) The rate of interest on debentures is increased to 11% the debentures holders surrender their existing debentures of Rs 100 each and exchange the same for fresh debentures of Rs 75 each
- vii) All existing equity shares are reduced to Rs 5 each
- viii) All preference shares are reduced to Rs 75 each.

Pass journal entries and show the balance sheet of the company .

- 4. Briefly explain the following terms
 - a. Human resource accounting
 - b. Social responsibility accounting

5. Bad Luck Co Ltd went into liquidation. Its assets realized Rs 1,75,000 excluding the amount realized by sale of securities held by the secured creditors. The following was the position

Particulars	Amount
Share capital 500 shares of Rs 100 each	50000
Secured creditors (securities realized Rs 20,000)	17,500
Preferential creditors	3,000
Unsecured creditors	10,000
Debentures	1,25,000
Liquidation expenses	6,250

Liquidator is to be paid a commission of 2% on the amount actually paid to unsecured creditors including preferential creditors . prepare liquidators final statement of account .

Note : students are requested to write the solutions in the book and scan it and send it to the mail id .