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 **PRESIDENCY UNIVERSITY**

  **Bengaluru**

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| **End - Term Examinations – JANUARY 2025** |
| **Date:** 07 – 01- 2025 **Time:** 01:00pm – 04:00pm |

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| **School:** School of Commerce  | **Program:** B. Com (General) & B. Com (CMA) |
| **Course Code :** COM3096 | **Course Name:** ADVANCED CORPORATE ACCOUNTING |
| **Semester**: III | **Max Marks**:100 | **Weightage**:50% |

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| **CO - Levels** | **CO1** | **CO2** | **CO3** | **CO4** | **CO5** |
| **Marks** | **11** | **26** | **26** | **15** | **26** |

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Do not write anything on the question paper other than roll number.*

**Part A**

|  |  |  |
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| **Answer ALL the Questions. Each question carries 2 marks. (10Q x 2M = 20M)** | **Bloom's Level**  | **CO** |

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| --- | --- | --- | --- | --- |
| **1** | Explain the concepts of Capital Profit and Revenue Profit with suitable examples | **2 Marks** | **Remember** | **CO1** |
| **2** | From the following find Goodwill or Capital Reserve.Given values:  Capital Profit = Rs 80,000Revenue Profit = Rs 50,000 H Ltd acquired 12,000 shares in S Ltd for Rs 1,80,000Share Capital of S Ltd Rs. 1,50,000 (15,000 shares of Rs.10 each) | **2 Marks** | **Remember**  | **CO1** |
| **3** | List any two conditions that must be met for an amalgamation to be considered a "merger. | **2 Marks** | **Remember** | **CO2** |
| **4** | Deepika Padukone Ltd acquired Allia bhatt Ltd business with the following values.Fixed assets Rs. 1,00,000Floating assets Rs.3,00,000Debentures Rs. 50,000General Reserves Rs. Rs 4,00,000Current Liabilities Rs. 1,00,000Profit and Loss account Rs. 40,000Show the Purchase Consideration using the Net Assets Method, based on the given assets and liabilities | **2 Marks** | **Understand** | **CO2** |
| **5** | 1. A company decides to write off ₹2,00,000 in accumulated losses against the capital reduction account. State the accounting effect.
2. Equity shares of ₹100 each are reduced to ₹50 each as part of reconstruction. Calculate the total reduction if there are 10,000 shares
 | **2 Marks** | **Remember** | **CO3** |
| **6** | Compare and contrast internal reconstruction and external reconstruction, highlighting their key differences | **2 Marks** | **Remember** | **CO3** |
| **7** | Explain the sequential order of payment to stakeholders during the mandatory winding up of a company and justify its importance | **2 Marks** | **Remember** | **CO4** |
| **8** | The Liquidator of a company is entitled to a remuneration of 2% on the amount realized and 3% on the amount distributed unsecured creditors. The assets realized Rs. 2,50,000 and the amount paid to unsecured creditors is Rs.1,00,000. Show the Liquidators Remuneration. | **2 Marks** |  **Remember** | **CO4** |
| **9** | Define HRA as per American Accounting Association (AAA) | **2 Marks** | **Remember** | **CO5** |
| **10** | List any two types of approaches of Human Resource Accounting. | **2 Marks** | **Remember** | **CO5** |

**Part B**

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| **Answer ALL the Questions. Each question carries 7 marks. (5Q x 7M = 35M)** | **Bloom's Level**  | **CO** |
| **11** | The following are the balance sheet of X Ltd and Y Ltd as on 31.3.2013

|  |  |  |
| --- | --- | --- |
| Particulars  | X. Ltd | Y . Ltd |
| I. EQUITY AND LIABILITIES  |   |   |
| 1. Shareholders’ funds |   |   |
| a) Share capital  |   |   |
| E S C of Rs.10 each | 1,20,000 | 50,000 |
| b) Reserves and Surplus  |   |   |
| General Reserves | 50,000 | 10,000 |
| P&L account balance  | 20,000 | 10,000 |
| 2. Non-Current Liabilities | NIL | NIL |
| 3. Current Liabilities  | 75,000 | 10,000 |
| Creditors |   |   |
| Total of Equity and Liabilities  | 2,65,000 | 80,000 |
| II ASSETS  |   |   |
| 1. Non-Current Assets  |   |   |
| Sundry assets  | 2,00,000 | 80,000 |
|   |   |   |
| Shares in Y co Ltd  |   |   |
| 4,000 shares  | 65,000 |   |
| 2.Current Assets  | NIL | NIL |
| Total of assets  | 2,65,000 | 80,000 |

Shares were acquired by X Ltd on 30.09.2012. Y Ltd transferred Rs. 8000 from profits to reserve on 31.03.2013. Prepare a consolidated balance sheet. | **7 Marks** | **Apply** | **CO1** |
|  | **Or** |
| **12** | The consolidated balance sheet is a crucial financial document that reflects the overall financial position of a group of companies, typically a holding company and its subsidiaries, as a single economic entity. Briefly explain in the steps involved in the preparation of a consolidated balance Sheet is prepared. | **7 Marks** | **Understand** | **CO1** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **13** | Summarize the following with reference to amalgamation.1. Pooling of Interest Method
2. Transferor
3. Transferee
4. Purchase Consideration
 | **7 Marks** | **Understand** | **CO2** |
|  | **Or** |
| **14** | Amalgamation is the process of merging two or more companies into a single entity, aimed at achieving financial, operational, or strategic advantages. This process is typically undertaken to generate synergy, expand market reach, minimize competition, or realize economies of scale. Show the accounting treatment (Journal entries) in the books of Transferee company. | **7 Marks** | **Remember**  | **CO2** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **15** | Sathya Ltd passed necessary resolution and received sanction of the court for reconstruction as shown.(1) 2500 preference shares of Rs 20 each fully paid to be reduced to the same number of shares of Rs 15 each(2)25,00 equity shares of Rs 15 each fully paid be reduced to the same number of shares of Rs 5 each(3) Writing off of Rs 1,5,000 debit balance in P& La/c.(4) To reduce Plant and Machinery by 8,000 and Goodwill by Rs 2,000 (5) To reduce investment value by Rs.6,000Write journal entries necessary to record the above and also show capital reduction account in the books of Sathya Ltd. | **7 Marks** | **Apply** | **CO3** |
|  | **Or** |
| **16** |  Bharath Ltd. had the following Balance Sheet on 31st March 2013.

|  |  |
| --- | --- |
| **Particulars**  | **Rs** |
| **I. EQUITY AND LIABILITIES**  |   |
| **1. Shareholders’ funds** |   |
| **a)Share capital**  |   |
| E S Capital (100 each) | 5,00,000 |
| P S Capital (100 each) | 3,00,000 |
| **b) Reserves and Surplus**  |   |
|  General Reserves  | nil  |
| P &L account balance  | NIL |
| **2. Non Current Liabilities** | 2,00,000 |
| **3. Current Liabilities**  |   |
| BOD | 1,50,000 |
| Creditors | 1,50,000 |
| **Total of Equity and Liabilities**  | **13,00,000** |
| **II ASSETS**  |   |
| **1. Non Current Assets**  |   |
| Good will  | 30,000 |
| Buildings  | 3,95,000 |
| Machinery  | 2,15,000 |
| Preliminary Expenses  | 10,000 |
| P&L Account | 2,50,000 |
| **2. Current Assets**  |   |
| **Stock**  | 1,70,000 |
| Debtors | 2,30,000 |
| **Total Assets**  | **13,00,000** |

The following scheme of reconstruction was adopted.* + 1. Each share was to be reduced to a share of

 Rs.70 and preference share of Rs 50 each* + 1. All fictitious and intangible assets are to be

 eliminatedGive necessary Journal entries for the above and prepare Balance sheet after implementation of the scheme. | **7 Marks** | **Apply** | **CO3** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **17** | Liquidation, also known as winding up, refers to the legal process of closing down a company and distributing its assets among stakeholders to settle its debts and liabilities. It is undertaken when a company is unable to continue operations due to insolvency, voluntary closure, or a court order. (1) Explain the concept of a Liquidator's Final Statement of Account and its purpose in the liquidation process.(2) Construct a proforma of a Liquidator's Final Statement of Account using imaginary figures to illustrate its format and components | **7 Marks** | **Apply** | **CO4** |
|  | **Or** |
| **18** |  Preferential creditors hold a significant position in the liquidation process of a company because they are given priority over unsecured creditors when the company's assets are distributed. (1) Define and explain the concept of Preferential Creditors in the context of company liquidation. (2) Identify and list any five examples of preferential creditors as recognized by law. | **7 Marks** |  **Apply** | **CO4** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **19** | HRA (Human Resource Accounting) refers to the process of identifying, measuring, and reporting the value of human resources within an organization. Explain the importance of Human Resource Accounting  | **7 Marks** | **Understand** | **CO5** |
|  | **Or** |
| **20** | “HAA (Human Asset Accounting) is the accounting for people”. Elucidate the assumptions of Human Asset Accounting. | **7 Marks** | **Remember**  | **CO5** |

**Part C**

|  |  |  |
| --- | --- | --- |
| **Answer Any THREE Questions. Each question carries 15 marks. (3Q x 15M = 45M)** | **Bloom's Level**  | **CO** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **21** | Amalgamation is the process of combining two or more companies into one. It usually happens to create a stronger, larger company by merging their resources, operations, and assets. Analyze and explain the various methods of calculating Purchase Consideration, providing suitable examples to illustrate each method.". | **15 Marks** | **Apply** | **CO2** |
| **22** | The following is the balance sheet of Broken Heart Ltd as on 31-03-2013

|  |  |
| --- | --- |
| Particulars  | Rs |
| **I. EQUITY AND LIABILITIES**  |   |
| **1. Shareholders’ funds** |   |
| **a) Share capital**  |   |
| 100000 equity shares of Rs 10 each | 10,00,000 |
| **b) Reserves and Surplus**  |   |
| **2. Non-Current Liabilities** | Nil |
| **10% Debentures (100 each)** | 5,00,000 |
| **3. Current Liabilities**  |   |
| Creditors | 4,00,000 |
| BOD | 5,00,000 |
| Interest on Debenture | 1,00,000 |
| **Total of Equity and Liabilities**  | **25,00,000** |
| **II ASSETS**  |   |
| **1. Non-Current Assets**  |   |
| Fixed Assets | 10,00,000 |
| Investments |  1,50,000 |
| Profit and Loss account balance  |  10,0,0000 |
| **2. Current Assets**  |   |
| Stock  |  50,000 |
| Debtors |  2,50,000 |
| Cash  |  50,000 |
| **Total Assets**  |  **25,00,000** |

**Due to heavy losses, the following scheme of reconstruction is agreed.**1. **To reduce the equity, share to Rs.2 each**
2. The amount is to be to write off P&L account
3. Fixed assets are to be reduced by Rs. 1,00,000 and stock reduced by Rs 30,000.
4. Pass journal entries to implement the scheme and prepare reconstructed Balance sheet.
 | **15 Marks** | **Apply** | **CO3** |
| **23** | Following particulars of A Ltd which has gone went into voluntary liquidation. Prepare Liquidators Final Statement of account allowing him 2% remuneration on the assets realized and 2% on amount distributed to unsecured creditors other than the preferential creditors. * + - 1. Unsecured Creditors Rs.2,24,000
			2. Preferential creditors Rs. 70,000
			3. Debentures Rs. 75,000
			4. The assets Realized the following:

Cash in hand Rs. 20000Land and Buildings Rs. 13,000Plant and Machinery Rs. 110500Furniture’s Rs. 7,500* + - 1. Liquidation expenses Rs 2,000
			2. A call of Rs. 2 per on the partly paid 10000 equity shares was made and duly paid except in case of one shareholder having 500 shares.
 | **15 Marks** | **Apply** | **CO4** |
| **24** | Human Resource (HR) methods excel in their ability to systematically manage an organization's most valuable asset—its people. By fostering employee satisfaction, improving organizational performance, and promoting long-term success, effective HR practices play a crucial role in driving overall growth and stability. Explain the various approaches of valuation of human resources.  | **15 Marks** | **Remember**  | **CO5** |