QP. Code: 42421

Fourth Semester B.Com. Degree Examination, May/June 2026

(SEP Scheme)

COMMERCE

Subject : (SCD 0210) : Corporate Accounting - II

Time : 3 Hours Max. Marks : 80

Instructions to Students:

1. **The student should legibly write Section number along with question numbers within the margin ONLY.**
2. **The answers without Section number and question numbers will not be valued.**
3. **Draw a neat & labeled diagram wherever necessary.**
4. **Do not write anything (except register number) on the question paper.**

SECTION - A

I. Answer any THREE questions. FIVE marks each. **(3x5=15)**

1. Differentiate between Internal and External Reconstruction.

2. From the following particulars, calculate purchase consideration payable to Vendor Company.

   i) 9%, 20,000 Preference shares of Rs. 10 each.

   ii) 16,000 Equity shares of Rs. 10 each.

   The purchase consideration was:

   a) The issue of 11, 8% Preference shares of Rs. 10 each fully paid for every 10 Preference shares held.

   b) 20 Equity shares of Rs. 10 each issued at 12 per share for every 16 Equity shares held.

3 Pass the Journal entries to incorporate the following scheme of internal reconstruction approved by NCLT.

   a) 45,000, 8% Preference shares of Rs.10 each are to be reduced to fully paid shares of Rs. 7 each.

   b) 90,000 Equity shares of Rs. 10 each are to be reduced to shares of Rs.5 each fully paid.

   c) 8% Debenture of Rs. 2,00,000, the debenture holders took over stock worth Rs. 90,000 and investments worth Rs. 1,00,000 in full satisfaction of their claims.

   d) The amount so made available to be used to write off Profit and Loss A/c (Debit Balance) Rs. 5,00,000, Goodwill Rs. 40,000 and Plant and Machinery Rs. 55,000.

4. Bad Luck Co. Ltd., went into liquidation and provided following particulars.

Assets realized	Rs. 10,00,000
(including the amount realized by sale of securities held by secured creditors)	
Secured creditors	Rs. 1,20,000
8% Debentures	Rs. 1,30,000
Unsecured creditors	Rs. 1,20,000
6,000 Equity shares of Rs.100 each	Rs. 6,00,000
Liquidation expenses	Rs. 20,000
Liquidator's commission 3% on assets realized	

Prepare Liquidator's Final Statement of Account.

5. State the conditions for Redemption of Preference Shares.

PART - B

II. Answer any TWO questions. TEN marks each. **(2x10=20)**

6. Distinguish between amalgamation in the nature of merger and amalgamation in the nature of purchase.

7. Chandra Ltd., absorbed by Surya Ltd., the consideration being.
   a) A payment of cash of Rs.30 per share to Equity shareholders.
   b) Exchange of 3 Shares of Rs. 10 per share in Surya Ltd., at an agreed value of Rs.15 per share for every share in Chandra Ltd.
   c) Discharge of Debentures at a premium of 5% by issue of 5% Debentures of Surya Ltd..

Balance Sheet of Chandra Ltd., as on 31st March 2026

Equity and Liabilities	Rs.	Assets	Rs.
60,000 Equity shares of Rs. 50 each	30,00,000	Goodwill	2,50,000
General reserve	3,20,000	Land and Buildings	7,65,000
Profit and Loss A/c	1,80,000	Plant and Machinery	22,00,000
5% Debentures	15,00,000	Patents	75,000
Sundry creditors	2,00,000	Investments	50,000
		Stock	10,60,000
		Debtors	4,50,000
		Bank	3,50,000
	52,00,000		**52,00,000**

Pass journal entries to close the books of Chandra Ltd.

8. Adithi Co. Ltd., has 4,000, 6% Redeemable Preference Shares of Rs.100 each fully paid. The company decides to redeem the shares at a premium of 10%. The company makes the following issues.

a) 1,000 Equity shares of Rs.100 each at a premium of 10%.

b) 1,000, 6% Debentures of Rs. 100 each.

The issue was fully subscribed and all amounts were received. The company has sufficient profits. Pass Journal Entries in the books of Adithi Co. Ltd.

9. The Balance sheet of Play well Ltd., as on 31-03-2026 was as follows:

Equity and Liabilities	Rs.	Assets	Rs.
4,000 Preference shares Rs.100 each	4,00,000	Goodwill	30,000
8,000 Equity shares of Rs.100 each	8,00,000	Land and Buildings	4,00,000
8% Debentures	2,00,000	Plant	6,00,000
Bills payable	1,00,000	Stock	1,00,000
Sundry creditors	2,00,000	Debtors	80,000
		Profit and Loss A/c	4,90,000
	17,00,000		**17,00,000**

The following scheme of internal reconstruction was approved by NCLT.

a. Preference shares are to be reduced to Rs.50 per share fully paid

b. Equity shares are to be reduced to Rs.25 each fully paid.

c. Debentures holders to take over stock and debtors in full settlement of their claim.

d. Plant value is reduced to 50% of its present value.

e. Eliminate goodwill and profit and loss A/c completely.

Journalize the transactions and prepare the balance sheet after reconstruction.

PART - C

III. Answer any THREE questions. FIFTEEN marks each. **(3x15=45)**

10. The following is the Balance sheet of Pooja Ltd., as on 31-03-2026.

Equity and Liabilities		Rs.	Assets	Rs.
Share capital:			Fixed Assets:	
50,000 Equity shares of Rs.10 each		5,00,000	Land and buildings	5,00,000
5,000 Redeemable preference shares			Plant and machinery	3,00,000
of Rs.100 each	5,00,000		Furniture	1,00,000
Less: Calls in arrears	10,000	4,90,000	**Current Assets**	
Reserves and surplus			Investments	2,00,000
Profit and Loss A/c		2,00,000	Debtors	70,000

General reserve	1,00,000	Stock	30,000
Securities Premium	30,000	Bank	2,30,000
6% Debentures	1,00,000		
Creditors	10,000		
	14,30,000		**14,30,000**

It was decided to redeem the Preference Shares at a Premium of 10%. The following scheme was resolved for the purpose of redemption.

a. All the investments were sold for Rs. 1,80,000.

b. To finance part of the redemption from the company funds, subject to leaving the balance in Profit and loss A/c Rs. 50,000.

c. To issue sufficient Equity shares of Rs.10 each at a premium of 10% to raise the balance of funds required.

d. Calls in arrears amount received before redemption

Pass journal entries and Prepare Balance Sheet after redemption.

11. The following are the Balance Sheets of Surya Ltd., and Chandra Ltd., as on 31st March 2026.

Equity & Liabilities	Surya Ltd.	Chandra Ltd	Assets	Surya Ltd	Chandra. Ltd
Equity share capital	50,00,000	30,00,000	Land and Building	25,00,000	15,50,000
14% Preference share Capital	22,00,000	17,00,000	Plant & Machinery	32,50,000	17,00,000
General reserve	5,00,000	2,50,000	Furniture	5,75,000	3,50,000
Export Profit Reserve	3,00,000	2,00,000	Investments	7,00,000	5,00,000
Investment Allowance Reserve	-	1,00,000	Stock	12,50,000	9,50,000
Profit and Loss A/c	7,50,000	5,00,000	Debtors	9,00,000	10,30,000
13% Debentures	5,00,000	3,50,000	Cash at Bank	7,25,000	5,20,000
Trade creditors	4,50,000	3,50,000			
Other current Liabilities	2,00,000	1,50,000			
	99,00,000	**66,00,000**		**99,00,000**	**66,00,000**

Suryachandra Ltd. is formed to take over Surya Ltd. and Chandra Ltd., for the following consideration.

Surya Ltd.,

a) Issue of 4,80,000 Equity shares of Rs. 10 each of Suryachandra Ltd., at par to Equity Shareholders.

b) Issue of 15% Preference shares of Rs.100 each of Suryachandra Ltd., to discharge the Preference Shareholders of Surya Ltd., at 10% Premium.

Chandra Ltd.,

a) Issue of 3,50,000 Equity shares of Rs.10 each of Suryachandra Ltd., at par to Equity Shareholders.

b) Issue of 15% Preference shares of Rs.100 each of Suryachandra Ltd., to discharge the Preference Shareholders of Chandra Ltd., at 10% Premium.

The Debentures of Surya Ltd. and Chandra Ltd., will be converted into equivalent number of Debentures of Suryachandra Ltd. the statutory reserves are to be maintained for two more years. Close the books of Surya Ltd. and Chandra Ltd., on the assumption that the amalgamation is the nature of merger.

12. The following is the Balance sheet of Dayananda Ltd., as on 31st March 2026 was as follows:

Equity and Liabilities	Rs.	Assets	Rs.
4,000 Equity shares of Rs. 100 each	4,00,000	Goodwill	15,000
2,000, 5% Preference shares of Rs		Freehold premises	2,00,000
100 each	2,00,000	Plant & Machinery	3,00,000
6% Debentures	1,00,000	Stock	50,000
Bank overdraft	35,000	Sundry Debtors	40,000
Sundry creditors	1,00,000	Bank	5,000
		Profit and Loss A/c	2,25,000
	8,35,000		**8,35,000**

The company has got the following scheme of capital reduction approved by the NCLT.

a) Preference shares to be reduced to Rs.60 each fully paid up.

b) Equity shares to be reduced to 40 each fully paid up.

c) The debentures holders took over stock and debtors in full satisfaction of amount due to them.

d) The value of freehold premises to be increased by 10%.

e) The value of Plant and Machinery to be depreciated by 30%.

f) Expenses of reconstruction amounted Rs.4,000.

g) All fictitious and intangible assets to be written off completely.

Pass Journal entries and Prepare Reconstructed Balance Sheet.

13. The following is the Balance Sheet of Vani Ltd., as on 31st March 2026.

Liabilities	Rs.	Assets	Rs.
Share capital:		Fixed assets:	
2,000, 6% Preference shares of		Land and building	4,00,000
Rs.100 each.	2,00,000	Plant and machinery	4,40,000
4,000 Equity shares of Rs.100 each			
fully pad	4,00,000	Current Assets:	
6,000 Equity shares of Rs.100		Stock	1,00,000
each, Rs. 50 paid	3,00,000	Debtors	1,00,000
		Cash at Bank	60,000
Secured Loan:			
6% Debentures (floating charge on		Miscellaneous Expenditure:	
all assets)	1,00,000	Profit and Loss Account	1,00,000
Other Loan			
(Mortgage on Land and building)	1,00,000		
Current liabilities:			
Sundry Creditors	90,000		
Income tax	10,000		
	12,00,000		**12,00,000**

The company went into liquidation on 01-04-2026. The preference dividends were in arrears for 2 years. The arrears are payable on liquidation. The assets were realized as follows:

Land and building	Rs.4,80,000
Plant and machinery	Rs.3,60,000
Stock	Rs. 70,000
Debtors	Rs. 60,000

The liquidation expenses amounted to Rs. 8,000. The liquidator is entitled to a commission at 2% on all assets realized except cash at bank and 3% on amount distributed to unsecured creditors. All payments were made on 30th Sept. 2026.

Prepare Liquidator's Final Statement of Account.

14. What is Accounting standard ? State the objectives, significance and limitations of Indian Accounting standard.

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