E 6660 (Pages : 6) Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2019

Fourth Semester

Core Course XI—CORPORATE ACCOUNTING

(Common for Model I, Model II and U.G.C. Sponsored B.Com. Degree Programmes)

[2013—2016 Admissions]

Time : Three Hours Maximum Marks : 80

Part A

Answer **all** *questions.*
Each question carries 1 *mark.*

1. What is a Preference Share ?
2. What is managerial remuneration ?
3. What is Capital Reduction Account ?
4. What are free reserves ?
5. What is Reserve Capital ?
6. What is Scrip dividend ?
7. What all can be included in Finance Cost ?
8. Define purchase consideration.
9. What is liquidation ?
10. What is Internal reconstruction ?

(10 × 1 = 10)

Part B

Answer any **eight** *questions.*
Each question carries 2 *marks.*

11. What is meant by 'Underwriting' of shares ?
12. What is redemption of preference share ?
13. What are the purposes of 'Buy back of Shares' ?
14. What are Contingent assets ?
15. Distinguish between Reserves and Provision.
16. What is meant by 'Pooling of interests' method ?

17. Define Intrinsic value of shares.
18. What is revised balance sheet ?
19. What are the objectives of Internal reconstruction ?
20. What is meant by Reorganisation of Capital ?
21. List the ways how a Company can be liquidated.
22. What is Profit prior to incorporation ?

(8 × 2 = 16)

Part C

Answer any **six** *questions.*
Each question carries 4 *marks.*

23. Differentiate between External and Internal reconstructions.
24. How can secret reserves be created ? (Secret Reserves).
25. What is meant by a 'Bonus Share' ? What are the basic characteristics of Bonus Share ?
26. Following is the balance sheet of Beta Ltd. as on 31st of March 2018.

Liabilities		Rs.	*Assets*		Rs.
Share capital 5,000 equity shares of Rs. 100 fully paid	...	5,00,000	Fixed Assets	...	6,10,000
2,000, 6 % redeemable Preference shares	...	2,00,000	Cash at Bank	...	3,80,000
Profit and Loss Account	...	2,40,000			
Creditors	...	50,000			
		9,90,000			9,90,000

Preference Shares are redeemed at a premium of 5 %. Pass journals and prepare Balance Sheet after redemption.

27. M/s. ABC Ltd. issued 1,00,000 equity shares of Rs. 10 each of which 50,000 shares were bought back at Rs. 9. per shares. The company issued 3,000, 6 % preference shares of Rs. 100 each at Rs. 110. The Company had Rs. 80,000 in security Premium account and Rs. 1,20,000 in General Reserve. Pass entries and show necessary calculations.
28. From the following prepare Profit and Loss Appropriation Account :

		Rs.
Net Profit for the year	...	25,00,000
Balance of Statement of Profit and Loss of Previous Year	...	10,00,000
10 % Preference Capital	...	5,00,000
Equity capital 40,000 shares of Rs. 10 each	...	4,00,000

The Board of directors have proposed 15 % dividend on equity shares and to transfer Rs. 51,500 to Debenture Sinking Fund.

29. The following is the balance sheet of M/s X Ltd. as on its acquisition by Y Ltd.

Liabilities	*Amount* [Rs.]	*Assets*	*Amount* [Rs.]
Share Capital	... 10,00,000	Goodwill	... 3,00,000
Reserves	... 3,00,000	Land and Building	... 5,00,000
Creditors	... 4,00,000	Machinery	... 4,00,000
Employees PF	... 1,00,000	Stock	... 2,00,000
		Debtors	... 3,50,000
		Cash	... 50,000
	18,00,000		18,00,000

The Goodwill is calculated at Rs. 4,50,000 Land and building at Rs. 6,00,000 and stock at Rs. 1,80,000. All assets and liabilities are taken over. Calculate the amount of Purchase Consideration.

30. Give Journal Entries for the following transactions in connection with internal reconstruction :

(a) 10,000 equity shares of Rs. 10 fully paid, reduced to shares of Rs. 5 fully paid.

(b) 100, 8 % debentures of 1,000 each converted into 500, 6 % debentures of 100 each.

(c) The debit balance of Profit and Loss Account Rs. 50,000 and preliminary expenses of Rs. 10,000 were written-off.

(d) Value of plant and machinery and stock written down by Rs. 20,000 and Rs. 10,000 respectively.

31. The capital of Sagar Ltd. was as follows :—

(a) 2,000 equity shares of Rs. 100 each fully paid.

(b) 1,500 equity shares of Rs. 100 each, Rs. 80 per share paid.

(c) 500 preference shares of Rs. 100 each fully paid.

(d) 500 deferred shares of Rs. 100 each and Rs. 80 per share paid up [to be paid after satisfying claims of equity holders].

The various creditors amounted in all to Rs. 50,000 including the liquidators remuneration of Rs. 1,250. The liquidator has made a call on remaining Rs. 20 on the deferred shares which were paid in full. He also realised all assets amounting to Rs. 95,500. A call Rs. 15 per share was made on equity shares which were partly paid up. This was paid in full with the exception of that on 50 shares. Prepare the liquidators account showing return of money to shareholders.

(6 × 4 = 24)

Turn over

Part D

Answer any **two** *of the following questions.*
Each question carries 15 *marks.*

32. The balance sheet of M/s Oscar Ltd. as on 31-03-2018 was as follows :

		Rs.		Rs.
Paid up capital 25,000, 10 % Preference shares, 10 Rs. each fully paid up	...	2,50,000	Patents and trademarks ...	40,000
			Building ...	1,10,000
20,000 Equity shares of Rs. 10 each	...	2,00,000	Plant and Machinery ...	1,30,000
			Furniture ...	25,000
Capital Reserve	...	12,500	Stock ...	50,000
10 % debentures of Rs. 100 each	...	1,00,000	Debtors ...	35,000
Accrued interest on debentures	...	15,000	Bank ...	25,000
			Cash ...	11,250
Sundry Creditors	...	77,500	Profit and Loss Account ...	2,28,750
		6,55,000		6,55,000

It was found that the Preference Dividend is in arrear for 3 years. The company prepared the following scheme of reconstruction and its was approved by court : (a) The 10 % Preference shares will be converted into 12 % Preference shares of Rs. 5 each ; (b) The Equity shares will be reduced to Rs. 5 per share, Rs. 3 paid up. The call was to be made immediately for acquiring cash ; (c) 10 % debentures will be converted into 12 % debentures of Rs. 75 each, the debenture holders agreed to forego 50 % of accrued interest on the stipulation of payment of balance amount in cash ; (d) Arrear preference dividend was agreed to be cancelled ; (e) Creditors agree to waive 40 % of their claims is consideration of immediate payment of their dues ; (f) The assets were revalued ; buildings Rs. 1,40,000 ; Plant and Machinery Rs. 1,20,000 ; Furniture Rs. 38,000 ; Stock Rs. 50,000 and debtors 30,000 ; (g) Patents, Trademark etc. are to be written-off. Draft Journals necessary for aforesaid scheme and prepare Balance Sheet with necessary workings.

33. From the following trial balance prepare final accounts of M/s Nag. Ltd. as on 31st of March 2018 :

Particulars		*Debit* Rs.	*Credit* Rs.
Opening Stock	...	75,000	
Sales	...		3,50,000
Purchases	...	2,45,000	
Wages	...	50,000	
Discounts	...		5,000
Furniture	...	17,000	
Salaries	...	7,500	
Rent	...	4,950	
Miscellaneous	...	7,050	
Profit and Loss Appropriation Account	...		15,000
Dividends paid	...	9,000	
Share Capital	...		1,00,000
Debtors and Creditors	...	37,500	17,500
Plant and Machinery	...	29,000	
Cash at Bank	...	16,200	
Reserve	...		15,500
Patents and trademarks	...	4,830	
		5,03,030	5,03,030

Adjustments :

(a) Closing stock was valued at Rs. 82,000.

(b) Depreciate all fixed assets at 10 % p.a.

(c) Make a provision for income tax at 50 %.

(d) COT may be taken at 17 %.

34. The following is the Balance Sheet of M/s Bheem and Co. as on the date of liquidation 31-03-2017 :

Particulars	*Amount* Rs.	*Particulars*	*Amount* Rs.
Share capital 2,000 equity shares of Rs. 100 each, Rs. 80 paid up...	1,60,000	Fixed assets ...	2,00,000
500 preference shares of Rs. 100 each, Rs. 70 called up ...	35,000	Book debts ...	1,50,000
Secured Loans on Building ...	75,000	Profit and Loss Account ...	50,000
Trade Creditors ...	1,30,000		
	4,00,000		4,00,000

The assets were realised as follows :

1-7-2017 : Fixed assets Rs. 50,000, book debts Rs. 50,000 ; Expenses paid Rs. 2,000.

1-9-2017 : Fixed assets final Rs. 1,00,000 ; Book debts Rs. 50,000.

1-11-2017 : Book debts final Rs. 25,000.

The liquidator is entitled to receive remuneration at 5 % on collections and 2 % on the amount paid to Equity Shareholders.

Prepare Liquidator's final statement of account on the assumption that the disbursements are made in accordance with law, as and when cash is available.

35. What is meant by Amalgamation ? Explain the objectives and types of amalgamation with different methods in calculation of 'Purchase Consideration'.

(2 × 15 = 30)