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Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MAY 2024

Fourth Semester

Core Course XI—CORPORATE ACCOUNTING

(Common for Model I, Model II and UGC Sponsored B.Com. Degree Programmes)

[2013–2016 Admissions]

Time : Three Hours

Maximum Marks : 8

Part A

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

1. What is capital Redemption Reserve ?
2. What do you mean by right issue ?
3. What is meant by Firm Underwriting ?
4. Give the items covered under the heading 'Miscellaneous expenditure'.
5. Write a short note on 'Net Payment Method'.
6. Define amalgamation.
7. What is a Capital Reduction Account ?
8. What do you mean by consolidation of shares ?
9. Who is a company liquidator ?
10. State the ground on which the court can order winding up of a company.

(10 × 1 = 1

Part B

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

11. What are the final accounts of a company ?
12. What do you mean by profit prior to incorporation ?
13. What is capital reserve ? Give examples.
14. What are the sources of buy-back of shares ?
15. What do you mean by "unclaimed dividend" ?

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16. State the objectives of amalgamation.
17. Distinguish between Amalgamation and External reconstruction.
18. What do you mean by internal reconstruction ?
19. What do you mean by sub-division of shares ?
20. Give a short note on duties of the liquidator.
21. Distinguish between Member's and Creditor's voluntary winding up.
22. Write a short note on 'deficiency account'.

(8 × 2 = 16)

Part C

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

23. What are the steps involved in redemption of Preference shares ?
24. What are the circumstances in which bonus shares are generally issued ? What profits can be used for such an issue ?
25. What do you understand by liquidator's final statement of affairs ? Explain.
26. What is alteration of capital ? What are different methods of it ?
27. ABC Ltd. has 4000 12 % redeemable preference shares of Rs. 100 fully paid. The company decides to redeem the shares on 31st March 2020 at a premium of 5 %. The company makes the following issues :

    (i) 1000 equity shares of Rs. 100 each at a premium of 10 %.

    (ii) 1000 14 % debentures of Rs. 100 each.

    The issue was fully subscribed and all the amounts were received. The redemption was duly carried out. The company has sufficient profits. Give journal entries.

28. KP Ltd. was incorporated on 1st April 2021 in order to take over a running business from 1st January 2021. KP Ltd. prepared the final accounts on 31st December 2021. You are required to calculate the sales ratio of pre and post incorporation periods from the following particulars :

    (a) Sales (from January to December 2021) Rs. 4,80,000.

    (b) January Sales — Twice the average sales.

    (c) February sales — Average sales.

    (d) May to August — 1/4 th of the average sales for each month.

    (e) October and November — 3 times the average sale.

29. The EXEL Ltd. went into liquidation. Its assets realised Rs. 3,50,000 excluding amount realised by sale of securities held by the secured creditors. The following was the position :

Share capital : 500000 shares of Rs. 10 each
Secured creditors (securities realised Rs. 400000) Rs. 3,50,000
Preferential creditors Rs. 14,00,000
Debentures having floating charge on the assets of the company Rs. 25,00,000
Liquidation expenses Rs. 50,000
Liquidator's Remuneration Rs. 75,000.

Prepare the Liquidator's Final statement of Account.

30. A Company has equity share capital of Rs. 10,00,000 consisting 10000 shares of Rs. 100 each :

(i) It is resolved to sub-divide the shares into shares of Rs. 10 each.

(ii) To ask the shareholders to surrendered 50 % of their shares.

(iii) To issue 60 % of the surrendered shares to 15 % debenture holders of Rs. 4,00,000 in full settlement of their claims.

(iv) To cancel the unissued surrendered shares.

Give journal entries of the company.

31. Write short notes on :

(a) Net Asset method.

(b) External Reconstruction.

$(6 \times 4 = 24)$

Part D

Answer any **two** *questions.*
Each question carries 15 *marks.*

32. Arun Ltd. is registered with a capital of Rs. 5,00,000 divided into 50000 equity shares of Rs. 10 each. On 31st December, 2020, 25,000 shares were fully called up. The following are the balances extracted from the ledger of the company as on 31st December 2020 :

		Rs.
Stock	...	50,000
Sales	...	4,25,000
Purchases	...	3,00,000
Discount allowed	...	4,200
Wages	...	70,000
Discount received	...	3,150
Insurance upto 31st March 2021	...	6,720

Salaries	...	18,500
Rent	...	6,000
General expenses	...	8,950
Profit and Loss Account	...	6,220
Bonus	...	14,300
Debtors	...	38,700
Creditors	...	35,200
Plant and Machinery	...	80,500
Furniture	...	17,100
Cash at Bank	...	1,34,700
Reserve	...	25,000
Loan from Manging Director	...	15,700
Calls in arrear	...	5,000
Printing and Stationery	...	2,400
Bad debts	...	3,200

You are required to prepare Trading and Profit and Loss Account for the year ended 31st December, 2020 and the Balance Sheet as on that date. The following further information is given :

(i) Closing stock—Rs. 91,500

(ii) Depreciation : Plant and Machinery—15 %
Furniture—10 %

(iii) Outstanding expenses : Wages—Rs. 5,200
Salary—Rs. 1,200
Rent—Rs. 600

(iv) Dividend at 5 % on paid up capital is to be paid.

(v) Provide corporate dividend tax at 10 % on proposed dividend.

33. A Ltd. agreed to acquire the business of B Ltd. as on 31st December 2020. The summarised Balance Sheet of B Ltd. on that date was as under :

Liabilities and Capital		Rs.
Share capital in fully paid shares of Rs. 10 each	...	6,00,000
General Reserve	...	80,000
Profit and Loss Account	...	50,000
10 % Debentures	...	2,00,000
Creditors	...	1,70,000
Total	...	11,00,000

Assets :		
Goodwill	...	50,000
Land, Building and Machinery	...	6,00,000
Stock in trade	...	2,50,000
Debtors	...	1,50,000
Cash at bank	...	50,000
Total	...	11,00,000

The consideration payable by A Ltd. was agreed as follows :

(i) Cash payment equivlent to Rs. 2.50 for every share of Rs. 10 in B Ltd.

(ii) Issue of 1,20,000 Rs. 10 shares fully paid in A Ltd., having an agreed value of Rs. 15 per share.

(iii) Issue of such an amount of fully paid 12 % debentures of A Ltd. at 96 % as in sufficient to discharge the 10 % debentures of B Ltd. at a premium of 20 %.

While arriving at the purchase consideration, the Directors of A Ltd. valued land and building and machinery at Rs. 7,50,000, stock in trade at Rs. 3,50,000 and debtors at their book value subject to the allowance of 5 % to cover doubtful debts. The cost of liquidation of B Ltd. paid directly by A Ltd. was Rs. 5,000.

Give accounts in the books of B Ltd. and opening entries in the books of A Ltd.

34. The following particulars relate to a Limited Company which has gone into voluntary liquidation. You are required to prepare the Liquidator's Final Account, allowing for his remuneration at 2 % on the amount realised and 2 % on the amount distributed among unsecured creditors other than preferential creditors :

		Rs.
Preferential creditors	...	1,00,000
Unsecured creditors	...	3,20,000
Debentures	...	1,00,000

The Assets realised the following sums :

Land and Building	...	2,00,000
Plant and Machinery	...	1,86,000
Fixtures and Fittings	...	10,000

The liquidation expenses amounted to Rs. 10,000

35. Define Bonus shares. What are the guidelines for the issue of bonus shares as per SEBI Act.

(2 × 15 = 30)