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Reg. No.....

Name.....

# B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, NOVEMBER 2022

## 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 : 80

## Part A

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

1. What are the advantages of issuing bonus shares ?
2. What do you mean by buy back of shares ?
3. What are contingent liabilities ?
4. What is purchase consideration ?
5. Write the journal entry for recording purchase consideration in the books of vendors Co.
6. Distinguish between Amalgamation and External reconstruction.
7. Give journal entry, when accumulated profits are utilised for the purpose of redemption of preference shares.
8. Define internal reconstruction.
9. What do you mean by voluntary liquidation ?
10. State any two powers of the Official liquidator under the Companies Act.

(10 × 1 = 10)

## Part B

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

11. List the reserves not available for issue of bonus shares.
12. Distinguish between Open and Firm underwriting.
13. Write a notes on profits not available for redemption of Preference share capital.
14. What do you mean by "Interim Dividend" and "Final dividend".
15. Write a short note on Profit prior to incorporation.

**Turn over**

16. Write the journal entries for closing the realisation account in the books of vendor company.
17. What are the objectives of external reconstruction ?
18. What do you mean by alteration of share capital ?
19. What is capital redemption reserve account ?
20. What is Capital Reduction Account ?
21. What is meant by 'list of contributors' ?
22. Write a short note on "Supervision Order".

(8 × 2 = 16)

## Part C

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

23. What are the entries given in the books of purchasing company on acquisition of another company ?
24. What is Right Issue ? How does right issue differ from public issue ?
25. What is Vertical balance Sheet ? Give a specimen of it.
26. Narrate the circumstances that warrant the issue of bonus shares.
27. Distinguish between Member's voluntary winding up and Creditor's voluntary winding up.
28. X Ltd. has 100000 equity shares of Rs. 10 each, Rs. 8 paid up. It is resolved to make the shares fully paid up bonus issue. It is also resolved to issue fully paid up bonus shares in the ratio of one share for every four shares held. The company has General Reserve Rs. 2,50,000 and Securities Premium balance of Rs. 3,00,000.

    Give entries in connection with bonus issue.
29. A company has equity share capital of Rs. 20,00,000 consisting 20000 shares of Rs.100 each. The following scheme was approved by the court :
    (a) To sub-divid the shares into of Rs. 10 each.
    (b) To get 60 % of the shares surrendered by the shareholders.
    (c) To issue 25 % of the above surrendered shares to settle the claim of debentures of Rs. 5,00,000 in full.
    (d) To issue 20 % of the surrendered shares to the holders of 15 % 5000 preference shareholders of Rs. 100 each in full settlement.
    (e) To cancel the unissued surrendered shares.

    Give journal entries in the books of the company.

30. The following is the Balance Sheet of XY Ltd. on that date of its acquisition by AB Ltd :

| Liabilities : | | Rs. |
|---|---|---|
| Share Capital | ... | 10,00,000 |
| Reserve Fund | ... | 3,00,000 |
| Creditors | ... | 4,00,000 |
| Employees P.F. | ... | 1,00,000 |
| Total | | 18,00,000 |

| Assets : | | Rs. |
|---|---|---|
| Goodwill | ... | 3,00,000 |
| Land and Buildings | ... | 5,00,000 |
| Machinery | ... | 4,00,000 |
| Stock | ... | 2,00,000 |
| Debtors | ... | 3,50,000 |
| Cash | ... | 50,000 |
| Total | | 18,00,000 |

On acquisition Goodwill is valued at Rs. 4,50,000, Land and Building at Rs. 6,00,000 and Stock Rs. 1,80,000. All assets and liabilities are taken over. Calculate the amount of purchase consideration.

31. From the following particulars, calculate weighted time ratio for pre and post incorporation period and share the salaries accordingly :

(a) Accounting period—1st January to 31st December, 2020.

(b) Date of incorporation—1st May 2020.

(c) Total salaries of the year Rs. 14,00,000.

(d) Total number of workers :

Pre-incorporation period—5.

Post-incorporation period—15.

$(6 \times 4 = 24)$

## Part D

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

32. What are the provisions in Companies Act inconnection with profit to be transferred to 'Reserves' ?

Turn over

33. Write a short notes on :

(a) Secured loans and Unsecured loans.

(b) Amalgamation and Absorption.

(c) Liability of contributory.

34. The following is the trial balance of Amal Ltd. as on 31st December 2021 :—

| | | Dr. (Rs.) | Cr. (Rs.) |
|---|---|---|---|
| Share Capital—Authorised, issued and paid | ... | | 3,00,000 |
| General Reserve | ... | | 50,000 |
| Manufacturing wages | ... | 30,000 | |
| Opening stock | ... | 1,20,000 | |
| Cash at bank | ... | 50,000 | |
| Purchases | ... | 6,00,000 | |
| Sales | ... | | 9,00,000 |
| Directors fees | ... | 10,000 | |
| Establishment expenses | ... | 25,000 | |
| Sundry Creditors | ... | | 50,000 |
| Machinery | ... | 2,50,000 | |
| Investments | ... | 50,000 | |
| Interest on investments | ... | | 5,000 |
| Interim dividend paid | ... | 15,000 | |
| Profit and Loss Account | ... | | 45,000 |
| Sundry debtors | ... | 2,00,000 | |
| | | 13,50,000 | 13,50,000 |

Closing stock is valued Rs. 2,00,000. Depreciate machinery by 10 % and provide 5 % of debtors for doubtful debts. Directors propose to transfer the minimum required amount to general reserve. Also make a provision for corporate dividend tax at 10 % on the total amount of dividend. The Board declare a final dividend of 20 %. Prepare trading and Profit and Loss Account and Balance Sheet on that date.

35. X Ltd. and Y Ltd. have agreed to amalgmate. A new company, XY Ltd. has been formed to take over combined concerns as on 31st December 2019. After negotiations, the value of the assets of the two companies have been agreed as shown in the following Balance Sheet :

| *Liabilities* | | X Ltd. (Rs.) | Y Ltd. (Rs.) |
|---|---|---|---|
| Issued capital : | | | |
| 75000 shares of Rs. 10 each fully paid | ... | 7,50,000 | |
| 150000 shares of Rs. 10 each | ... | | 15,00,000 |
| Sundry Creditors | ... | 75,000 | 1,20,000 |
| Reserve Fund | ... | 75,000 | — |
| Profit and Loss Account | ... | 75,000 | 75,000 |
| | | 9,75,000 | 16,95,000 |
| Assets : | | | |
| Land and Buildings | ... | 4,50,000 | 7,50,000 |
| Plant and Machinery | ... | 3,75,000 | 3,00,000 |
| Goodwill | ... | 75,000 | 1,65,000 |
| Stock | ... | 30,000 | 2,25,000 |
| Sundry debtors | ... | 30,000 | 1,80,000 |
| Cash at bank | ... | 15,000 | 75,000 |
| | | 9,75,000 | 16,95,000 |

The assets and liabilities are taken over by XY Ltd. Show how the amount payable to each Company is arrived at and prepare the Balance Sheet of the New Company.

(2 × 15 = 30)