E 5326 (Pages : 4) Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, APRIL 2013

Fourth Semester

Core Course XI—CORPORATE ACCOUNTING

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

Time : Three Hours Maximum Weight : 25

Answers may be written **either** *in English* **or** *in Malayalam.*

Section A

This sections consists of four bunches of **four** *questions each.*
Each bunch of four questions carries a weight of 1.
Answer **all** *questions.*

I. Choose the correct answer from the choices given :

1 A transfer to Capital Redemtion Reserve Account is allowed from :

(a) General reserve account. (b) Capital reserve account.
(c) Share premium account. (d) All the above.

2 Divisible profit excludes from redemption of preference shares :

(a) Profit and Loss Account. (b) Dividend equalization fund.
(c) Capital reserve. (d) Dividend equalizations reserve.

3 Profit prior to incorporation is transferred to :

(a) Profit and Loss Account. (b) Share capital.
(c) Capital reserve. (d) Reserve capital.

4 If the share application bears the official stamp of underwriter it is called :

(a) Stamped application. (b) Official application.
(c) Marked application. (d) Unmarked application.

II. Fill in the blanks :

5 The first item in the order of payment to be made by the liquidator is ————.

6 Bonus shares are issued to be existing shareholders in proportion to their holdings without ———— being required.

7 Liquidation expenses paid by the purchasing company are to be debited to ———— account.

8 Under net payment method purchase consideration is calculated by finding out the ———— of the business.

III. State whether the following statements are True *or* False :—

9 Amalgamation is a blending of two *or* more existing undertaking into one undertaking.

10 If purchasing company agrees to bear cost of winding up of vendor company, it will have no effect on the amount of purchase consideration.

11 Uncalled part of shares partly paid up is ———— liability.

12 According to Companies Act no company can earn profit *or* loss before it its granted of incorporation.

IV. Match the following :—

13 Profit prior to incorporation	(a) Fixed Asset.
14 Goodwill	(b) Capital Reserve.
15 Internal reconstruction	(c) Current Asset.
16 Contributory	(d) Capital reduction scheme.
	(e) Revenue profit.
	(f) Contribution to assets on liquidation.

(4 × 1 = 4)

Section B

Answer any **five** *questions.*
Each question carries a weight of 1.

17 What is capital reserve ?

18 Explain net payment method of calculation of purchase consideration.

19 What is Profit and Loss Appropriation Account ?

20 What is forfeiture of shares ?

21 What is quick ratio ?

22 What is unmarked application ?

23 What is firm underwriting ?

24 What is purchase consideration ?

(5 × 1 = 5)

Section C

Answer any **four** *questions.*
Each question carries a weight of 2.
Answer should not exceed half a page each

25 What is profit prior to incorporation ?

26 Differentiate Amalgamation and Absorption.

27 What is contingent liability ? Give *two* examples.

28 A Ltd., has Rs. 11,20,000 in equity share capital consisting of 80,000 shares Rs. 10 each fully paid and 40,000 shares of Rs. 10 each of which Rs. 8 per share. It has Rs. 40,000 in capital reserve Rs. 40,000 in securities premium account Rs. 1,50,000 in capital redemption reserve account and Rs. 3,00,000 in general reserve. By way of bonus dividend the partly paid up shares converted into fully paid up shares and the holders of fully paid up shares are also allotted fully paid up bonus shares in the same ratio. Give journal entries in connection with bonus issue.

29 A Ltd. having a capital of Rs. 10,000 dividend into shares of Rs. 10 each, Rs. 7 per share called up and paid up, decides to cancel the liability of its members by Rs. 2 per share, thus making its shares to shares of Rs. 8 each, Rs. 7 paid up. Draft the necessary entry to give effect to the above.

30 Three underwriters X, Y and Z underwrite the public issue of 12,000 shares of Rs. 10 each issued at par in the ratio 2 : 1 : 1. Application were received for 11,000 shares including the following marked applications :

X = 4,500, Y = 2,800, Z = 1,700. Determine the liability of underwriters.

(4 × 2 = 8)

Section D

Answer any **two** *questions.*
Each question carries a weight of 4.
Answers should not exceed **four** *pages each.*

31 Anil and Sunil working in partnership, registered a joint stock company under the name of "Anil Sunil Ltd." on 1st September, 2006 to take over the business with effect from 1st April, 2006.

Profit and Loss Account for the year ending 31-3-2007

Particulars		Rs.	Particulars	Rs.
To Salaries and Wages	...	5,000	By Gross profit b/d ...	42,000
Debenture interest	...	2,500		
Depreciation	...	1,000		
Interest on purchase consideration (upto 30-9-2006)	...	5,400		
Director's fees	...	400		
Preliminary exp. written off	...	500		
Selling commission	...	6,000		
Provision for taxes	...	2,500		
Dividend on equity shares at 5 %	...	3,000		
Net profit	...	15,700		
		42,000		42,000

Sales for the year totalled Rs. 1,12,500, out of which Rs. 75,000 related to the period from 1st September, 2006 to 31st March 2007. You are required to prepare a statement apportioning the profits between post and pre incorporation period indicating your basis of allocation :

32 The Quick & Co. Ltd. had a nominal capital of Rs. 6,00,000 divided into shares of Rs. 10 each. The Trial Balance of the company as at 31-12-2008 was as follows :

		Debit Rs.	Credit Rs.
Calls in Arrears	...	7,500	
Premises	...	3,00,000	
Plant and Machinery	...	3,60,000	
Interim Dividend paid	...	7,500	
Purchases	...	1,85,000	
Preliminary expenses	...	5,000	
Freight	...	13,100	

Director's fees	...	5,740	
Bad debts	...	2,110	
6 % debentures	...		3,00,000
Profit and Loss Account	...		14,500
Sundry debtors and creditors	...	87,000	50,000
General reserve	...		25,000
4 % Govt. Securities	...	60,000	
Opening stock	...	75,000	
Fixtures	...	7,200	
Goodwill	...	25,000	
Cash in hand	...	750	
Cash at bank	...	39,900	
Wages	...	84,800	
General expenses	...	16,900	
Salaries	...	14,500	
Debenture interest	...	9,000	
Share capital (fully paid)	...		4,60,000
Bills Payable	...		38,000
Sales	...		4,15,000
Provision for bad debts	...		3,500
		13,06,000	13,06,000

Prepare final accounts of the company for the year ending 31-12-2008 after taking into account the following :—

(a) Depreciate Plant and Machinery at 10 % and fixtures by 5 %.

(b) Write off 1/5th of preliminary expenses.

(c) Rs. 10,000 wages were utilised in adding rooms to the premises, no entry has yet been made for its separately.

(d) Leave bad debts provision at 5 % on sundry debtors.

(e) Provide a final dividend at 5 %.

(f) Transfer Rs. 10,000 to General Reserve.

(g) Make a provision for income-tax the extent of Rs. 25,000.

(h) The stock on 31-12-2008 was Rs. 1,01,000.

33 AB Ltd., went into liquidation with following liabilities (a) Secured creditors Rs. 25,000 (securities realized Rs. 30,000) ; (b) Preferential creditors Rs. 5,000 ; (c) Unsecured creditors Rs. 25,500 ; (d) Liquidation expenses Rs. 2,521.

Liquidator's remuneration : 2 % on the amount realized and 1 % on the amount distributed to unsecured creditors, Rs. 26,000 were realized from various assets and this amount does not include those securities which are with the secured creditors. Prepare Liquidator's Final Statement of Account.

Liquidator is entitled for remuneration on the amount realized on all the assets including those which are with the secured creditors.

$(2 \times 4 = 8)$