E 1375 (Pages : 4) Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2015

Fourth Semester

Core XI—CORPORATE ACCOUNTING

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

[2013 Admissions]

Time : Three Hours Maximum : 80 Marks

Part A

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

1. What do you mean by redemption of preference share ?
2. What is bonus share ?
3. Who is an underwriter ?
4. What is profit prior to incorporation ?
5. What is net worth ?
6. What is capital reduction scheme ?
7. What is deficiency Account ?
8. What is unclaimed dividend ?
9. What is intrinsic value ?
10. What is unmarked application ?

(10 × 1 = 10)

Part B

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

11. What do you mean by absorbing company ?
12. What is 'Liquidator's Final Statement of Account ?
13. What is consolidation of shares ?
14. What do you mean by interim dividend and final dividend ?
15. Mention the different types of underwriting.
16. Mention the accounting treatment of loss prior to incorporation.

Turn over

17. Mention the profits and reserves not available for redemption of preference shares.
18. What are the advantages of underwriting ?
19. State the sources of buy back of shares.
20. What is purchase consideration ?
21. What do you mean by liquidation of company ?
22. The amount due to unsecured creditors is 7,00,000 and the amount available for unsecured creditors before charging commission on amount paid to unsecured creditors is 5,25,000. 5 % commission is to be paid on the amount paid to unsecured creditors. Calculate commission to liquidator.

(8 × 2 = 16)

Part C

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

23. What are the objectives of issuing bonus shares ?
24. Differentiate amalgamation from External Reconstruction.
25. What are the different methods of calculating purchase consideration ?
26. Distinguish internal reconstruction from external reconstruction.
27. What do you mean by profit prior to incorporation ? How it is treated ?
28. AB Ltd. has 30,000 equity shares of Rs. 10 each Rs. 7 paid up. Resolution is passed to declare bonus to make the shares fully paid-up and to issue bonus shares in the ratio 1 : 3. The company has sufficient amount of general reserve. Give journal entries in the books of the company.
29. Lal Ltd. issued 2,00,000 equity shares of 10 each, of which 50,000 shares were bought back @ 9 per share. The company issued 4,000, 6 % preference shares of Rs. 100 at Rs. 110 each. The company had Rs. 2,00,000 in security premium account and Rs. 2,40,000 in general reserve. Give Journal Entries.
30. AB Ltd. has an issued share capital of Rs. 1,00,000 equity shares of Rs. 10 each, Rs. 7 called up. Having completed with the legal formalities under the Companies Act, the company proceeds to extinguish the uncalled liability on its shares. Show Journal Entry.
31. Z Ltd. decided to redeem Rs. 80,000, 9 % debentures and purchased Rs. 60,000 debentures in the open market at Rs. 98 each, the expenses being Rs. 200 and drew 20,000 debentures. Give Journal Entries.

(6 × 4 = 24)

Part D

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

32. White Ltd. acquired the business of Green Ltd. as on December 31, 2010. The balance sheet of Green Ltd. as on that date was :

Liabilities	*Amount Rs.*	*Assets*	*Amount Rs.*
Rs. 10 Equity share capital	6,00,000	Goodwill	1,00,000
General reserve	2,80,000	Plant	6,40,000
6 % debentures	1,00,000	Stock	1,68,000
Creditors	20,000	Debtors	56,000
		Cash	36,000
	10,00,000		10,00,000

The purchase consideration was arrived at :

(a) Cash payment of Rs. 2.5 per share of Green Ltd.

(b) Issue of 90,000 shares of White Ltd. at Rs. 15 per share (includes Rs. 5 premium).

(c) Redeem debentures at 20 % premium by issuing debentures in White Ltd. at 96 %.

(d) Cost of liquidation amounted to Rs. 5,000.

Close the books of Green Ltd. and open the books of White Ltd.

33. The following balance appear in the books of ABC Ltd. after the preparation of Profit and Loss account for the year ending 31st March, 2007 :

		Rs.
Paid up share capital : in 50,000 shares of Rs. 10 each	...	5,00,000
General reserve	...	1,00,000
Profit and loss balance on 1-4-2006	...	52,000
Profit for current year	...	1,28,000
Bank loan	...	1,64,000
Sundry creditors	..	1,76,000
Unclaimed dividend	...	2,000

		Rs.
Bills payable	...	32,000
Plant and machinery	...	58,000
Land and buildings	...	1,82,000
Stock	...	5,80,000
Debtors	...	2,84,000
Cash at bank	...	22,000
Prepaid expenses	...	28,000

The Board of Directors recommended the following appropriations :

(a) Transfer to general reserve Rs. 60,000.

(b) Proposed dividend Rs. 50,000.

(c) Provide 10 % of proposed dividend for corporate dividend tax.

Authorised capital is 1,00,000 shares of Rs. 10 each. Prepare Profit and Loss appropriation account and balance sheet in accordance with Schedule VI of the Companies Act.

34. Sun Ltd. went to voluntary liquidation on 30th September, 2012. The following relate to the company on liquidation :

Secured creditors Rs. 1,60,000 : amount realised from land and building held as securities Rs. 2,10,000.

		Rs.
Preferential creditors	...	10,000
Liquidation expenses	...	4,000
Unsecured creditors	...	90,000
Debentures with floating charge	...	1,50,000
12 % preference shareholders	...	2,00,000
Equity share capital	...	30,000
Equity shares of Rs. 10 each fully paid	...	3,00,000

Liquidator is entitled to a commission of 4% of assets realised and 2 % of amount distributed to unsecured creditors. Sundry assets realised Rs. 5,50,000.

Prepare liquidators final statement of account.

35. Prepare the Balance Sheet of a company in vertical form with imaginary figures.

(2 × 15 = 30)