

Reg. No.....

Name.....

**B.COM DEGREE END SEMESTER EXAMINATION OCTOBER 2017****SEMESTER – 1: COMMERCE (CORE COURSE)****COURSE: 15U3RCOM08 – CORPORATE ACCOUNTING***(For Regular - 2016 Admission and Supplementary / Improvement 2015 Admission)*

Time: Three Hours

Max Marks: 75

**Part A***Answer all questions. Each question carries 2 marks.*

1. What do you mean by liquidation of a company?
2. What is first debenture?
3. What do you mean by divisible profits?
4. What is internal reconstruction?
5. What do you mean by the term 'B list contributory'?
6. What is underwriting?
7. What is profit prior to incorporation?
8. What is capital redemption reserve?
9. Write note on minimum subscription.
10. What is a bonus share?

(2 x 10 = 20 marks)

**Part B***Answer any 5 questions. Each question carries 5 marks*

11. State the conditions for issue of shares at a discount.
12. What are the legal requirements for buyback of shares?
13. What is meant by redemption of Debentures? Explain in detail the mode of discharge of debentures
14. Explain the various lists to be attached to the Statement of Affairs?
15. A Ltd. has authorized capital of Rs. 50,00,000 divided into 1,00,000 equity shares of Rs. 50 each. The company issued for subscription 50,000 shares at a premium of Rs.10 each. The entire issue was underwritten as follows:  
 X – 30,000 shares (Firm underwriting – 5,000 shares)  
 Y – 15,000 shares (Firm underwriting – 2,000 shares)  
 Z - 5,000 shares (Firm underwriting – 1,000 shares)  
 Out of the total issue, 45,000 shares including firm underwriting were subscribed. The following were the marked forms.  
 X – 16,000 shares; Y – 10,000 shares; Z – 4,000 shares  
 Calculate the liability of each underwriter.

16. The following is the Balance Sheet of Weak Ltd. as on 31<sup>st</sup> March 2015.

Liabilities	Amount	Assets	Amount
Share Capital (1,00,000 Equity Shares of Rs. 10 each)	10,00,000	Land	1,00,000
Sundry Creditors	1,73,000	Plant and Machinery	2,30,000
		Furniture and Fittings	68,000
		Stock	1,50,000
		Debtors	70,000
		Cash at Bank	5,000
		Profit and Loss Account	5,50,000
	<u>11,73,000</u>		<u>11,73,000</u>

The approval of the Court was obtained for the following scheme of reduction of capital:

- (1) The Equity shares to be reduced to Rs. 4 per share.
- (2) Plant and Machinery to be written down to Rs. 1,50,000
- (3) Stock to be revalued at Rs. 1,40,000
- (4) The provision on debtors for doubtful debts to be created Rs. 2,000
- (5) Land to be revalued at Rs. 1,42,000

Pass journal entries to give effect to the above arrangement.

17. Rejula was holding 30 shares of Rs. 10 each of X Ltd. issued at 10% discount. He paid Rs. 2 on application but could not pay the allotment money of Rs. 3 and his shares were forfeited. Make journal entries for the forfeiture of shares.

(5 x 5 = 25 marks)

### Part C

*Answer any 3 questions. Each question carries 10 marks*

18. Write note on the following:
  - (a) Purchase consideration
  - (b) Forfeiture of shares
  - (c) Amalgamation in the nature of merger
19. A company was incorporated on 1<sup>st</sup> May to take over a business as a going concern from 1<sup>st</sup> January of the same year. However, it obtained the necessary certificate to commence business on 1<sup>st</sup> July. The net sales for the year ended 31<sup>st</sup> December amounted to Rs. 10,00,000 of which sales up to 1<sup>st</sup> May were Rs. 3,00,000 and those up to 1<sup>st</sup> July Rs. 5,00,000. The profit and loss account for the year ending 31<sup>st</sup> December was as follows:

Particulars	Amount	Particulars	Amount
Salaries	48,000	Gross profit	3,50,000
Rent and Rates	16,200		
Carriage outwards	15,000		
Travelers' commission	10,200		
Debenture interest	3,600		
Directors fees	10,000		
Auditors fees	2,100		
Advertisements	6,000		
Bad debts	2,000		
Repairs	900		
Depreciation	3,000		
Office expenses	30,000		
Loan interest	9,000		
Interest on purchase consideration (to date of settlement, 31 <sup>st</sup> October)	5,000		
Discount (Rs. 100 allowed up to 1 <sup>st</sup> May)	1,000		
Net profit	1,88,000		
	<u>3,50,000</u>		<u>3,50,000</u>

You are required to prepare a statement apportioning the profit between pre-incorporation and post-incorporation periods.

20. The following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare the liquidator's final account after allowing for his remuneration @ 2% on the amount realized on assets and 2% on the amount distributed to unsecured creditors other than preferential creditors.

Unsecured creditors	2,24,000
Preferential creditors	70,000
Debentures	75,000
The assets realized the following sums:	
Cash in hand	20,000
Land and building	1,30,000
Plant and Machinery	1,10,500
Fixtures and fittings	7,500

The liquidation expenses amounted to Rs. 2,000. A call of Rs. 2 per share on the partly paid 10,000 equity shares was made and duly paid except in case of one shareholder owning 500 shares.

21. A company had as part of its share capital 1,000 redeemable preference shares of Rs. 100 each fully paid up. When the shares become due for redemption, the company had Rs. 60,000 in its reserve fund. The company issued necessary equity capital of Rs. 25 specifically for the purpose of redemption and received cash in full. The redeemable preference shares were then paid out of the new issue, the balance being met from the reserve fund.

Make necessary entries for recording the above transactions.

22. The CAMHF Ltd. sells its business to the Continental Co. Ltd. as on 31<sup>st</sup> March 2015 on which date its balance sheet was as under:

Liabilities	Amount	Assets	Amount
2,000 shares of Rs. 100 each	2,00,000	Freehold Property	1,50,000
Debentures	1,00,000	Goodwill	50,000
Trade creditors	30,000	Plant and Tools	83,000
Reserve Fund	50,000	Stock	35,000
P & L A/C	20,000	Bills Receivable	4,500
		Debtors	27,500
		Cash at Bank	50,000
	<u>4,00,000</u>		<u>4,00,000</u>

The Continental Co. Ltd agreed to take over the assets (exclusive of Cash at Bank and Goodwill) at 10% less than the book value, to pay Rs. 75,000 for Goodwill and to take over the Debentures.

The purchase consideration was to be discharged by the allotment to the CAMHF Ltd. of 1,500 shares of Rs. 100 each at a premium of Rs. 10 per share and the balance in cash.

The cost of liquidation amounted to Rs. 3,000.

Show necessary ledger accounts in the books of CAMHF Ltd. and journal entries in the books of Continental Co. Ltd.

(10 x 3 = 30 marks)

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