

Name.....Reg. No.....

B.COM DEGREE END SEMESTER EXAMINATION MARCH 2017

SEMESTER - 4: COMMERCE (CORE COURSE)

COURSE: U4RCOM11: CORPORATE ACCOUNTING

(Supplementary for 2014 admission)

Time: Three Hours

Max. Marks: 75

PART A

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

1. What is Capital Redemption Reserve?
2. What is profit prior to incorporation?
3. Who are "Contributories"?
4. What is Time Ratio?
5. What is "Divisible Profit"?
6. What is a bonus share?
7. What is Escrow Account
8. What is net worth?
9. What is "Capital Reduction"?
10. What is contingent liability?

(1 x 10 = 10)

PART B

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

11. What is 'Liquidator's Financial Statement of Account'?
12. Who are dissenting shareholders? How their claims are settled?
13. Differentiate between internal reconstruction and external reconstruction?
14. Differentiate between consolidation and subdivision of shares.
15. Differentiate between redemption of shares and buyback of shares?
16. List the items to be presented under "reserves and surplus in the Balance Sheet of a Company.
17. What is Vertical Balance Sheet?
18. XYZ Ltd. has 50,000 equity shares of Rs.10 each, Rs.8 paid up. It is resolved to make the
Shares fully paid up by bonus issue. The company has General Reserve Rs.2, 00,000. Give

Journal entries.

19. 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.

20. A Ltd., as incorporated on 1st May, 2015 to take over the business of Manu Bros. as a going Concern with effect from 1st January, 2015. The total sales for the year ending 31.12.2015 amounted to Rs. 2, 00,000 out of which Rs.60,000 related to the first four months Calculate the Time Ratio and Sales Ratio of prior and post incorporation period?

(2 x 8 = 16)

PART C

Answer any **five** questions. Each question carries 5 marks

21. Explain the methods of calculating purchase consideration?

22. What is underwriting? Describe the different types of underwriting.

23. What are the provisions in the Companies Act, regarding the redemption of preference Shares

24. What are the tax adjustments in the preparation of final account of companies?

25. C. Ltd. Was incorporated on 1st April 2015 to acquire the business of Haris Bros as a going Concern with effect from 1st January 2015. The total sales for the year ended 31st Decemeber, 2015 amounted to Rs.3, 00,000 of which Rs.1, 00,000 related to the first three Months. The Profit & Loss Account of the company for the year stood as follows:

PROFIT & LOSS ACCOUNT

Dr.

Cr.

PARTICULARS	Rs.	PARTICULARS	Rs
To Salaries		By Gross Profit	60,000
To Rent	8,000		

To Sales Commission	2,000		
To Discount			
To Director's fees	6,000		
To Audit fees			
To Debenture Interest	3,000		
To Bad debts	4,200		
To Net Profit	1,800		
	1,000		
	1,500		
	32,500		
	60,000		60,000

You are required to Prepare a Profit & Loss Account showing profit earned during Pre and Post Incorporation Periods.

26. Gangothi Ltd., issued 10,000 shares. The entire issue was underwritten by X, Y and Z. as

Follows:

X: 6,000 shares (Firm Underwriting 800 shares)

Y: 2,500 shares (Firm underwriting 300 shares)

And Z: 1,500 shares (Firm underwriting 1,000 shares)

Total subscription including firm underwriting was 7,100 shares and the applications Included the marked applications were:

X: 1,000 shares ; Y: 2,000 shares ; and Z: 500 shares

Calculate the liability of underwriters

27. Following is the Balance sheet of Rajaput .Ltd. as on 31-03-2015

LIABILITIES	Rs.	ASSETS	Rs.
50,000 equity shares of	5,00,00	Cash at bank	4,40,00

Rs.100 each, fully paid	0	Other Assets	0
			6,10,00
2,000, 12% Redeemable Preference shares of Rs.100 each, fully called	1,98,00		0
2,00,000	0		
Less : Calls in arrears (Rs.20 per share) 2,000			
1,000, 14% Redeemable Preference shares of Rs.100 each, Rs.60 paid	60,000		
Profit & Loss Account	2,40,000		
Creditors	52,000		
Total	10,50,00	Total	10,50,00
	00		00

On the above date the Preference shares are redeemed to the extent possible, at a premium of 5%. The company could not realize the calls in arrears. Also no additional calls were made. Journalise and give the amended Balance sheet as on date

28. Zeeta Ltd. Resolved to buy back 3,00,000 of its fully paid up equity shares of Rs.10/- each at Rs.12/ per share. For this purpose, it issued 10,000, 13% Preference shares of Rs.100 each at par, the total sum being payable with applications. The company used Rs.8, 50,000 of its balance in Securities Premium Account apart from its adequate balance in General

Reserve Account to fulfill the legal requirements regarding buy back. Pass Journal entries for the transactions involved in the buy back.

(5 x 5 = 25)

PART D

Answer any **two** of the following questions. Each question carries 12 marks

29. 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 @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		
	Assets realized as follows::	
	Cash in Hand	
20,000		
	Land & Buildings	1,
30,000		
	Plant & Machinery	
1, 10,500		
	Fixtures & Fittings	
7,500		
	The Liquidation Expenses amount to	
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. Prepare the Liquidators Final Statement of Accounts.

30. From the following trial balance and the adjoining information prepare the final accounts

of JOHRI Co. Ltd as on 31 March 2015

DEBIT	RS	CREDIT	RS
Premises		Share capital	40,00,00
	30,72,0		0

	00				
Plant	33,00.0 00	12% Debentures	30,00,00 0		
Stock	7,50,00 0	P&L Account	2,62,500		
Debtors	8,70,00 0	Bills Payable	3,70,000		
Goodwill	2,50,00 0	Creditors	4,00,000		
Cash In Bank	4,06,50 0	Sales	41,50,00 0		
Calls in arrear	75,000	General Reserve	2,50,000		
Interim Dividend Paid	3,92,50 0	Bad debts provisions on 1-04-2014	35,000		
Purchases	18,50,0 00				
Preliminary expenses	50,000				
Wages	9,79,80 0				
General Expenses	68,350				
Salaries	2,02,25 0				
Bad debts	21,100				
Debenture Interest Paid	1,80,00 0				
Total	1,24,67,			Total	1,24,67,

	500		500
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Additional Information:

- a. Depreciate Plant by 15%
- b. Write off Rs.5000 from Preliminary Expenses
- c. Half years Debenture Interest Due
- d. Credit 5% Provision on Debtors for doubtful debts
- e. Provide for Income Tax at 50%
- f. Stock on 31-3-2015 was Rs.9,50,000
- g. A claim of Rs.25,000 for Work mens Compensation is being disputed by the Co.

31. The Balance sheet of X Ltd., on 31st March 2013., stood as follows

Liabilities	Amoun t	Assets	Amoun t
150,000 Equity shares of Rs.10	15,00,00	Plant and machinery	16,10,00
Securities Premium	1,50,00	Furniture and fixtures	1,94,40
General Reserve	6,25,50	Stock	7,05,50
Profit and Loss A/c	1,85,30	Debtors	1,98,44
Sundry Creditors	3,60,74	Cash at bank	1,13,20
Total	0	Total	0

On this date X Ltd., took over the business of Y Ltd.

The Balance Sheet of Y Ltd., on 31st March 2013 was as follows:

Liabilities	Amoun t	Assets	Amoun t
60,000 equity shares of Rs.10	6,00,00	Building	5,50,00
5,000 12% Pref. shares of Rs.100	5,00,00	Machinery	6,00,00
Capital Reserve	13,000	Furniture	1,35,20
			0

Foreign Project Reserve (Statutory)	9,700	Stock	3,15,80 0
General Reserve	75,350	Debtors	1,29,30 0
P/L Ac	24,130	Cash at bank	68,260
3,000 Debentures of Rs.100	3,00,00 0	Preliminary expenses	6,100
Bank Loan	1,00,00 0		
Sundry Creditors	1,82,48 0		
Total	0	Total	0

Terms of merger:

- The purchase consideration was agreed to be paid Rs.110,000 in cash and 50,000 shares of Rs. 10 each in X Ltd at a premium of 10%.
- X Ltd., will take over all liabilities except Bank Loan and all assets except machinery
- The bank loan is directly settled by the Liquidator of Y Ltd by paying Rs.98,000
- The machinery was sold for Rs.7,20,000
- X Ltd paid Rs.15,000 as expenses of amalgamation while Y Ltd paid Rs.12,000 as liquidation expenses
- The preference shareholders were paid off at a premium of 10%
- X Ltd took over the assets of Y Ltd as Building at a discount of 10%, Furniture for Rs.1,50,000, Stock at Rs.3,00,000, and Debtors with provision for Bad Debt of 5%
- The 11% Debenture in Y Ltd., are converted in to 12% debentures of X Ltd of Rs.100 each.

You are required to:

- Show ledger accounts to close the books of the transferor company
- Journal entries in the books of the transferee company

32.Explain briefly the procedure for implementing capital reduction
(12 x 2 = 24)
