

B. Com DEGREE END SEMESTER EXAMINATION - OCT. 2020 : JANUARY 2021**SEMESTER 3 : COMMERCE****COURSE : 19U3RCOM10/15U3RCOM7 : CORPORATE ACCOUNTING***(For Regular - 2019 Admission and Improvement/ Supplementary - 2018/2017/2016/ 2015 Admissions)*

Time : Three Hours

Max. Marks: 75

PART A**Answer any 10 (2 marks each)**

1. What is a One Person Company
2. What is meant by capital work in progress and intangible assets under development?
3. What do you mean by acquisition?
4. What is Transferor Company?
5. What is Capital Reduction?
6. What is External Reconstruction? Give an example.
7. Who is a liquidator?
8. What is fraudulent preference?
9. What do you mean by Preference share?
10. What is a Right Share?
11. What is Partial Underwriting?
12. How will you apportion the following items? a) Electricity Charges b) Discount Received

(2 x 10 = 20)**PART B****Answer any 5 (5 marks each)**

13. Give Journal Entries for forfeited and reissue of forfeited shares
X Ltd. forfeited 150 equity shares of Rs.10 each, issued at a premium of Rs.5 per share, held by Khayil Ram on 15th December, 2017, for non-payment of allotment money of Rs.8 per share (including Securities Premium Rs.5 per share), the First call of Rs.2 per share and the Final call of Rs.3 per share. Out of these 100 equity shares were re-issued to Shree Bhagwan at Rs.14 per share on 25th December, 2017.
14. Distinguish between amalgamation and absorption.
15. What is Internal Reconstruction? What are its objectives?
16. What is the order of payment at the time of liquidation of a company
17. The Producers Ltd.'s Balance sheet shows the following balance s on 31-3-08. 30,000 equity shares of Rs.10 each fully paid; 18,000 10% Redeemable Preference shares of Rs.10 each fully paid; 4000, 15% Redeemable Preference shares of Rs.10 each, Rs.8 paid up. General Reserve Rs.12,000; Securities Premium Rs.15,000; Profit Loss Account Rs.80,000 and capital Reserve Rs.20,000. Preference shares are redeemed on 1-4-08 at a premium of Rs.2 per share. For redemption, 4000 equity shares of Rs.10 each are issued at 10% premium. A bonus issue of equity share was made at par, two shares being issued for every five held on that date. Show the journal entries to record the above transactions
18. Following figures have been extracted from the books of Metals product Ltd. as on 31-03-2012.

Paid up capital – 9,00,000 e. Shares of Rs. 10 each	90,00,000
General Reserve	15,00,000
P/L A/c	5,00,000
Securities premium	3,00,000
14% Debentures	10,00,000
Bank balance	20,00,000

The company decided to buy back 25% of the paid-up equity shares at face value. It was also decided to issue further 14% debentures of Rs. 10,00,000 at par for the purpose of buy back of shares. Journalize the above transactions relating to buyback of shares.

19. A public company, with a capital of Rs 10,00,000 divided into equity shares of Rs10 each, places its entire issue in the market, and the whole issue has been under written as follows :

	Shares
Paterson & Co.	30,000
Singh & Co.	35,000
Mazumdar & Co.	10,000
Princes & Co.	15,000
Talukdar & Co.	2,000
Bannerjee & Co.	8,000

All marked forms are to go in relief to the liability of the underwriters whose name they bear. The application received on the form marked by the underwriters are:

	Shares
Paterson & Co.	25,000
Singh & Co.	23,500
Mazumdar & Co.	6,500
Princes & Co.	1,000
Talukdar & Co.	2,000
Bannerjee & Co.	7,000

Application for 2000 equity shares are received on unmark application forms. Calculate the liability of individual underwriters. In terms of the underwriting agreement, the relevant proportion is to be ascertained not in case of the original liability ratios but after giving credit for marked forms.

20. Delhi Company, Incorporated on 1st April, 2017, took over running business from 1st January, 2017. The company prepares its first final accounts on 31st December 2017. From the following information, you are required to calculate the sales ratio of pre-incorporation and post-incorporation periods.

(a) Sales for January, 2017 to December, 2017 Rs 4,80,000
(b) The sales for the month of January twice of the average sales; for the month of February equal to average sales, sales for four months May to August -1/4 of the average of each month; and sales for October and November three times the average sales.

(5 x 5 = 25)

PART C

Answer any 3 (10 marks each)

21. a) What are the conditions for Buy back of equity shares as per section 68 (2) of the Companies Act, 2013?
b) Distinguish between Reserve Capital and Capital Reserve.
22. From the following trial balance and additional information provided, prepare Final Accounts of Superior Trading Co. Ltd . for the year ending 31st march 2018:

PARTICULARS	Dr.	Cr.
Capital 60,000 equity shares of Rs: 10 each fully paid up		6,00,000
Stock(01.04.2017)	4,50,000	
Purchases and Sales	14,70,000	21,00,000
Productive wages	3,00,000	
Discount	42,000	30,000
Salaries	45,000	
Rent	29,700	
General Expenses	1,02,300	
Surplus A/c (01.04.2017)		70,000
Dividend paid for last year	54,000	
Debtors & Creditors	2,25,000	1,05,000
Plant & Machinery	1,74,000	
Cash at Bank	97,200	
Reserve		1,13,000
Loan to Managing Director	19,500	
Bad Debts	9,300	
	30,18,000	30,18,000

ADDITIONAL INFORMATION:

- a) Stock on 31st March 2010 Rs.4, 92,000.
- b) Depreciate machinery @10%p.a.
- c) Reserve 5% on debtors for doubtful debts.
- d) Provide 2% for discount on creditors.
- e) One month's rent Rs.2, 700 was due on 31st March 2018.
- f) Six months insurance was unexpired at Rs.4, 500 per annum.
- g) Provide Rs.27, 336 for income tax.
- h) The Board recommends a dividend @5%per annum.
- i) Make provision for corporate dividend tax at the applicable rate.
- j) Transfer to general reserve 5% of net profit

23. The following is the Balance Sheet of Brown Ltd. as on 31.03.2020

Particulars	₹
I. EQUITY AND LIABILITIES	
1) Shareholders' Funds	
a) Share Capital (12,000 shares @ ₹10)	1,20,000
b) Reserves and Surplus (Surplus account debit balance)	(1,000)
2) Non-current Liabilities	
a) Trade payables (Creditors)	30,000
b) Other Current liabilities (Bank overdraft)	28,000
Total	1,77,000
II. ASSETS	
1) Non-current Assets	
a) Fixed Assets	
i) Tangible Assets	
Land and Building	1,00,000
Plant and Machinery	40,000
2) Current Assets	
a) Stock	15,000
b) Trade Receivable (Debtors)	22,000
Total	1,77,000

The assets of the company are taken over by Black Ltd for a consideration of ₹ 1,50,000 payable as to ₹ 60,000 in cash (sufficient to discharge liabilities and liquidation expense ₹ 2,000) and ₹ 90,000 by allotment of 12,000 shares of ₹ 10 each of Black Ltd, ₹ 7.50 per share paid up to the shareholders of the Brown Ltd. Close the books of Brown Ltd and journalise the transactions in the books of Black Ltd.

24. Following are the ledger balances of Sick Ltd. as on 31-3-2018

Cr. Balances		Dr. Balances	
13% Cumulative Preference	1,00,000	Fixed Assets	15,00,000
Equity Shares of 10 each	7,00,000	Current Assets	35,00,000
8% Debentures	3,00,000	Surplus Account (Negative Bal.)	3,00,000
Current Liabilities	39,00,000		
Provision for Taxation	3,00,000		
Total	53,00,000	Total	53,00,000

Following scheme of reorganisation is sanctioned

- a) All existing equity shares are reduced to 5 each
- b) All Preference shares are reduced to 75 each. Preference Shareholders decide to forgo their right to arrears of dividend which are in arrears for three years
- c) The rate of interest on debentures is increased to 11%. The debenture holders Surrender their existing debentures of 100 each and exchange the same for fresh debentures of Rs 75 each.
- d) One of the creditors of the company, to whom the company owes 25,00,000 decides to forego 50% of his claim. He is allotted 1,00,000 equity shares of Rs 5 each in part satisfaction of the balance of his claim.
- e) The taxation liability of the company is settled at Rs.4,00,000.
- f) Fixed assets are to be written down by 33 1/3%
- g) Current assets are to be revalued at Rs 27,00,000.

Pass Journal Entries and prepare Balance Sheet of the company after giving effect to the above.

25. Following is the Balance Sheet of M/s Unfortunate Limited as on 31st December, 2017:

I. Equity and Liabilities	
(1) Shareholders' Funds	
Share Capital:	
(i) 2,000 Equity Shares of 100 each, Rs 75 per share paid up	1,50,000
(ii) 6,000 Equity shares of 100 each, 60 per share paid up	3,60,000
(iii) 4,000 6% Preference . Shares of 100 each	4,00,000
(2) Non-current Liabilities	
5% Debentures (having a floating charge on all assets)	2,00,000
(3) Current Liabilities	
(a) Creditors	2,90,000
(b) Interest Outstanding on Debentures (Secured by a floating charge on all assets)	10,000
Total	14,10,000
II. Assets	
(1) Non-current Assets	
Land & Buildings	2,00,000
Plant & Machinery	5,00,000
Patents	3,20,000
(2) Current Assets	
Stock at Cost	1,10,000
Sundry Debtors	2,20,000
Cash at Bank	60,000
total	14,10,000

On that date, the company went into liquidation. The dividends on preference shares were in arrear and are payable on liquidation as per the Articles of the company. Creditors include a loan of 1,00,000 on Mortgage on Land and Building. The assets realized are under: shares were in arrear and are payable on liquidation as per the Articles of the company. Creditors include a loan of 1,00,000 on Mortgage on Land and Building. The assets realized are under:

Land & Buildings Rs 2,40,000 ; Plant & Machinery: Rs 4,00,000; Patents Rs. 60,000; Stock Rs. 1,20,000; Sundry Debtors Rs 1,60,000.

The expenses of liquidation amounted to : Rs 21,800. The liquidator is entitled to a commission of 3 % on all assets realized (except cash at bank) and a commission of 2% on amount distributed among unsecured creditors. Preferential creditors amount to Rs 30,000. All payments were made on 30th June, 2018.

Prepare Liquidator's Statement of Account.

(10 x 3 = 30)