Reg. No .... Name **23U330**

B. COM. DEGREE END SEMESTER EXAMINATION : NOVEMBER 2023

SEMESTER 3 : COMMERCE

COURSE : **19U3CRCOM10 : CORPORATE ACCOUNTING**

(For Regular - 2022 Admission and Improvement/Supplementary - 2021/2020/2019/2018/2017/2016 Admissions)

Time : Three Hours Max. Marks: 75

PART A

Answer any 10 (2 marks each)

1. What is Complete Underwriting?
2. What is External Reconstruction?
3. What is Advance Payment of tax? How will you treat it in final accounts?
4. How will you treat TDS in final accounts?
5. Name the methods of calculating purchase consideration.
6. What is Profit Prior to Incorporation?
7. What do you mean by intercompany owings? How will you treat it in transferee company books?
8. What is Capital Reduction Scheme?
9. What is List 'A' Contributory?
10. What is a Redeemable Preference share?
11. What is Deficiency Account?
12. What is a Public Company?

(2 x 10 = 20)

PART B

Answer any 5 (5 marks each)

13. ***A*** limited company has an authorized capital of Rs.2,50,000 in Rs.10 shares. Of these 4,000 shares were issued as fully paid in payment of building purchased and 8,000 shares were subscribed for by the public, and during the first year Rs.5 per share was called payable Rs.2 on application, Rs.1 on allotment, Rs.1 on first call and Rs.1 on second call. The amounts received in respect of these shares were as follows:
On 6,000 shares the full amount called, On 500 shares Rs.3 per share. On 1,250 shares Rs.4 per share. On 250 shares Rs.2 per share. The Directors forfeited the shares on which less than Rs.4 had been paid.
You are required to show Journal Entries in the books of the company, and to set out the capital as it should appear in the Notes to Accounts accompanying the Balance Sheet at the end of the first year.
14. A company was incorporated on 1st August, 2018 to take over a business from the preceding 1st April. The accounts were made upto 31st March, 2019 as usual and the Company gave the following result:

Particular	Amount	Particular	Amount
To Opening Stock		By Sales	12,00,000
To Purchases	9,10,000	By Closing Stock	1,50,000
To Gross Profit c/d	4,40,000		
	13,50,000		**13,50,000**
To Rent, Rates and Insurance	18,000	By Gross Profit b/d	3,00,000
To Directors' Fees	20,000		
To Salaries	51,000		

To Office Expenses	48,000		
To Travellers' Commission	12,000		
To Discount	15,000		
To Bad debts	3,000		
To Audit fees	8,500		
To Depreciation	6,000		
To Debenture Interest	4,500		
To Net Profit	1,14,000		
	3,00,000		**3,00,000**

It is ascertained that the sales for February & March, 2019 are one and half times the average of those for the year, while those for May and June, 2018 are only half the average.
Apportion the year's profit between the pre-incorporation and the post- incorporation period.

15. Explain the accounting of buy back of shares.

16. Balance Sheet of ABC Ltd. As on 31st march 2018 was as follows:

BALANCE SHEET OF ABC LTD.

	Note No.	Rs.
I. EQUITY AND LIABILITIES		
(1) Shareholder's Funds		
(a) Share Capital		
1,00,000 equity shares of Rs.10 each		10,00,000
50,000,12% Redeemable Preference Shares of Rs.10 each ,Rs.8 paid up		4,00,000
(b) Reserves and Surplus		
Statement Of Profit & Loss balance		2,90,000
(2) Non- Current Liabilities		
(3) Current Liabilities		
Trade payables		2,10,000
Total		**19,00,000**
II. ASSETS		
(1) Non-Current Assets		
(a) Fixed assets- Tangibles		14,00,000
(b) Noncurrent Investments		1,50,000
(2) Current Assets		
Cash and Cash Equivalents		3,50,000
Total		**19,00,000**

On the above date, the directors gave notice to redeem the preference shares at a premium of 5%. In order to provide cash towards the redemption of the preference shares all the investments were sold for Rs.1,25, 000.Directors desire that minimum number of fresh equity shares be issued at par. Show Journal Entries and Balance Sheet.

17. What are the different types of underwriting?

18. The following is the extracts of Balance sheet of A Ltd. as on the date of its acquisition by B Ltd.

Particulars	Rs.
Shareholders Funds	26,00,000
Long term Provision (Employee PF)	2,00,000
Trade payables	8,00,000
Intangible Assets(Goodwill)	6,00,000

Total Tangible Assets	18,00,000
Inventories	4,00,000
Cash and Cash Equivalents	1,00,000
Trade Receivables	7,00,000

Additional Information:

a) Goodwill is valued at Rs.9,00,000.

b) Tangible assets are valued at Rs.20,00,000.

c) Inventory is valued at Rs.3,60,000.

d) All assets and liabilities are taken over.

Calculate the amount of purchase consideration

19. What is Alteration of Share Capital? Explain the provisions in the Companies Act for alteration of share capital ?

20. Distinguish between liquidation and insolvency.

(5 x 5 = 25)

PART C

Answer any 3 (10 marks each)

21. Ajanta Ltd agreed to acquire the business of Elora Ltd as on 31/03/2020. Liabilities and assets of Elora Ltd as on that date were as under.

Particulars	₹	₹
I. Equity and Liabilities		
a)Share holders funds:		
1)Share capital		
10,000 10% preference shares of ₹10 each	1,00,000	
20,000 Equity shares of ₹10 each	2,00,000	3,00,000
2)Reserves and surplus		
Reserves	20,000	
Surplus	30,000	
Less: Discount on issue of shares	(15,000)	35,000
b) Non-current liabilities		
(7% debentures)		1,00,000
c)Current liabilities		
(Sundry creditors)		1,50,000
Total		5,85,000
II. Assets		
1) Non-current Assets		
a) Fixed Assets		
i)Tangible Assets		
Land and building	2,00,000	
Machineries	1,00,000	3,00,000
2) Current Assets		
a) Inventories		2,00,000
b) Trade Receivables		50,000
c)Cash and cash equivalents		35,000
Total		5,85,000

The consideration paid by Ajanta Ltd was agreed as under:

a) The preference shareholders of Elora Ltd were to be allotted 12% preference shares of Rs. 1,10,000.

b) Equity shareholders to be allotted six equity shares of Rs 10 each issued at a premium of 10% and Rs2 cash against every five shares held.

3.7% debenture holders of Elora Ltd to be taken over by the transferred company.

While arriving at the agreed consideration the directors of Ajanta Ltd valued Land and Building at Rs 2,50,000 , stock at Rs 2,20,000 and debtors at their book value subject to an allowance of 4% to cover doubtful debts. The machineries were valued at book value. Debtors of Elora Ltd included Rs 10,000 due from Ajanta Ltd.

It was agreed that before acquisition Elora Ltd will pay dividend at 10% on equity shares and will also retain Rs 5000 for liquidation expenses.

Draft journal entries necessary to close the books of Elora Ltd and to record acquisition entries in the books of Ajnata Ltd.

22. a) What do you mean by Bonus Shares? What are the various guidelines relating to the issue of Bonus Shares?

b) Explain whether Bonus Share is same as that of right shares?

23. Sultan Ltd went into voluntary liquidation. The details regarding liquidation are follows:

a) 2000,8% preference shares of ₹ 100 each (fully paid)
b) Class A:2000 equity shares of ₹100 each(₹ 75 paid up)
c) Class B:1600 equity shares of ₹100 each(₹ 60 paid up)
d) Class C:1400 equity shares of ₹100 each(₹ 50 paid up)

Assets including Lands &Buildings realised₹ 4,20,000 liquidation expenses amounted to ₹ 15000.

Sultan Ltd has borrowed a loan of ₹ 50,000 from Punjab National Bank against the mortgage of Land& Building which realised ₹80,500.

In the books of the company, salaries of four clerks for four months@ ₹ 250 per month and salaries of four peons for three months @ ₹ 150 per month were outstanding. In addition to this, the company's books showed creditors amounting to 88,200.

Prepare Liquidator's Final Statement of Account.

24. Neha Ltd presents you with the following ledger balances as on 31.3.2018

Liabilities	Amount	Assets	amount
4,000 Equity shares of 100 each	4,00,000	Goodwill	60.000
3,000, 10% Preference shares of Rs 100 each	3,00,000	Land and Buildings	1,50,000
Profit prior to incorporation	10,000	Plant & Machinery	3,00,000
12% Debentures	3,00,000	Patents	30,000
Sundry creditors	2,00,000	Stock	2,20,000
		Sundry Debtors	1,50,000
		Cash at Bank	5,000
		Preliminary expenses	25,000
		Surplus A/c (Negative Balance)	2,70,000
Total	12,10,000	Total	12,10,000

Following scheme of reconstruction was duly approved:

a) 10% Preference shares be converted in to 12% Preference shares, the amount being reduced by 30%.
b) Equity shares be reduced to shares of 50 each.
c) Land and Buildings be appreciated by 20%.
d) 12% Debentures be reduced by 20% by issuing 15% Debentures of the same amount.
e) All intangible assets and fictitious assets including patents be written off.
f) Utilise profit prior to incorporation, if necessary.
g) Equity shareholders to subscribe new equity shares of Rs 1,00,000, the amount be utilised for acquiring new plant and machinery.

Give Journal Entries and show the Balance sheet after reconstruction.

25. BHARATH LTD went in to liquidation on 31.12.2018. Prepare Liquidator's final statement of Account presented to the Tribunal by the liquidator from the following

	Amount
Preferential creditors	10,000
Unsecured creditors	1,50,000
12% Debentures	2,00,000
7% Preference share capital (Shares of Rs 10 each)	3,00,000
Liquidation expenses	2,000
Secured creditors (Securities realised Rs 2,40,000)	1,60,000
Equity share capital (80,000 shares of R 10 each)	4,00,000

Liquidator is entitled to get a remuneration of 2% on all assets realised and 3% on the amount paid to unsecured creditors Sundry assets realised amounted to Rs 4,40,000

(10 x 3 = 30)