

**B.COM. DEGREE END SEMESTER EXAMINATION - OCTOBER 2025****SEMESTER 3 : COMMERCE****COURSE : 19U3CRCOM10 : CORPORATE ACCOUNTING***(For Improvement/Supplementary 2023/2022/2021/2020/2019/2018/2017/2016 Admissions)*

Time : Three Hours

Max. Marks: 75

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

1. What is the purpose for which Capital Redemption Reserve can be utilised?
2. What is a Preference share
3. What is Underwriting Commission?
4. What is profit prior to incorporation?
5. Explain when internal reconstruction takes place.
6. Who is a liquidator?
7. What is Relevant Date?
8. What is Capital Reduction?
9. What is ""Cooling off period""?
10. How will you treat TDS in final accounts?
11. How will you treat statutory reserves in amalgamation in the nature of purchase?
12. What is purchase consideration?

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

13. Rony Ltd. Forfeited 200 shares of Rs. 10 each, Rs. 8 per share being called-up which a shareholder paid application and allotment money of Rs. 5 per share but did not pay the first call money of Rs. 3 per share. Of these forfeited shares, 150 shares were subsequently re-issued by the company as fully paid-up for Rs. 9. Give journal entries for the forfeited and re-issued of shares.
14. The paid-up capital of jaya ltd. is Rs 10,00,000 consisting of 60,000 equity shares of Rs 10 each fully paid up and 50,000 equity shares of Rs 10 each ,Rs 8 per share paid up .It has Rs 40,000 in Securities premium account ,Rs 2,00,000 in Profit and loss account (cr.) Rs 3,00,000 in General reserve and Rs 60,000 in Capital redemption reserve account .By way of bonus dividend the partly paid up shares are converted into fully paid up shares and the holders of fully paid up shares are also allotted fully paid up bonus shares **in the same ratio** .  
Pass journal entries showing separately the two types of bonus issues stated above .
15. What do you mean by Reduction of Share Capital? Explain briefly the procedure for Reduction of Share Capital.
16. 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.
17. Define the following terms as per Ind AS 103. a) Business Combination b) Control c) Acquiree d) Acquir
18. Delhi Company, Incorporated on 1<sup>st</sup> April, 2017, took over running business from 1<sup>st</sup> January, 2017. The company prepares its first final accounts on 31<sup>st</sup> 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.

19. X Ltd. has redeemable preference share capital of Rs. 8,00,000 in 10,000 preference shares of Rs.100 each, Rs.80 paid. It is resolved to redeem the shares at a premium of 20% after fulfilling the formalities. The company makes the following issues:  
a) 50,000 equity shares of Rs.10 each at a premium of 50%  
b) 2,000 15% debentures of Rs.100 each  
The company has credit balance in Profit & Loss A/c Rs.3,00,000 and general reserve Rs.4,00,000 and securities premium Rs.2,00,000. Give journal entries required on implementing the scheme.
20. How will you calculate liquidator's remuneration?

(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. Zealine Ltd. had a nominal capital of Rs: 6,00,000 divided into equity shares of Rs: 10 each . the Trial Balance of the Company as at 31-03-2018 was as follows .

Particulars	Dr.	Cr.
Calls in Arrears	7,500	
Premises	3,00,000	
Plant & Machinery	3,60,000	
Interim Dividend Paid	7,500	
Purchases	1,85,000	
Preliminary Expenses	5,000	
Freight	13,100	
Directors fees	5,740	
Bad debts	2,110	
6% Debentures		3,00,000
Surplus A/c (01-04-2017)		14,500
Sundry Debtors	87,000	
Sundry Creditors		50,000
General Reserve		25,000
4% government securities	60,000	
Opening Stock	75,000	
Fixtures	7,200	
Goodwill	25,000	
Cash in hand	750	
Cash at Bank	39,900	
Wages	84,800	
General Expenses	16,900	
Salaries	14,500	
Debenture Interest	9,000	
Share Capital		4,60,000
Bills Payable		38,000
Sales		4,15,000
Provision for bad debt		3,500
	13,06,000	13,06,000

Prepare final accounts of the company for the year ending 31-03-2018 after taking into account the following .

- Depreciate plant & machinery at 10% and fixtures at 5%.
- Write off 1/5<sup>th</sup> of preliminary expenses
- Included in wages an amount of Rs: 10,000 spent for the erection of a car shed for employees and customers . No adjustment has yet been made for it .
- Leave bad debt provision at 5% on Sundry Debtors .
- Provide final dividend at 5%.
- Transfer Rs:10,000 to general reserve .
- Make a provision for income tax to the extent of Rs: 25,000.
- Closing stock Rs.101,000

23. Following are the summarized balance sheet s of Idea Ltd. and Voda Ltd as at 31.03.2020

Particulars	Idea Ltd.	Voda Ltd.
<b>I. Equity and Liabilities</b>		
Share Capital (Rs. 10)	25,00,000	15,00,000
14% Preference share capital (Rs. 100)	11,00,000	8,50,000
15% Debenture (Rs. 100)	2,50,000	1,75,000
General Reserve	2,50,000	2,50,000
Export Profit Reserve	1,50,000	1,00,000
Investment Allowance Reserve	--	50,000
Surplus A/c	3,75,000	1,25,000
Trade Creditors	1,50,000	75,000
Bills Payable	75,000	1,00,000
Other Current Liabilities	1,00,000	75,000
	<b>49,50,000</b>	<b>33,00,000</b>
<b>II. Assets</b>		
Fixed Assets	31,62,500,	18,00,000
Investments	3,50,000	2,50,000
Inventories	6,25,000	4,75,000
Debtors	4,00,000	4,60,000
Bills Receivables	50,000	55,000
Cash at Bank	3,62,500	2,60,000
	<b>49,50,000</b>	<b>33,00,000</b>

The purchase consideration is discharged as follows :

- Issued 1,65,000 equity shares of Rs. 10 each at par to the equity shareholders of Voda Ltd.
  - Issued 15% preference shares of Rs. 100 each to discharge the preference shareholders of Voda Ltd. at 10% premium.
  - The Debentures of Voda Ltd. will be converted to equivalent number of Debentures of Idea Ltd.
  - The statutory reserve of Voda Ltd. is to be maintained for two years.
  - Expenses of amalgamation amounting to Rs. 10,000 will be borne by Idea Ltd.
- Show the opening journal entries and the opening balance sheet of Idea Ltd. as at 1-4-2020 after amalgamation on the assumption that the amalgamation is in the nature of merger.

24. The following is the Balance Sheet of Short Life Ltd, as on 30th Sept, 2016,  
Balance Sheet as at 30th September 2016

Particulars	Note No.	Amount
<b>1. EQUITY AND LIABILITIES:</b>	<b>1</b>	
(1) Shareholders' Funds		
Share capital		9,00,000
Reserves and Surplus (Profit and loss account)		(1,30,000)
(2) Share Application Money Pending Allotment		
(3) Non-current Liabilities		1,00,000
Long-term borrowings (12% of Debentures)		
(4) Current Liabilities		2,00,000
Trade payables (Creditors)		
<b>TOTAL</b>		<b>10,70,000</b>

II. ASSETS:		
(1) Non-current Assets		
Fixed Assets:		
(i) Tangible assets (Plant and machinery)		5,00,000
(ii) Intangible assets (Goodwill)		1,80,000
(2) Current Assets		
Inventories (Stock)		3,00,000
Trade Receivables (Debtors)		70,000
Cash and Cash Equivalents (Cash)		20,000
TOTAL		10,70,000

Particulars	Amount
1. Share capital	
14%, 4,000 Preference shares of Rs 100 each	4,00,000
50,000 Equity shares of Rs 10 each fully paid	5,00,000
	9,00,000

The court has approved full scheme of reconstruction .

- To issue 15% preference shares of Rs 60 each for every 14%pref.share of Rs. 100 each.
- To reduce equity shares by Rs 4 each fully paid.
- To redeem 12%debentures of Rs.1,00,000 by the issue of 14% debenture of Rs.80,000 in full satisfaction.
- To write off goodwill &accumulated losses , write down Plant &Machinery by 60,000 & balance if any left into capital reduction fund being provided for doubtful debt. Give journal entries & prepare capital reduction A/C &Balance Sheet

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

- 2000,8% preference shares of ₹ 100 each (fully paid)
- Class A:2000 equity shares of ₹100 each(₹ 75 paid up)
- Class B:1600 equity shares of ₹100 each(₹ 60 paid up)
- 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.

**(10 x 3 = 30)**