

**B. COM. DEGREE END SEMESTER EXAMINATION OCTOBER 2018****SEMESTER 3: COMMERCE (CORE COURSE)****COURSE: 15U3RCOM7, CORPORATE ACCOUNTING**

*(For Regular - 2017 Admission and Supplementary / Improvement 2016, 2015 Admissions)*

Time: Three Hours

Max Marks: 75

**Section – A**Answer **all** questions. Each question carries two marks.

1. Define 'Prospectus'
2. What do you mean by Liquidation of a Company?
3. Mention any four 'Statutory Books'
4. Give journal entry to adjust 'Mutual Owings'
5. Explain 'Net Worth'?
6. What is meant by 'Underwriting'?
7. Define 'Spinoff'
8. Explain 'Calls in Advance'
9. Explain 'ESOP'
10. What do you mean by 'Redemption of Shares'?

(2× 10 = 20 Marks)

**Section – B**Answer any **five** questions. Each question carries five marks.

11. What are 'Free Reserves'? Mention any five free reserve that can be used for issuing Bonus Shares.
12. Write short note on Forfeiture and Reissue of shares.
13. What do you mean by 'Buy Back of Shares? What are its advantages?
14. What do you mean by List 'H' Explain its contents?
15. The following information is taken from the books of a limited company as on 31.12.2015 on which date a winding up order was made:  
Cash in hand Rs. 5,000,  
Stock in trade (estimated to produce Rs. 15,000) Rs. 20,000,  
Fixtures and Fittings (Estimated to Produce Rs. 2,100) Rs. 3,000,  
Plant and Machinery (Estimated to produce Rs. 15,600) Rs. 15000,  
Freehold land and Buildings (Estimated to produce Rs. 45,000) Rs. 30,000,  
Book Debts (Estimated to produce Rs. 5,200) Rs. 6,200,  
Unsecured Creditors Rs. 70,000,  
Preferential Creditors Rs 2,000,  
Creditors fully secured (Value of securities Rs. 11,000) Rs. 9,000,  
Creditors partly secured (Value of securities Rs. 6,000) Rs. 10,000,

Bank Over Draft, secured by a second charge on all the assets of the company Rs. 8,000,  
 10% Debentures secured by a floating charge on all assets (interest paid to date) Rs. 50,000,  
 Equity Share Capital – 6000 shares of Rs. 10 each Rs. 60,000,  
 11% Preference Share Capital – 6500 shares of Rs. 10 each Rs. 65,000,  
 Calls in arrears on equity shares (Estimated to produce Rs. 1000) Rs. 2,500.

**Prepare Statement of Affairs as regards Creditors and Contributories.**

16. i) X Ltd issue 10,000 equity shares of Rs. 10 each. The issue was underwritten as follows:  
 ii) A - 30%, B - 30%, and C - 20%. The company received application for 8000 shares only.  
 Determine the liability of the respective underwriters.  
 iii)
17. X Ltd. Invited application for 10,000 shares of Rs. 100 each at a discount of 6% payable Rs.25 on application, Rs. 34 on allotment and Rs. 35 on first and final call. The company received application for 9000 shares and all were accepted. All money due were received except first and final call on 100 shares which were forfeited. 50 shares were reissued @ Rs. 90 as fully paid. Prepare Cash Book.

(5 × 5 = 25 Marks)

### Section – C

Answer any **three** questions. Each question carries ten marks.

The Balance Sheet of A Ltd and B Ltd as on 31<sup>st</sup> March 2015 were as follows:

18. (Rupees in thousands)

Liabilities	A Ltd. (Rs)	B Ltd. (Rs)	Assets	A Ltd. (Rs)	B Ltd. (Rs)
Share Capital:			Goodwill	---	700
50,000 Preference Shares of Rs. 100 each	5,000	--	Patents	2,000	--
15,00,000 Equity Shares of Rs. 10 each	15,000	--	Land and Building	6,000	--
4,00,000 Equity Shares of Rs. 10 each		4,000	Plant and Machinery	15,500	--
			Motor Vehicles	--	400
			Furniture	--	250
			Investments	1,150	--
			Stocks	3,500	2,390
			Debtors	800	620
			Cash at Bank	450	170
	20,000	4,000			
General Reserve	8000	---			
Surplus Account	900	320			
Creditors	500	210			
Total	29,400	4,530	Total	29,400	4,530

A new company 'C' Ltd was formed to acquire the assets and liabilities of A Ltd and B Ltd.

The terms of acquisition of business were as under :

- i) C Ltd to have an authorized capital of Rs. 3,50,00,000, divided into 50,000 13% Preference Shares of Rs. 100 each and 30,00,000 Equity Shares of Rs. 10 each.
  - ii) Business of A Ltd valued at Rs. 3,00,00,000; settlement of being Rs. 60,00,000 cash and balance by issue of fully paid equity shares at Rs. 12 each.
  - iii) Business of B Ltd valued at Rs. 48,00,000, to be satisfied by issue of fully paid equity shares at Rs. 12.
  - iv) Preference Shares of A Ltd was redeemed.
  - v) C Ltd made a public issue of 30,000 Preference Shares at par and 3,00,000 Equity Shares at Rs.12. The whole issue was fully subscribed and fully paid up.
- Make journal entries to close the books of A Ltd and B Ltd. Assume that the amalgamation is in the nature of Purchase.

19. Dynamic Limited makes an issue of 5,000 Equity Shares of Rs. 100 each at a premium of Rs. 12.50 per share payable as : (a) Rs. 12.50 on Application, (b) Rs. 25 on Allotment including premium (c) Rs. 50 on first call (d) Rs. 15 on Second call and (e) Rs. 10 on final call.

The Application and Allotment moneys are duly received and in addition holders of 2,500 shares pay in full on allotment. Holders of 100 shares fail to pay the First call and after due notice their shares are forfeited. The amounts payable on the second call (made after the forfeiture) are paid in full except that a holder of 50 shares fails to pay. 75 of the 100 shares forfeited are reissued, credited with Rs. 90 paid for Rs. 70 per share. The new holder pays for these shares in full. The balance of Rs. 10 per share being treated as calls in advance. The final call is met in full including the arrears of the second call. Show necessary journal entries.

20. **The Balance Sheet of M/s. Raman Ltd as on 31<sup>st</sup> March 2015 is as follows:**

Liabilities	Rs.	Assets	Rs
Paid up Capital: 8,000 equity shares of Rs, 100 each fully paid	8,00,000	Land, Building and Machinery	14,00,000
8% Debentures	14,00,000	Stock	1,00,000
Accrued interest on debentures	70,000	Sundry Debtors	40,000
Sundry Creditors	4,50,000	Investments	15,000
Income Tax Liability	10,000	Cash at bank	1,03,000
		Cash in hand	2,000
		Surplus A/c. (Negative Balance)	10,70,000
<b>Total</b>	<b>27,30,000</b>	<b>Total</b>	<b>27,30,000</b>

The fixed assets are heavily overvalued. A scheme of reorganization was prepared and passed. The salient points of the scheme are the following :

1. Each share shall be sub divided into ten fully paid equity shares of Rs. 10 each.
  2. After such sub division, each shareholder shall surrender to the company 90% of his holding for the purpose of reissue to debenture holders and creditors so far as required and otherwise for cancellation.
  3. Of those surrendered 50,000 Equity shares of Rs. 10 each shall be converted into 8% Preference Shares of Rs. 10 each fully paid for debenture holders.
  4. The debenture holder's total claim shall be reduced to Rs. 5, 00,000. This will be satisfied by the issue of 50,000 preference shares of Rs. 10 each fully paid.
  5. The claim of sundry creditors shall be reduced by 80% and the balance shall be satisfied by allotting them Equity Shares of Rs. 10 each, fully paid from the shares surrendered.
  6. Shares surrendered and not reissued shall be cancelled
- Assuming that the scheme is duly approved by all parties interested and the court, draft necessary journal entries and Balance Sheet of the company after the scheme has been carried into effect.

21. The position of Valueless Ltd on its liquidation is as under:

Issued and paid up capital:

3000, 11% Preference shares of Rs. 100 each fully paid

3000, Equity shares of Rs. 100 each, fully paid

1000, Equity shares of Rs. 50 each, Rs. 30 per share paid

Calls in arrears are Rs. 10000 and calls received in advance Rs. 5000. Preference Dividends are in arrears for one year. Amount left with the liquidator after discharging all liabilities is Rs. 4, 13,000. Articles of Association of the company provide for payment of preference dividend arrears in priority to return of equity capital. You are required to prepare the liquidators final statement of Account.

22. Give the Proforma of Balance Sheet of a Company as per schedule III of the Companies Act 2013.

(10 x 3 = 30 Marks)

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