

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, APRIL 2016**Fourth Semester****Core XI—CORPORATE ACCOUNTING**

(Common for Model I, Model II and U.G.C. Sponsored B.Com. Degree Programme)

[2013 Admissions onwards]

Time : Three Hours

Maximum Marks : 80

Section A

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

1. What is securities premium ?
2. What is stock split ?
3. What is partial underwriting ?
4. What is interim dividend ?
5. What is purchase consideration ?
6. What is consolidation of shares ?
7. Who is a Liquidator ?
8. What is profit prior to incorporation ?
9. What is external reconstruction ?
10. What is minimum subscription ?

(10 × 1 = 10)

Section B

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

11. Differentiate Amalgamation from Absorption.
12. Write a note on Debenture Redemption Reserve
13. What is alteration of capital ? What are the different methods of it ?
14. What are the items included under the heading 'Current liabilities and provisions' ?
15. What do you mean by amalgamation in the nature of purchase ?
16. What is subdivision of shares ?
17. Mention the profits and reserves available for issue of bonus shares.
18. Give any two examples of contingent liabilities.

Turn over

19. Give the items covered under the heading 'Miscellaneous expenditure'.
20. What are the profit available for capitalisation ?
21. What is net payment method ?
22. On 31st march 2010 A Ltd. has an issued equity share capital of Rs. 10,00,000 in shares of Rs. 10 each fully paid. It has a general reserve of Rs. 6,00,000. The company resolved to buy back 10 % of the issued shares at Rs. 25 per share. Give journal entries on buy back of the shares.

(8 × 2 = 16)

Section C

*Answer any six questions.
Each question carries 4 marks.*

23. Mention the different types of underwriting.
24. What is alteration of capital ? What are the different methods of alteration ?
25. What are the provisions or conditions regarding underwriting of shares ?
26. What is capital redemption reserves ? What is the purpose for which it can be utilised ?
27. XYZ Ltd. has capital of 1,00,000 equity shares of Rs. 10 each fully paid up. It is resolved to issue fully paid bonus shares in the ratio of one share for every four shares held at a premium of Rs. 2 per share to the existing shareholders. The company has Rs. 2,00,000 in profit and loss account, Rs. 3,00,000 in general reserve and securities premium balance of Rs. 1,50,000. Give entries in connection with bonus issue.
28. PQ Ltd. issued 2,00,000 equity shares of Rs. 10 each. Suresh underwrites 80 % of the total issue. Applications are received for 1,70,000 shares out of its 1,20,000 only were marked applications. Prepare a statement showing the net liability of value.
29. AB Ltd. acquires the business of PQ Ltd. For which AB Ltd. Pays Rs. 3,50,000 in equity shares of Rs. 10 each, Rs. 1,75,000 in 15 % debentures of AB Ltd. and 2,25,000 in cash. Creditors for Rs. 90,000 and employees' security deposit Rs. 15,000 are also assumed by AB Ltd. calculate purchase consideration.
30. What is Voluntary Liquidation ? Explain the types.
31. DD Ltd. has equity share capital of Rs. 5,00,000 comprising 5,000 shares of Rs. 100 each. It is resolved to subdivide the shares into shares of Rs. 10 each. To ask the shareholders to surrender 50 % of their shares. To issue 60 % of surrendered shares to 15 % debenture holders of Rs. 2,00,000 in full settlement of their claims. To cancel the unissued surrendered shares. Pass journal entries in the books of DD Ltd.

(6 × 4 = 24)

Section D

Answer any **two** of the following questions.
Each question carries 15 marks

32. The balance sheet of ABC Ltd. as on 31st December 2012 was as follows :

Liabilities	Amount Rs.	Assets	Amount Rs.
Share capital		Goodwill	... 15,000
2,000 pref. shares of Rs. 100 each	... 2,00,000	Freehold properties	... 2,00,000
4,000 Equity shares of Rs. 100 each	... 4,00,000	Plant	... 3,00,000
5 % Mortgage debentures	... 1,00,000	Stock	... 50,000
Bank overdraft	... 50,000	Debtors	... 40,000
Creditors	... 1,00,000	Profit and Loss Account	... 2,45,000
	<u>8,50,000</u>		<u>8,50,000</u>

The company got the following scheme of re-construction approved by the court.

1. The preference shares to be reduced to Rs. 75 per share fully paid.
2. The equity shares to be reduced by Rs. 63.50 per share.
3. The debenture holders took over the stock and book debts in full satisfaction of the amount due to them.
4. The goodwill account to be eliminated.
5. The freehold properties to be depreciated by 50 %.
6. The value of plant to be increased by 50,000.
7. The profit and loss to be eliminated.

Give journal entries for the above and prepare the revised balance sheet.

33. Define underwriting. Mention the different types of underwriting. What are the provisions regarding underwriting of shares ?
34. Prepare a balance sheet of Anupama Ltd. as on 31st March 2006 which has an authorised capital of Rs. 3,00,000 consisting 30,000 shares of Rs. 10 each.

	Rs.	
Good will	... 12,500	
Premises	... 1,85,000	
Furniture (opening value)	... 3,600	
Depreciation of the year	... 180	
Stock of goods	... 50,500	
Sundry debtors	... 40,000	Turn over

	Rs.
Machinery (opening value) ...	1,50,000
Depreciation charged ...	15,000
Cash in hand ...	375
Cash at bank ...	19,950
14 % government securities ...	30,000
Preliminary expenses ...	1,250
Bills payable ...	19,000
Creditors ...	25,000
Provision for taxation ...	12,500
18 % debentures ...	1,50,000
Interest on debentures dues ...	4,500
Issued, subscribed and called up capital ...	2,30,000
Calls in arrears ...	3,750
General reserve ...	12,500
Additional-to general reserve ...	5,000
Loan to managing partner ...	1,325
Profit and Loss Account ...	24,570

35. Sun Ltd. went to voluntary liquidation on 30th September, 2014. The following relate to the company on liquidation :

Secured creditors Rs. 1,60,000 : amount realised from land and building held as securities Rs. 2,10,000

	Rs.
Preferential creditors ...	20,000
Liquidation expenses ...	6,000
Unsecured creditors ...	88,000
Debentures with floating charge ...	1,40,000
12 % preference shareholders ...	2,00,000
Equity share capital ...	30,000
Equity shares of Rs. 10 each fully paid ...	3,00,000

Liquidator is entitled to a commission of 4 % of assets realised and 2 % of amount distributed to unsecured creditors Sundry assets realised Rs. 5,50,000.

Prepare liquidators final statement of account.

(2 × 15 = 30)