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Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, APRIL 2018

Fourth Semester

Core Course XI—CORPORATE ACCOUNTING

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

[2013 Admission onwards]

Time : Three Hours

Maximum Marks : 80

Part A

Answer all questions. Each question carries 1 mark.

1. What is capital redemption reserve ?
2. What are free reserves ?
3. What is escrow account ?
4. What is unclaimed dividend ?
5. What is net worth ?
6. What is subdivision of shares ?
7. What is internal reconstruction ?
8. What do you mean by contingent liabilities ?
9. Who is a liquidator ?
10. What is fraudulent preference ?

(10 × 1 = 10)

Part B

Answer any eight questions. Each question carries 2 marks.

11. What is securities premium ? What are the purposes for which it can be utilised ?
12. Mention the profits and reserves available for issue of bonus shares.
13. State the sources of buyback of shares.
14. What are the powers entrusted with the liquidator ?
15. What is external reconstruction ?
16. What is alteration of capital ?
17. What is purchase consideration ?
18. What is interim dividend and final dividend ?
19. What is consolidation of shares ?
20. List the items required to be presented under the heading 'Reserves and surplus'.

Turn over

21. What are the grounds of voluntary winding up ?
22. A company with equity share capital of Rs. 30,00,000 in shares of Rs. 20 each reduces the shares by Rs. 10 each under capital reduction scheme, the amount thus available is utilised for writing off goodwill. Give entries in the books of the company.

(8 × 2 = 16)

Part C

Answer any six questions. Each question carries 4 marks.

23. Explain the different methods of calculating purchase consideration.
24. What are the conditions to be complied with on buy-back of equity shares ?
25. Write a note on preferential creditors.
26. Distinguish between Amalgamation and external reconstruction.
27. A company has equity share capital of Rs. 7,50,000 consisting 7,500 shares of Rs. 100 (a) It is resolved to sub-divide the share into shares of Rs. 10 each ; (b) To ask the shareholders to surrender 50 % of their shares ; (c) To issue 60 % of the surrendered shares to 15 % debenture holders of Rs. 3,00,000 in full settlement of their claims ; and (d) To cancel the unissued surrendered shares. Give entries in the book of the company.
28. From the following particulars, calculate weighted time ratio for pre and post incorporation period and share the salaries accordingly :—
- Accounting period-1-1-2015 to 31-12-2015.
Date of incorporation-1st March 2015.
Total salaries of the year Rs. 30,00,000.
Total number of workers.
Pre - incorporation period-15.
Post incorporation period-30.
29. AB Ltd. resolved to buyback 60,000 fully paid equity shares of Rs. 10 each at par. For the purpose, it issued 20,000 15 % preference shares of Rs. 10 each at par, the total sum being payable with applications. The company has Rs. 9,00,000 in general reserve account to fulfil the legal requirements regarding buyback. The expense on buyback amounted to Rs. 40,000. Pass journal entries for all the transactions involved in the buyback.
30. What is profit prior to incorporation ? How it is calculated ?
31. On liquidation of MTT Ltd. the amount realised by sale of assets is Rs. 7, 50,000 and the amount due is Rs. 8,50,000. Including Rs. 25,000 preferential creditors. Calculate remuneration of liquidator if he is entitled to a commission of 3% on amount realised and 2% on amount distributed amongst the unsecured creditors.

(6 × 4 = 24)

Part D

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

32. From the following trial balance and additional information provided, prepare accounts of Superior and Co. Ltd. for the year ending 31st March 2010 :

<i>Particulars</i>	Dr. Rs.	Cr. Rs.
Capital 60,000 equity shares of Rs. 10 each fully paid ...		6,00,000
Stock (1.4.2009) ...	4,50,000	
Purchase 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	
Profit and Loss account (1.4.2009) ...		70,000
Dividend paid for last year ...	54,000	
Debtors and creditors ...	2,25,000	1,05,000
Plant and machinery ...	1,74,000	
Cash at bank ...	97,200	
Reserve ...		1,13,000
Loan to Managing Directors ...	19,500	
Bad debts ...	11,300	
	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 months rent Rs. 2,700 was due on 31st March 2010.
- (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 @ 20% per annum.
- (i) Make provision for corporate dividend tax at the applicable rate.
- (j) Transfer to general reserve 5 % of net profit.

33. Miya Ltd. went into voluntary liquidation on 31st December, 2014 when their balance sheet read as follows :

<i>Liabilities</i>	<i>Amount</i> Rs.	<i>Assets</i>	<i>Amount</i> Rs.
Issued and subscribed capital		Land and Buildings	... 5,00,000
10,000, 10% cumulative		Plant and machinery	... 12,50,000
preference shares of Rs. 100		Patents	... 2,00,000
each full paid	... 10,00,000	Stock	... 2,75,000
5,000 equity shares of Rs. 100		Sundry debtors	... 5,50,000
each, Rs. 75 paid	... 3,75,000	Cash at bank	... 1,50,000
15,000 equity shares of Rs. 100		Profit and Loss Account	... 5,62,500
each, Rs. 60 paid	... 9,00,000		
15 % Debentures secured by a			
floating charge	... 5,00,000		
Interest outstanding on			
debentures	... 75,000		
Trade Creditors	... 6,37,500		
	34,87,500		34,87,500

Preference dividends were in arrear for 2 years and the creditors included preferential creditors of Rs. 76,000.

The assets realised as follows :

Land and building Rs. 6,00,000 ; Plant and machinery Rs. 10,00,000 ; Patents Rs. 1,50,000 ; Stock Rs. 3,00,000 ; Sundry debtors Rs. 4,00,000.

The expenses of liquidation amounted to Rs. 54,500. The liquidator is entitled to a commission of 3 % on assets realised except cash. Assuming the final payment including those on debentures is made on 30th June, 2016. Show the liquidator's Final statement of account.

34. PQ Ltd. is formed to take over P Ltd. for Rs. 12,50,000 and 6,25,000, payable in equity shares of Rs. 10 each. The balance sheets of two companies as on 31st March 2010 are given below :

<i>Liabilities</i>	P Ltd.	Q Ltd.	<i>Assets</i>	P Ltd.	Q Ltd.
	Rs.	Rs.		Rs.	Rs.
Share capital	.. 18,75,000	15,00,000	Land and building	.. 5,00,000	2,50,000
Reserve	.. 5,00,000	62,500	Plant and machinery	.. 5,62,500	1,87,500
Sundry Creditors	.. 7,50,000	2,50,000	Stock	.. 8,75,000	3,75,000
Bills payable	.. 1,25,000	1,87,500	Sundry debtors	.. 10,00,000	5,00,000
			Bills receivable	.. 1,87,500	2,50,000
			Cash and bank	.. 1,25,000	4,37,500
	32,50,000	20,00,000		32,50,000	20,00,000

Additional information :

(a) Sundry Debtors of Q Ltd. include Rs. 1,25,000 due from P Ltd. and

(b) Bills payable of P Ltd. includes Rs. 1,00,000 acceptances in favour of Q Ltd. But bills receivable of Q Ltd. includes Rs. 62,500 accepted by P Ltd.

Bills discounted by Q Ltd. but not yet matured amounts to Rs. 37,500.

You are required to pass acquisition entries in the books of PQ Ltd. and to prepare Balance Sheet of PQ Ltd.

35. What is Liquidator's final statement of account ? Give a specimen of it with imaginary figures.

(2 × 15 = 30)